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EDITORIAL

As We See It

The apparently reluctant action of the President in raising tariff duties on bicycles has attracted, or should have attracted, the attention of the public to a basic question of national policy which is rarely fully and frankly faced. The Chief Executive in making known his decision to grant "relief" to domestic producers of bicycles reminds the interested parties and the rest of us that the way to protect oneself from injury from the competition of foreign manufacturers or other producers is to outstrip them in efficiency and in conforming to the tastes and desires of consumers. This is good advice, of course, which may or may not be applicable to any particular situation.

Surely, there are some instances in which American enterprise, try as it may, can not match or surpass all other producers anywhere in the world. Equally certain is it that there are other areas in which American superiority under the best of conditions is so small compared to other fields that American capital and energy is unwisely applied to them, since all of us would be the better off if our energies and capital were devoted to the production of those goods where we are at our best, leaving it to the foreign producer to supply us with those goods which we are not so good at making.

Sound Economics

All this is perfectly plain and obviously sound basic economics. Even the protectionist finds it hard to deny its essential soundness when applied to situations in which capital is not already invested in this country. Of course, there are a few extremists who would still protect unessential

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Nation's Debt Problem

By JAMES ROY JACKSON
Economic Consultant, St. Louis, Mo.

Mid-Western economist analyzes the current debt situation and reveals data regarding consumer income in relation to the growing public and private debt. Points out excessive buying on credit by groups who are spending beyond their current production is a cause of inflation. Warns heavy government debt is owed by, and must be paid by, the people. Concludes "the judgment is inescapable that the high degree of prosperity we now enjoy is supported to a dangerous degree upon the rapid rate at which debt is piling up."

Irrespective of the theory one may hold as to the cause of the business cycle, almost everyone will agree that all of the people cannot go on spending more than they earn, all of the time. Some theorists argue that the Federal Government can and should so manage its affairs as to get deeper in debt each succeeding period and some individuals are fortunate enough to spend an amount greater than their income for an entire lifetime, but these are not examples of the general rule.

James Roy Jackson

If the verity of the statement above is admitted it becomes worthwhile to examine the current situation in order to learn the extent to which people, as individual wage earners, and *en masse*, as a Government, are trying to do the thing we have called impossible.

A featured speaker[1] at the 1954 Annual Meeting of the American Economic Association stated that one of the things necessary to maintain prosperity is for the nation to control debt expansion. The context indicates that both national and individual debt was meant.

Debt, and the Asset Side of the Balance Sheet

Now, it is a well known fact that debts are relative, so before going into the debt situation it may be well to glance quickly at the asset side of the balance sheet.

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1 T. D. Yntema, Luncheon Meeting.

Life Insurance Investment—Dynamic Economic Force

By CHARLES W. DOW*
Senior Vice-President, The Equitable Life Assurance Society of the United States

In surveying the investment trends of life companies, Mr. Dow notes the vast increase in amount of funds available for investment to insurance concerns and the gradual diffusion of these funds throughout all segments of the economy and throughout the 48 states. Gives data regarding present status of life insurance investments. Says insurance funds have been instrumental in stimulating growth of new industries and of new products, and, through mortgage lending, have assisted in raising living standards. Concludes insurance funds will in future be available in all new fields of economic endeavor.

To obviate the necessity of a giant-size crystal ball, I shall confine my comments on the future to the next 20 years and to provide the proper perspective, I shall skim lightly over the past 30 years. Thus the 50-year period from 1925 to 1975 will permit me to exercise both hindsight and foresight. I believe I can do pretty well with the former, but as to the latter, we must await the verdict of time.

C. W. Dow

1925

Let me first go back some 30 years and reconstruct as best I can the investment atmosphere surrounding those who managed the portfolios of life insurance companies in 1925. General business was good and with the sharp but short depression following World War I out of the way, the future looked bright. In fact, a real estate boom was in progress, particularly in Florida, and the stock market showed signs of the spectacular rise yet to come by surpassing the previous peak attained in 1919. Plen-

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*An address by Mr. Dow before the National Association of Life Underwriters, St. Louis, Mo., Aug. 24, 1955.

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 31.

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.)

STEPHEN H. FLOERSHEIMER
Partner, Sutro Bros. & Co., N. Y. City
Manager, Research Department
Member New York Stock Exchange and other leading Exchanges

Boeing Airplane Company

These days a good portion of common stock investors look primarily for growth situations. Because of this demand, the current level of the market suggests that prices of many leading issues that are considered to be growth stocks, discount earnings prospects from one to three years forward, predicated on the sustained dynamics of the country's economy. Thus, the needs of a growing population for electric power and construction, and the unending quest for a better standard of living through a new technology in chemistry, atomics, and electronics, have been recognized by the stock market and evaluated on a premium basis. With every justification, the amount of these premiums is based on the appraised quality of the company in question.


S. H. Floersheimer

Against this background of graduated premiums appears the stock of a first class company that according to all applied ratios and comparative indices, is selling at discount prices. This is the common stock, the only outstanding security, of Boeing Airplane Company, selling at around $62 per share on the New York Stock Exchange.

Boeing's earnings last year reached a new peak of $11.39 per share on sales of just over $1 billion, which also constituted a record figure. The first quarter report showed $1.85 per share but the company's statement at the time of this release that subsequent reports would show a much improved picture, was realized when the second quarter report showed $2.34 per share, making a total of $4.19 for the first 6 months. The reason for the slow start this year is attributed to a stretch-out in the production of B-47 medium bombers and furthermore, the company announced in the first quarter of this year that it has changed its government contracts from a cost-plus basis to fixed price contracts. Under the cost-plus basis, sales are included in the accounts as costs are incurred and fees are earned. Under fixed price contracts, sales are not reported until deliveries of completed units have been made. This means that although there may not necessarily be any reduction in the airplanes produced, accounting figures will show a decline during this transition period. Therefore, this year's income accounts are not strictly comparable to last year's. Although overall sales volume for all of 1955 is likely to be somewhat lower than last year's, earnings should be well maintained and may approximate $10 per share. In the absence of accelerated tooling-up costs for the B-52s and KC-135s, 1956 earnings promise to be greater than this year's showing. At current levels the stock is selling at six times estimated 1955 earnings. The 75c quarterly dividend should be covered at least three times, and the present 5% yield may well be substantially raised by an extra payment at the end of the year. I think a $4 total disbursement not to be over-optimistic.

This earning power and yield from a leading company is not easily available. This aircraft blue chip is cheap in consequence when it is realized that growth stocks generally sell at better than ten times earnings and afford yields in many cases of less than 3%. The entire aircraft group fell into disfavor about two months ago based on a mistaken investor uneasiness in respect to a possible reduction of government orders, stemming from the Russian "peace offensive." These fears have been contradicted by fact inasmuch as aircraft production orders have been increased, not decreased, since that time. Another unqualified argument against the aircraft group that has been voiced deals with the effects of renegotiation of profits. A closer examination of Boeing's particular position will show it to be virtually eliminated from such a contingency.

While it is not my purpose to deliver a dissertation on the probabilities of co-existence and world peace, it may suffice to say that the Administration and Congressional leaders have consistently subscribed to the policy that a strong Air Force—one at least on a par if not better than what the Communist countries can produce—is one of the prerequisites to the maintenance of world peace. In fact, other branches of the military are likely to lose in proportionate importance for the reason that a superior Air Force will outweigh all other defense media. With reference to the second element of disturbance, although it is true that aircraft companies' profits will be under scrutiny, here again the impact will vary from case to case. There are official indications that the government agency in charge of renegotiations will be guided in its decisions by whether companies provide their own research engineering in developing new planes, and to what extent, if any, these companies employ government funds directly or indirectly in the form of working capital or plants and equipment. Boeing, which develops and designs its planes through its own research organization and whose capital structure is free of any government or private loans, and is employing government properties only to a very small extent, is therefore not seriously threatened by such a review.

Moreover, the government relies so heavily on Boeing's services, since it is one of the most scientifically advanced enterprises geared to fulfill exacting specifications, that it is unlikely to impair the company's incentives. The output of this prominent producer is almost exclusively devoted to the building of military aircraft and charged by the government with strict priority of military deliveries over civilian ones. This should not be interpreted as weakness and dependence on military orders but rather as a salute to Boeing's ability. Presently the types of aircraft produced consist primarily of the KC-97 Stratofreighter, a refueling tanker transport, and the B-47, a six-jet medium bomber. The turnout of B-52 jet bombers that will replace the Consolidated Vultee B-36, started last year and production is in the process of a 35% acceleration. The Air Force has also announced recently that it has placed initial orders of $240 million for a new version jet tanker transport model, the KC-135. The Air Force's ultimate plan is to increase the dollar figure of this order to $700 million. Numerous inquiries have been received from domestic and foreign airlines, regarding the possible use of this jet powered airplane for commercial passenger service. Last month after the government was satisfied that its military procurement program would not be hazarded by the company's concurrent production for civilian purposes, it granted permission to Boeing to proceed with its plans. The company's backlog of unfilled orders is close to $2 billion, which assures operations at last year's record rate, for a period of two years.

There are indeed few companies who can look forward to so long a period of time with the assurance of full production. There hardly seems possible a doubt that earnings in the foreseeable future should be maintained. Further assurance should be taken from the fact that if Air Force orders should be reduced, a contingency that according to all indications is more than unlikely, Boeing is fully prepared to go into civilian production to take up any possible slack. It should be assumed that by reason of its outstanding engineering performance and potential, the company will grow, rather than diminish, in size.

It seems unrealistic to me that industrial units that produce electronic devices for purposes of automation, computation, measurements, or recordings, should have so much market appeal when at the same time the ultimate consumer, which to a very great measure is the aircraft industry, should be so neglected by the same investors. For these reasons I think that ultimately the figures will speak for themselves and Boeing Airplane stock receive more favorable recognition, while in the meantime a satisfying return on this investment will be realized.

J. I. McDOWELL
Partner, McDowell, Dimond & Co.
Providence, R. I.

International Packers Ltd.

At this present advanced stage in the securities markets it seems like a good time to first ask ourselves the question — "How much can I lose?" rather than "How much can I make?" before selecting the stock of any one company.


J. Irving McDowell

In naming International Packers Ltd. it will be easily seen that it is an issue that has had no extended advance in the market over the last two years. In fact, it is now selling for less than half the price at which it sold in 1945-46.

When one makes an analysis of the reasons for its present under-

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This Week's Forum Participants and Their Selections

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Investigation and Buying—Vital Phases of Investment Banking

By DUDLEY N. SCHOALES*
Partner, Morgan Stanley & Co.
Members, New York Stock Exchange

Investment banker describes function and operations of the buying department of an investment banking house. Holds, "buying includes almost everything connected with bringing a security issue to the market except syndication and selling." Points out important trends in financing over past 15 years, and gives information regarding the mechanics of preparing a security issue for the market.

I have been asked to talk to you about investigation and buying in investment banking. I think that the term "investigation" pretty well speaks for itself. The word "buying" on the other hand denotes, in investment banking parlance, something more than what it might mean to a layman.

Dudley N. Schoales

In investment banking language, the term "buying" and the buying departments of investment firms cover a broad field of subjects including:

- Compilation of statistics.
- Investigation.
- Deciding what types of securities are to be issued.
- Determination of protective and other provisions of the securities.
- Working with lawyers, accountants and company officials in preparing the necessary papers, etc.

In short, "buying" means about everything connected with bringing a security issue to the market except syndication and selling. Thus, my subject covers a lot of territory and I will have to paint parts of it with a very broad brush.

At Morgan Stanley & Co. we are not departmentalized, but I have been in the buying or analytical end of the business rather than in selling and distribution.

I would like to point out one or two trends in financing in general over the past 15 years.

First — many of the highest grade corporate bonds which were sold during the 1920's carried interest rates of anywhere from 4% to 6%. With the beginning of Government deficit financing and support of Government bonds, and consequently encouragement of low interest rates, it became possible during the middle and late 1930's to effect substantial savings through refunding the bonds sold in the 1920's or earlier at lower interest rates.

Thus, a large proportion of the corporate bond financing during the period of continuously lower interest rates from 1935 to 1944 was for refunding or re-refunding purposes.

The second major financing trend since 1935 is that of private placements. I believe it is fair to state that before 1935 the private placement of securities played a very minor role in the overall financing picture. Since 1935, however, private placements have become an increasingly important factor in the business.

There are no complete statistics as to the total volume of private placements, since little or no information is published as to many of such transactions. However, from the information that is available it would appear that during the past three or four years at least 40% to 50% in dollar amount of all corporate bond issues have been sold privately.

With this introduction, now let us turn to a discussion of investigation and buying. Perhaps the first item to consider should be:

Getting the Business

As you know, the freedom of corporate management to choose the method of finance which they consider best for their particular circumstances has been circumscribed in certain industries in recent years through governmental dictation of compulsory competitive bidding.

My firm has always felt that management should be free to choose such form of financing, through private placement, competitive bidding or by negotiation with bankers of their own selection, as they feel will best satisfy the need of their particular situation.

As to companies for whom we have done business in the past, we regularly call upon the officers of the company and discuss with them their operations and financial requirements. We also study all of their published reports and other published data about them and we try to keep currently informed and maintain records as to their interim earnings, balance sheet position and capital expenditures. We do not control any companies, nor do we have any contracts for future financing of any companies. We hope, however, that companies which have financed through us have been pleased with what we have been able to do for them and that based on this past record they

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*Lecture by Mr. Schoales at the 5th Annual Forum on Finance for Graduate Students and Professors in American Colleges, sponsored by the Joint Committee on Education representing the American Securities Business, New York City, Aug. 22, 1955.

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Open Season for Convertibles

By IRA U. COBLEIGH
Enterprise Economist

Convertible securities are now at the peak of their popularity. This article talks about why they're so much in demand; and lists a few interesting bond entries.


Ira U. Cobleigh

The convertible is the switch hitter of finance. When times are tough it depends on its batting average; and when there's fat pitching, it hits out for home runs in the form of juicy market gains. It's extraordinarily popular in the American League of investors, and this year will rack up more than 35 significant U. S. issues of convertible bonds for a grand total above $6 billion. An all time high in convertible emanations, and surely, choice meat for today's piece.

Well, why should there be convertibles anyway? If a company wants to sell bonds, let it sell 'em! If it wants to sell common stocks—ditto. Well, frankly, the decision is not that simple. If a company wants to raise dough, it naturally has its eye on the lowest cost of raising it; and the most good to stockholders resulting from the security offering. Well, convertibles can be sold at lower cost, usually, than a straight bond for three reasons: (1) Interest rates can be lower than on a plain debenture because of the "kicker"; (2) Popularity of convertibles give them a market price usually above their mathematical worth (value as a plain bond, plus calculated value of the conversion); (3) Lower underwriting costs, since the issue is so easy to sell—especially in a roaring share market. Another factor influencing management decision is that the net result, over time, of convertible financing is to get a higher price for common stock, than share offering at existing market levels would bring into the treasury. And of course bond interest is deductible before taxes.

From the investor view, too, there are good reasons for convertible bond purchase. First there's the conservative investor, always partial to bonds and preferreds by nature, but viewing the crescendo movement of the stock market out of the corner of his eye. He wants in, but he's allergic to any large element of risk. So he esteems "converts" where he has a good floor under him in the form of a sound debenture bond; and he's willing to accept a few percetnage points less in yield to keep his foot in the door of a rising share market. Then, of course, there are the shareholders who like the company and are frequently given a prior privilege to subscribe at a most favorable price: which privilege they avidly accept.

Then there are speculators who are sensitive to the sweet collateral value of "converts." For example, to buy Bethlehem Steel common you need to put up 75% margin. But to speculate on a possible rise in Bethlehem from 153, you can make your money go lots farther by buying the Bethlehem 3¼s due 1980 (convertible into common at $140) on a 15% margin (some banks will carry on a 10% margin, but this is pretty thin insulation against margin calls) at 122. $15,000 par value of bonds is the rough equivalent of 100 shares of common. Yet 100 shares of common, margined at 75%, requires about $12,750; while 15 bonds can be carried comfortably (15% margin) for $2,750.

Another large "convert" buyer is the big financial institution. While permissive legislation has accorded savings banks and life companies the privilege of buying investment grade commons, many, habituated by long custom and tradition of bond buying, prefer to enter the stock market via the convertible route. Then too, in certain cases the stocks of the subject companies might not qualify for purchase while the convertible bonds would. And of course national banks and trust companies, prohibited from outright stock purchase, find the "convert" their only port of entry into the equity market.

For the delver into history, the "convert" is by no means a recent phenomenon. Fifty-five years ago, Union Pacific sold a king size issue to its stockholders—$100 million of 4½s at par. They briskly rose 50% in price, and most of the issue was converted.

That, in the intervening years, the convertible has not lost caste with the corporate elite is handsomely illustrated by current offering to shareholders of $650,000,000 American Telephone and Telegraph Company 3⅞% convertible debentures due (curiously) on Oct. 13, 1967. Something new (in addition to magnitude) has been added here. In olden days a debenture need only to be delivered to the trustee, to be exchanged for the stated number of common shares. Now a built in "gimmick" for raising still more capital later on, is included in the bond financing. For the ATT shareholder first puts up $100 x 10 for a $1,000 bond. Then, if and when he decides to convert, he throws in $480 more and gets 10 shares of stock. So instead of raising $650 million, the company, over time, is actually raising almost $1 billion. At 125 these new 3⅞s yield 1.58% to maturity, and provide a current income of 3.10%. These "converts" are fascinating; they'll follow the price of Telephone common like a hound dog; they'll have the broadest market of any "convert" in history; and if they perform as well as the six previous post-war offerings of ATT debentures of this sort, they'll please investors. In many cases you have to pay quite a market premium for the conversion feature. You don't here.

General Dynamics 3½s due 1975 have had a lively market starting with the day on which they were brought out. The subscription price was 102½ and within two hours bonds had changed hands at 114. Here's a splendid and well managed company in a broad field of activity including submarines and aircraft; and loaded with speculative romance because it produced the first atom-propelled transport of any sort—on land, sea or air—the "Nautilus." Each $1,000 is presently convertible into 13.33 shares of common selling around 59. The bonds sell at 105, and without any conversion attached would sell, perhaps, at 98. So here today you pay $70 for this call on common stock. The stock has to sell at 79 to make the bond actually worth 105.

As a matter of fact there has seldom been such a diverse selection of high grade "converts" for you to choose from. In addition to the ones briefly alluded to above, there are, for example, some splendid oil bonds; Union of California 3s of 1975 at 106 (into common at 65); Standard of Indiana 3⅛s of 1982 at 114 (into common at 43.50); Sinclair 3¼s of 1983 at 125. These are the primest sorts of credits and you don't have to pay too dearly for the share privilege each one carries.

In chemicals, you have some fine entries—Dow Chemical 3s of 1982 at 119 (into common at 47); International Minerals and Chemicals 3.65s of 1977 at 106 (into common at 50); and W. R. Grace (shipping and chemical) 3½s of 1975 at 110, convertible into common at a price of 52½ a share.

In industrials, there are American Potash & Chemical 3⅜s of 1970 at 120 (into common at 90); Lockheed Aircraft 3¾s of 1980 at 106 (into common at 50); and Vanadium 3½s of 1969 at 125.

Switching to rails, you can buy Frisco 4½s at 94 (into common at 40); Chicago & Eastern Illinois 5s at 100 (into common at 24½); and there are attractive issues of Canadian Pacific Railway convertibles.

Speaking of Canada, they go all out for convertibles up there, applying the vehicle not only to such mature and entrenched enterprises as Canadian Pacific Ry., Abitibi Power and Paper Co. Ltd., British American Oil Co. Ltd., etc., but dropping down to companies in a much earlier phase of corporate development. The most classic example of this was Interprovincial Pipe Line 4% debentures due 1970 (into common at 50) offered at par in 1950. The pipe line was then to be built. Two and one-half years later, these bonds sold at 350. Today's fare in Canadians would include British Columbia Forest Products, Ltd. 5s due 1962 (into common at $10); Laurentide Acceptance Corp. Ltd. 5½s due June 1, 1967 (into common at $10); Traders Finance Corporation Ltd. 4¾s due May 1, 1969 (into common at $35); and Cockshutt Farm Equipment, Ltd. 5s due 1968 (into common at $16⅔). And of course, there is a welter of smaller, more promotional types of bond issues of oil and mineral companies, the least of which rather resemble common stocks with coupons. Such issues, of slight investment stature are, however, a little afield from this dissertation.

The things to strive for in selecting "converts" are (1) to get as high quality a bond as you can to start with; (2) to buy it as nearly as possible to the price it would be worth if it carried no share privilege; (3) to look for as long a conversion period as possible, preferably at a constant (not stepping up) price; and (4) to note whether, in the past, the issuing company has called in its "converts" compelling an early conversion or sale. (Most "convert" buyers like to ride 'em in their original form as long as possible, and hate to have their optional rug pulled out from under them.) At this stage in the market many may find the convertible a swell vehicle for salting away profits. Some of the ideas given above may speed your research. Perhaps, even, someone should come out with a mutual fund specializing in "converts."

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The Security I Like Best

valuation, it is obvious that the present price is a reflection of the fact that the company's major activities lie in South America, with nine of the plants located in Argentina, which up to now has been under the restrictive domination of the Peron regime. Yet today, not only in Argentina, but in the whole world, we are seeing a significant change in ideological relations. We seem to be acquiring a "new look" and the easing of world tensions is something that could well turn investors' eyes to shares of companies which do not confine their business for the most part to the U. S.

International Packers Ltd. was formed in 1950 to take over the business of Swift International Ltd. and now owns and operates 25 plants of which 9 are in Argentina, 5 in Brazil, 1 in Uruguay, 8 in Australia, and 2 in New Zealand.

Its principal business is, of course, meat packing which includes buying, slaughtering, and dressing cattle, sheep and hogs, and producing frozen, canned and refrigerated meats and related byproducts, such as hides, tallow, lard, oil, wool and sheepskins. The company also processes and distributes poultry, dairy products, vegetable oils, rice, canned fruits and vegetables.

In 1954 gross sales were $202,527,553, of which volume 53% was distributed domestically in those countries in which its plants are located, and 47% was exported throughout the world. The United Kingdom and Europe in addition to the United States, are large users of the company's products. One cannot but feel that there is a tremendous growth ahead for South America and over the last year or two it has become more and more evident that the radical forms of government in such countries as Guatemala, Argentina and elsewhere are progressively losing their grip upon the people. It is logical to assume that companies doing business in these countries are now going to operate in a much more healthy economic climate. With the over-all outlook ahead constantly improving, I believe that the shares of International Packers Ltd. are bound to benefit market-wise from the currently low levels at which they are now selling. As mentioned above the shares have discounted everything that is bad and have as yet given very little recognition to the good things that could well lie ahead.

Net working capital currently works out at over $16 a share and book value per share at the end of 1954 came to a figure of $32.91. Even in a general market decline it is hard to see how these shares could go down very much, and under favorable conditions they could have a substantial move without ever coming anywhere near the high of 38⅞ in 1945 and 36¼ in 1946.

Dividends have been running at the rate of 60 cents per annum since 1952, and considerably higher dividends have been paid in the past.

Earnings ran as high as $3.70 per share in 1946 and while any such earnings are not probable in the near future, it does seem that the company could earn around $2.00 per share in 1955 with very little additional effort.

In conclusion I think investors seeking an undervalued security with an international flavor could well take a look at the shares of International Packers Ltd. In this position they could have a feeling of assurance that there is very little to be lost and much might be gained over the next few years. The stock is listed on the New York Stock Exchange and is currently selling at a price of 13.

John J. McKenna V.-P. Of McGrath Secs. Corp.

Appointment of John J. McKenna as Vice-President of McGrath Securities Corporation, 70 Wall Street, New York City, has been announced by Robert C. Leonhardt, President.

Mr. McKenna is a member of the New York Bar and prior to joining McGrath, he served at the New York Regional Office of the Securities and Exchange Commission as a trial attorney and attorney advisor. Mr. McKenna will head the new business and Underwriting Department.

With Braun, Bosworth

(Special to THE FINANCIAL CHRONICLE)

DETROIT, Mich.—Terry N. Nulf is now with Braun, Bosworth & Co., Penobscot Building.

Ashton Adds to Staff

(Special to THE FINANCIAL CHRONICLE)

DETROIT, Mich. — Frank E. Powers is now with Ashton & Co., 15315 West McNichols Road.

Joins Carr & Company

(Special to THE FINANCIAL CHRONICLE)

DETROIT, Mich.—Victor G. De Kubinui has joined the staff of Carr & Company, Penobscot Building, members of the Detroit Stock Exchange.

Observations . . .

By A. WILFRED MAY

TAX POLITIC-ING

In 1953, because of the budget deficit, the Eisenhower Administration exerted great pressure to dissuade Republican Congressional leaders from instituting tax cuts. On the other hand, in 1954—an election year—in the face of a continuing deficit, the Administration permitted scheduled cuts in income and corporate taxes to go through, and effected additional reductions (after exerting tremendous pressure, including a Radio-TV appeal by President Eisenhower, to defeat a proposal advanced by the Democrats in the House Ways and Means Committee to increase all personal exemptions $100).

A. Wilfred May

Again last March, when the Democrats became hell-bent for tax reduction, their proposed "voter's bonus" of a $20 tax credit per exemption as passed by the House, was eliminated by the Senate Finance Committee as fiscally irresponsible only after the strongest opposition and pressure from the White House.

Pre-1956 About-Face

Now—just six months later—the Republican attitude and program again show a complete about-face, untenable on grounds of fiscal logic. For within recent weeks there has emanated from the GOP sector of Washington a stream of promises that 1956 (in addition to marking the election battle for the White House (is to be *the* year of Administration-sponsored tax favors; with even Secretary Humphrey's comparatively restrained statements of last Thursday resulting in the captivating caption, "Balanced Budget in '56 and Tax Cut in Prospect."

And the following day, Republican Senator Milliken, who was Chairman of the Finance Committee when the GOP was in power, noting that there is "a great desire for tax-cutting," declared that he would not wait for an absolute budget balance before the tax reduction.

Of course, the present Republican activity for tax reduction has been instigated as a politically strategic defense against the expected offensive by the Democrats. Already from the Democratic side Senator George, not to be beaten to the punch, pronouncing that "whether one approves of it or not, Congress is going to cut taxes next year," has advocated increases in personal exemptions rather than in business or corporate levies. Representative Herman P. Eberharter, a Democratic member of the Ways and Means Committee, greeted the Humphrey pronouncement by predicting that both Republicans and Democrats would push for tax cuts next year, after frankly making note that 1956 would be a national election year.

Even allowing for the exigencies of our hard-boiled politics under our democratic process, it does seem that we could expect somewhat more on the path of statesmanship.

Two Basic Fallacies

As things stand now, we envisage two major unjustifiable attitudes integrally bound up in this 1956 New Tax Look. First, there is the assumption that the Budget can be balanced in this fiscal year. But the fact is that there is no assurance warranted to this effect. The revised Budget estimates for the current fiscal year ending next June forecast a deficit of $1.7 billion. Certainly this is a good showing, but in addition to such deficit figure, there remain many unavoidable elements of uncertainty. There are many items regarding which the August Budget figures exceed the January estimates; the trend continuing upward in such items as veterans' compensation and benefits, now amounting to $218 million more than last year; and agricultural supports.

Other enlarged estimate items include the Executive Offices, the Export-Import Bank, the TVA, the Housing and Home Finance Agency, the Health and Education Department, Civil Service Retirement Fund contributions, interest payments on the public debt, grants to States for public assistance, unemployment compensation, and highways. Also, the Congress has expanded by $800 million the total which can be lost by selling price support commodities for foreign currencies.

And if the Defense Department should not come through with the cuts that have been carved out for it, the deficit will total $2.7 billion instead of the $1.7 billion estimate.

But the major fallacy in tax-reducing promises will obtain even in the event of success in striking a Budget-balance. For what justification, on the basis of either soundness or the government's stated aims and promises, can there be for immediately embarking on deficit re-creation? Are we, through tax-cutting, to construct a permanent treadmill preventing our arrival at fiscal solvency?

Problems in Protecting Investors

By WALTER A. SCHMIDT*

President, Investment Bankers Association of America
Partner, Schmidt, Poole, Roberts & Parke, Philadelphia, Pa.

Holding it is a serious problem to protect investors against misrepresentation and fraud in the sale of highly speculative mining and oil securities, without cutting off the supply of essential capital, IBA President offers some valuable comments and suggestions about the mechanics involved in this field. Comments on treatment of fraudulent issues; misrepresentation of facts; censorship of sales literature, and other matters relating to securities transactions.

Sometime back, in thinking about the National Association of Securities Administrators and this meeting and what I might most appropriately talk about I was struck by the fact that yours is an old organization, as associations go, particularly when it is realized that our first Blue Sky law was not enacted until 1911. I was also impressed by another fact: that all of you, being public officials in your respective states, might have, without criticism and with complete propriety, gone your separate ways; you might have administered only your respective laws and formed no such organization as this at all. It is apparent, however, that those who founded this organization, and you who have supported it so ably and enthusiatically since, had a larger view of your responsibilities—to each other, to the industry which you regulate, and to the general economic well-being of investors and of our country as a whole. You and your predecessors are to be highly commended, therefore, both for this awareness of your larger opportunities and responsibilities and for the highly beneficial results which have ensued therefrom. I want you to know that those of us in the investment banking business greatly appreciate your continuing efforts to do a broad-gauged job in the interest of all concerned, and I am happy to extend, on behalf of our membership, both our congratulations and best wishes, not only for the success of this meeting, but for all your future ones.

Walter A. Schmidt

Ours is something of an old organization, too, as we got started some few years before you did—perhaps significantly in 1912. Recently I have had occasion to review the history of the IBA and I am happy to be able to say that there has been a very close working relationship between your association and ours from the very beginning. We have always had at our national and at group levels committees to work on Blue Sky problems. (Mr. Paul Mullaney of Chicago, who is serving his third term as Chairman of our national State Legislation Committee, Mr. Gilbert H. Osgood, Chairman of the Legislation Committee of our Central States Group, Mr. Murray Hanson, Managing Director and General Counsel of the Association, and Mr. Gordon Calvert, Assistant General Counsel of the Association, are here today.) As national associations go, we have a very small and efficient staff. But again, from almost the very beginning, we have had at least one man on our staff at all times whose job it was to follow developments in the Blue Sky field and to work with our members in the several states and with you and your predecessors to bring about state Blue Sky laws and their administration which will do the job intended and needing to be done, but with the least possible interference to the conduct of the legitimate securities business.

Many of you here will remember Arthur G. Davis, our Field Secretary, now retired, who served us and you so well for so many years, and I am sure that most, if not all, of you know Gordon Calvert, who is so ably carrying on this work at the present time.

As a matter of fact, there have been during the past year a number of complete new state acts or significant amendments to existing acts adopted as the result of our cooperative efforts, and I want to take this opportunity to thank the many State Administrators who have contributed so much to this result.

In doing my homework for this talk, I first thought that it might be appropriate to recount in some detail our past cooperative efforts and the substantial accomplishments that have emanated therefrom. However, I believe all this is known to most of you. I have decided instead, therefore, to talk briefly about a serious problem which presently confronts all of us — one on which substantial progress is being made, but one on which much remains to be done.

The Problem

That problem is: How can we best protect investors, and particularly unsophisticated investors, against misrepresentation and fraud in the sale of highly speculative mining and oil securities without cutting off the supply of capital which is so essential for the continued development of the legitimate mining and oil industries of the United States and Canada? Putting it another way: What medicine or treatment can and should we prescribe for the speculative fever in this type of security which has been so apparent in the recent past?

To put this matter in proper perspective, I am aware of the fact that the number of people in the securities business participating in the underwriting and sale of this type of security, and the amount of money involved, are not great in relation to the overall picture, but it is nevertheless a serious problem.

This subject is one which I have endeavored to point up, irrespective of my assigned topic, before groups of all kinds in every talk I have made since becoming President of the IBA last December. And I intend to keep on talking about it for the balance of my term and thereafter because I know that every time an investor is misled or defrauded in connection with the purchase or sale of such securities, there is not only both personal and economic loss, but our capitalistic or free-enterprise system in general, and the legitimate securities business in particular, get an unwarranted black eye.

I am particularly anxious to point out the distinct difference between the vast majority of fine firms in our industry which are conscientiously trying properly to advise the investing public, and the relatively few fringe firms which specialize in the most speculative types of securities. I do not want to see our entire industry dragged down by these unqualified fringe firms and made a political football such as we experienced in the 1930s and early 1940s.

Suggesting the complete answer to this problem, however, reminds me of the story of the centipede who had the gout in each of his 100 feet. The ailing centipede, noting the agility of a monkey, asked the monkey's advice. The monkey thought a moment and then suggested: "Why don't you change yourself into a mouse and in that way you can get rid of 96% of your troubles." The centipede said: "Why, that's a wonderful idea—but how do you go about changing yourself into a mouse?" Whereupon the moneky replied: "Look, don't ask me questions about mechanics or operations, I only decide questions of policy."

Comments and Suggestions

I shall try, however, to come down from the policy level and make a few comments and suggestions about mechanics and operations.

As you well know, there are many aspects to this problem of bringing about maximum practicable protection of unsophisticated investors in connection with the sale of highly speculative mining and oil securities without at the same time drying up the source of capital for legitimate operations in this field. I cannot hope in the time available here to discuss all of them, but I would like to mention several in passing,

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*An address by Mr. Schmidt before the National Association of Securities Administrators, Vancouver, B. C., Aug. 29, 1955.

Thorium—Rival of Uranium

By ROBERT D. HEDBERG
Vice-President in Charge of Research
Science & Nuclear Fund

Mr. Hedberg calls attention to an AEC announcement of a new type of reactor utilizing thorium. Says thorium comes into the picture because it must be utilized in a slow neutron reactor, which has distinct advantages over the fast reactor for large-scale production of atomic energy. Calls attention to a new and cheaper semi-continuous process for thorium production. Lists non-atomic markets for thorium.

Those fragile white gas-lamp mantles of grandfather's day and nuclear fuel have something in common. It is a metal called thorium that 50 years ago was going into the manufacture of gas lamps and little else. Today this one very minor metal looms as a strong rival of that most precious of all fuels—uranium. This rivalry is one of today's most interesting stories of technology.

Robert D. Hedberg

Until recently there was no significant demand for thorium. In fact, the metal had become more or less of a curiosity. Scientists were aware of thorium as the only nonuranium fertile material in more abundant supply than uranium. But in the early stages of the atomic energy program and under the wartime urgency, they concentrated exclusively on production of fissionable materials from uranium.

Then, beginning with the Spring of 1954, a series if important thorium developments were made known. Overall these leave little, if any, doubt that the metal is to have an important role as a source material in the $200 million reactor program of the United States Atomic Energy Commission.

A Reactor That Utilizes Thorium

The first of these developments took the form of a rather guarded announcement by the AEC of a new type of reactor utilizing thorium. The announcement stated that the thorium reactor can breed more fuel than it burns and does this through conversion of the thorium to fissionable uranium 233 by neutrons of thermal (slow) speed.

The significance of this development seems to have escaped public notice for the most part at the time. Its considerable importance was pointed up subsequently in the latter part of 1954 by Dr. Alvin M. Weinberg, director of research at the Oak Ridge National Laboratory. He referred to the AEC announcement as "probably the most important scientific announcement the Commission made" in connection with its five-year reactor program.

It took the first International Conference on the Peaceful Uses of Atomic Energy to move thorium into the headlines in a big way. At Geneva, scientists predicted that the element—thorium—may surpass natural uranium as a basic source material.

The reasons they gave are better appreciated with a little understanding of the mechanics of nuclear fission. Of two principal types of nuclear reactors, one uses fast neutrons and the other slow neutrons. These neutrons are the subatomic particles liberated by the fission of any fissionable material. In a chain reaction, one neutron from each fission is used to sustain the reaction. Any extra neutrons can be used to manufacture atoms of a *new fissionable fuel* out of thorium or ordinary uranium.

At Geneva it was pointed out that in the light of present day technology, a slow neutron reactor has distinct advantages over the fast reactor for large scale production of atomic power. It is at this point that thorium comes into the atom picture and in a major role.

The slow neutron reactor, it was disclosed, must utilize thorium-based fuel to breed more fuel than it burns. When uranium or uranium-derived plutonium is used in this type reactor, the extra neutrons are wasted and as a consequence the fuel must constantly be replenished. Only with thorium, it was stated, can those extra neutrons be utilized to manufacture atoms of new fuel in the slow neutron reactor. This, in summary, is the basis for the statement by the scientists that thorium may surpass uranium as a basic source of fuel.

Another Development in Thorium

Still another important development in thorium was recently made public. It is one that further enhances the position of thorium as an atomic fuel. It is also a development that seems to have been lost sight of in the broad flow of atomic information from Geneva. The AEC, in its report for the first six months of this year, stated:

"At Oak Ridge National Laboratory, a promising, new, semicontinuous process for thorium production was worked out. Appreciable savings are expected from the process, which uses inexpensive reagents."

In any consideration of thorium's future some significance, too, should be attached to the interest in the metal manifested by foreign countries. India, for example, is basing its atomic power program on thorium reactors. The French have indicated they intend to devote considerable effort to thorium-fueled reactors. Russia presented several papers on thorium at the Geneva Conference.

There is also another factor in thorium's favor. Its abundance in the earth's crust is three to four times that of uranium (ten grams per ton vs. three grams per ton). Rich thorium deposits exist in Brazil, India, Ceylon, Indonesia, and Malaya. Brazil and India, however, have embargoed exports of monozite, a sand from which comes thorium. As a result, the United States at present gets most of its ore supplies from the mines of the Anglo-American Corporation of South America.

In this country monozite sand is found in Florida, Idaho, the Carolinas, and Wyoming. Some vein deposits containing thorium also have been found in Colorado and California. These deposits could take on importance as demand increases.

Another possible source of both uranium and thorium is granite. It contains four parts per million of uranium and 13 parts per million of thorium.

Figures are not available on the total production or price of thorium in the United States due to the restriction of the atomic energy program. Thorium metal has been expensive. The last published quotation was approximately $200 per pound in 1951.

The non-atomic markets for thorium are met primarily by the following companies: Lindsay Chemical Corp.; Mallinckroot Chemical Co.; Maywood Chemical Works; Rare Earths, Inc.; and Union Carbide and Carbon Corp. The government carries out a thorium stockpiling program under the Emergency Procurement Service, General Services Administration.

From an investment standpoint only, Lindsay Chemical Corporation derives important revenue from the processing of thorium. The other companies, including the mining companies, are either privately owned or their interest is of small consequence in relation to overall operations. Westinghouse Electric and Metal Hydrides, Inc. have some production experience in the metal.

A $10 million thorium processing contract with the AEC is now held by Lindsay Chemical. The know-how Lindsay has acquired over many years in handling the metal is difficult to overvalue. However, it would not be surprising to see the AEC seek a second supplier.

Economically it appears that we will have an increasing demand for thorium as commercial reactors are built. The Consolidated Edison Company of New York, for example, plans a reactor which will require an initial load of 21 tons of thorium and an additional annual requirement of about ten tons. This reactor is to be constructed near Peekskill, New York, with initial operations scheduled for 1959.

Whether the Consolidated Edison type of thorium reactor will prevail cannot be said at this time, but there are five government operated or supported reactor projects and at least one additional private reactor project designed to use thorium in various quantities.

Given continued success, as seems to be indicated for thorium reactors, and construction at a pace indicated by the announcement of Pennsylvania Power & Light Company; Consolidated Edison; Commonwealth Edison; and others, then the demand for thorium could become substantial.

The importance of this whole thorium development in the fast-moving field of nuclear technology is obvious. Thorium reactors will undoubtedly affect demand for uranium should the program develop in the direction in which it seems to be headed. Component manufacturers will be faced with the new reactor designs. Conveniently located chemical processing plants or perhaps facilities integrated into the thorium reactor will have to separate the thorium from the U-233 produced in the process.

From an investment standpoint this whole discussion serves to emphasize the importance of continued vigilance. Nuclear science is revolutionary. It is developing with tremendous speed. Its technology, moreover, holds promise of broad application in industry, agriculture, transport, communications, and medicine. A high technical obsolescence seems certain. It is probable that no business province, thorium production included, is exempt from this risk. Such obsolescence could pose a serious problem for companies without adequate resources or sufficient scientific manpower. The phenomenon of atomic power replacing gas lamps as the leading use for thorium provides an example of the kind of radical changes that lie ahead.

The State of Trade and Industry

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

Summarizing business results for the past week, Dun & Bradstreet Inc. state that the high level of production was maintained this week. Last year's level was surpassed by a noticeable margin, as many industries stepped up production. Copper supplies continued to dwindle somewhat, and floods in the East moderately diminished brass inventories. There was a considerable decrease in claims for unemployment insurance as a result of a seasonal rise in job opportunities.

Steel mills set production at 91% of capacity this week. Output rose 1%, and there was a 46% increase over the level of the comparable 1954 week. Good progress was made in repairing equipment, but mills continued to turn away new orders for immediate delivery. A substantial backlog of orders for delivery in the next four months prevails. There were some shutdowns in the East resulting from flood damages, but increased output in the South maintained the high total production.

Preparation for model change-overs, somewhat curtailed automobile production. There was a 2% decrease this week, but output was 44% higher than the corresponding 1954 level. Manufacturers did not diminish their steel orders, indicating that only a moderate decline in production is expected during tne change-over.

Paperboard production rose 3% this week with an increase of 12% over last year's level. Unfilled orders were reduced considerably, and new orders declined 9%. Lumber output was increased by 3% and exceeded last year's production by 11%.

Flourishing Retail Gains and Record Breaking Holiday Business Anticipated

The well-known economist and head of the International Statistical Bureau, Inc. of this city, A. W. Zelomek, is quoted as quite optimistic regarding the national outlook for retail sales of summer merchandise for the remainder of the season. Mr. Zelomek expects to see a considerable sales improvement in the retail field over the 1954 volume. He anticipates record holiday sales this year.

Some of the most favorable factor which Mr. Zelomek pointed out in an interview with Harvey E. Runner, Editor of "Buyers & Sellers" column reported in the New York "Herald Tribune" Aug. 24 issue are:

"(1) A definite improvement in soft goods' sales, even though increases in hard lines have been the greatest for the year to date.

"(2) A definite increase in the demand for better merchandise. This is reflected in the higher average sales check.

"(3) Early fall 1955 showings of apparel have met with an excellent response, especially in the higher priced field.

"(4) Only three major departments in department stores are showing a lagging trend. These are millinery, women's hosiery and women's underwear.

"(5) Retailers generally are happy about the good-sized recovery developing in the men's wear field.

"(6) Prevailing opinion looks to an increase in women's and misses' coat and suit volume—mainly in better coats and better suits.

"(7) There is optimism over the recovery in demand for dressy garments, even though sportswear continues to maintain its favorable position. This points definitely to the better styling jobs being done by mills as well as the garment industry.

"(8) Retailers, generally, are optimistic about the favorable showing of hard line sales.

"(9) There seems to be less concern about the effect of discount houses than in the last several years.

"(10) The increased demand for new appliances and the recovery in air conditioning sales this summer has helped improve psychology among distributors of these items.

"(11) The good-sized gain in furniture sales is quite encouraging.

"(12) The fact that the public is less price conscious and more quality and style conscious is favorable from a longer-term standpoint."

Current and Prospective Demand for Steel

According to "Iron Age," national metalworking weekly, steel stocks in the hands of consumers are approaching the critical point. Some users are pointing to low inventories as a weapon to bludgeon producers into expediting deliveries. It's a last-ditch effort to stave off production line slowdowns.

Generally speaking, consumers have passable supplies but there is some question as to how long this will last in view of recent cuts in allotments and a mounting seasonal demand.

Floods in the northeast are an added starter in the tight steel market. Flood-stricken communities in New England and elsewhere are receiving preferential treatment on steel requirements for rehabilitation of bridges, highways and other structures damaged or washed out by high waters.

There's no telling how much steel will be required for flood repairs, but producers and consumers already are anticipating a further tightening in supplies of structurals, plate and other critical items.

The outlook for virtually all steel products is decidedly gloomy. Major consuming industries show no sign of easing their pressure for deliveries, which are running as much as two months behind promises in some instances. Heavy carryovers into 1956 are certain. Some producers are afraid it will be mid-1956 before flat-rolled deliveries become current.

Auto producers are giving fair warning to the mills that model changeovers will bring no letdown in their steel requirements. In fact, a large automotive company has advised his steel

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The SEC and Proxy Contests

By J. SINCLAIR ARMSTRONG*
Chairman, Securities and Exchange Commission

Chairman Armstrong discusses the three major phases of the over-all proxy soliciting problems under the Securities Exchange Act; *viz:* (1) The legal phase; (2) the economic phase, and (3) the regulatory phase. As to the legal phase, he points out that no statutory guide was given the Commission by Congress, and there is no specific administrative power in the Commission to prevent use of proxy soliciting material thought to be misleading or fraudulent. Says from economic viewpoint, proxy rules are working well, but from a regulatory standpoint, experience indicates rules themselves need revision.

The Securities and Exchange Commission and its staff are extremely careful not to discuss the proxy material filed by a company or person with the other party to a proxy contest, or with anyone else, for the matter. Perhaps this has led to some misunderstanding of the work of the Commission in processing proxy material. Often a party to a proxy contest complains that we are favoring the other side, not knowing, as we do because we have seen the other side's material, that we are in fact being completely neutral and impartial in administering the proxy rules.

J. Sinclair Armstrong

I must emphasize at the beginning that the Commission does not take sides in proxy contests. It administers the rules impartially. It is not concerned with which side wins. Its only concern is the fulfillment of its statutory duty imposed on it by the Securities Exchange Act of 1934, and the rules adopted by the Commission under the Act, of assuring that full, fair and adequate disclosure of the basic facts pertaining to the proxy solicitation are made available to the security holders whose proxies are being solicited.

Also, since Mr. Garrett invited me early in May to give this talk, there have been developments of major importance in the proxy field and, accordingly, I am going to expand the scope of my remarks and not limit them to specific proxy contests. Rather, I propose to discuss three major phases of the over-all proxy soliciting problems under the Securities Exchange Act.

The first phase is legal. I want to describe the statutory groundwork for the processing of proxy soliciting material by the Commission.

The second is economic. I will discuss briefly the economic impact of proxy contests on listed companies.

The third is regulatory. I will discuss the problems of proxy contests which lie at the root of the proposed revision of the proxy rules which the Commission announced yesterday.

I will also indicate my personal view as to a legislative change which I would hope would be considered in the second session of the 84th Congress, commencing next January. So, first, let us turn to the law.

The Legal Phase

The law, as it pertains to proxy solicitations in listed companies, is a very broad grant of power by the Congress to the Commission. Section 14 (a) of the Exchange Act provides as follows:

"It shall be unlawful for any person, by the use of the mails or by any means or instrumentality of interstate commerce or of any facility of any national securities exchange or otherwise to solicit or to permit the use of his name to solicit any proxy or consent or authorization in respect of any security (other than an exempted security) registered on any national securities exchange in contravention of such rules and regulations as the Commission may prescribe as necessary or appropriate in the public interest or for the protection of investors."

*An address by Chairman Armstrong before the Section on Corporation, Banking and Business Law of the American Bar Association, Philadelphia, Pa., Aug. 23, 1955.

Notice a couple of points about that statute. In the first line it says "it shall be unlawful for any person. . . ." It doesn't say it shall be unlawful for the management, or for directors, or for controlling persons. It says it shall be unlawful for "any person" to solicit proxies in contravention of the Commission's rules.

Notice that it says "in contravention of such rules and regulations as the Commission may prescribe." There is no indication of any restriction, any limitation on the rules and regulations the Congress intended the Commission to prescribe. Nor is there an indication of the type of regulation the Congress intended the Commission should devise and promulgate. But, notice that whatever rule or regulation the Commission should prescribe under this broad Congressional mandate was to be a regulation which the Commission should "prescribe as necessary or appropriate in the public interest or for the protection of investors." This last, I think, is of major importance. Throughout all of the statutes the Securities and Exchange Commission administers there flows the thread, expressed in section after section and clause after clause that the regulation contemplated by the Congress should be that which in the determination of the Commission is necessary or appropriate in the public interest or for the protection of investors.

The Congressional committee reports shed some light on the conditions the Congressional committees had in mind as needing correction, when the Exchange Act was adopted. They mentioned solicitation of proxies by management concealing secret options and interests in underwriting arrangements. They mentioned insiders retaining control without adequate disclosure of their interest and without adequate information about management policies. They mentioned managements using proxies to take from stockholders valuable property rights for their own selfish advantage. They also stated "that the rules and regulations promulgated by the Commission will protect investors from promiscuous solicitation of their proxies, on the one hand, by irresponsible outsiders seeking to wrest control of a corporation away from honest and conscientious corporate officials; and, on the other hand, by unscrupulous corporate officials seeking to retain control of the management by concealing and distorting facts." But these reports are merely part of the legislative history, and under familiar principles are hardly to be relied on heavily in construing statutory language which on its face is clear. The breadth of the grant of authority can hardly be questioned, considering the wording of the Exchange Act.

Let me contrast for a moment this broad grant of rule-making power with a different legislative approach, the legislative approach which was used by the Congress when it wrote the Securities Act of 1933.

Both the Securities Act and the Exchange Act are thought of as "disclosure" statutes. By that is meant that in addition to providing civil and criminal sanctions against misrepresentation and fraud, they were designed so as to assure to the public and to investors disclosure of certain pertinent financial and business information by companies coming into the public market with new issues of securities, in the case of the Securities Act, and by companies whose shares were listed on national securities exchanges, in the case of the Exchange Act.

But in the Securities Act the basic information which the Congress deemed should be disclosed was clearly set forth in the statute.

Section 7 of the Securities Act provides that a registration statement must contain the information and be accompanied by the documents specified in Schedule A to the Act, when relating to a security issued, generally speaking, by a corporation, or the information and documents specified in Schedule B, when relating to a security issued by a foreign government. And when in Schedules A and B to the Securities Act the Congress specified in considerable detail the types of information, both business and financial, which in furtherance of the basic legislative purpose of full disclosure, it deemed should be made available to the public and the investor. Then, having specified what disclosure should be required, the Congress wisely, in my opinion, added flexibility to the administration of the statute by giving the Commission power to increase or on certain instances vary or diminish the particular items of information required to be given. Similar legislative treatment is accorded the prospectus for new issues of securities, additional Commission discretion being granted by the 1954 amendments adopted by the 83rd Congress.

Thus, the Commission, in administering the Securities Act, has available in considerable detail an outline of that which the Congress intended should be the basis of its registration forms, prospectus requirements and rules. Section 12 of the Exchange Act provides the Commission with a comparable guide as to the information to be included in registration statements for issues of securities to be listed on exchanges and reports of listed companies filed under that Act.

Contrast this legislative treatment with Section 14 of the Exchange Act where no such statutory guide lines are available for the Commission to follow.

Another difference should be observed. In the Securities Act, the Congress granted the Commission full administrative power with respect to permitting a registration statement for a new issue of securities to become effective so that sale of the securities to the public might lawfully be made. Power to prevent a registration statement from becoming effective, or after effectiveness of a registration statement to suspend such effectiveness, is granted to the Commission in Section 8 of the Securities Act. Administrative proceedings to provided for and appropriate review of the Commission's administrative actions may be had by appeal to the United States Court of Appeals. Similar provisions are contained in Section 19 of the Exchange Act with respect to registration statements and reports under that Act.

No Specific Administrative Power Given

The administrative processing of proxy soliciting material, on the other hand, had evidently not so clearly been considered when the Exchange Act was written. There is no specific administrative power in the Commission to prevent the use of proxy soliciting material thought by us to be misleading or fraudulent. Our only recourse, provided in Section 21(e) of the Exchange Act, is to seek to enjoin the use of misleading of false proxy soliciting material by suit in the United States District Court. This means that the only real administrative grip the Commission has on proxy material, short of going into Court, is the gentle art of persuasion.

Historically, in the intervening 20 years since the Exchange Act was enacted, the Commission has felt its way along. There have been five major revisions since the first rudimentary proxy rules were adopted in 1935. Each of these revisions, based on the analogy of Schedules A and B of the Securities Act and Section 12 of the Exchange Act, was designed to elicit and bring into focus the types of information which the Commission felt should be furnished to security holders by persons, be they management or others, seeking security holders' proxies.

Generally speaking, the type of information required under the proxy rules as they exist today provides the security holder with a broad basis of financial information about the company and specific information about the persons seeking to be elected directors, their business experience, their remuneration and contractual relations with the company, if any, their bonuses, stock options and other emoluments of office. The information prescribed for such disclosure is calculated to enable the average "prudent" investor to act intelligently upon each separate matter for which his vote or consent is sought. The annual financial report must precede or accompany management's proxy soliciting material.

I think within a very broad grant of power the Commission, through years of experience, has devised proxy soliciting regulations which work well in the vast majority of cases to which they apply and which have provided an enormous base for the thing called "corporate democracy."

Economic Impact of Proxy Rules

So much for the law. Now let me turn for a minute to the economic impact of the proxy rules, both as applied to listed companies generally and as as applied to companies involved in proxy contests. On April 30, 1955, the staff report of the Senate Banking and Currency Committee entitled "Factors Affecting the Stock Market" was released. This report includes the estimate that (eliminating intercorporate holdings) the total market value of outstanding stock in all American business corporations at the end of 1954 was about $268 billion. The number of corporations whose securities are registered under the Exchange Act and listed on national securities exchanges has been about 2,100 in the past two or three years.

I am not aware that there have been any serious administrative difficulties — difficulties of the kind that could not be worked out by the registered companies with the staff, or occasionally, by the registered companies with the Commission—except in the case of the companies, a comparative few, in which proxy contests for control were carried on, and another handful in which shareholder proposals under the "shareholder proposal" rule (Rule X-14A-8) were involved.

In terms of the impact of the proxy rules on the economy of the country, this is a pretty good indication that the proxy rules are working well. The value of listed common stock of corporations in which proxy contests have occurred was $414 million in 1954 and $724 million this 1955 proxy season. For comparative purposes the value of all common stocks listed on national securities exchanges was $169 billion at the end of 1954 and $194 billion during the 1955 proxy season. Thus the value of listed stock of companies involved in proxy contests in 1954 was ¼ of 1% and in 1955 ⅜ of 1% of the value of all listed stock.

In 1954 21 listed companies were involved in proxy contests for control of management or places on the board of directors. In the first seven months of 1955

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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 Energy Shares—Selected portfolios—in current issue of "Gleanings"—Francis I. du Pont & Co., 1 Wall Street, New York 5, N. Y. In the same issue is an analysis of **Whirlpool Seeger Corp.** and a list of seasonally favored stocks. Also available is a list of stocks selling at discounts.

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.

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

Four Foreign Favorites—Discussed in "Highlights No. 31"—Troster, Singer & Co., 74 Trinity Place, New York 6, N. Y.

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

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

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

Municipal Bond Market—Bulletin—Park, Ryan, Inc., 70 Pine Street, New York 5, N. Y.

Natural Resource Companies—Data—Ross, Knowles & Co., Ltd., 25 Adelaide Street, West, Toronto 1, Ont., Canada. Also in the same bulletin are a list of investment suggestions and a discussion of mergers and take-overs in Canadian companies.

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

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

Railroad Equipment Industry—Analysis with particular reference to **Westinghouse Airbrake** and **A. C. F. Industries**—E. A. Purcell & Co., 50 Broadway, New York 4, N. Y.

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

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.**

American Automobile Insurance Company—Report—Loewi & Co., 225 East Mason Street, Milwaukee 2, Wis. Also available is an analysis of **A. O. Smith Corporation.**

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

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

American Telephone & Telegraph—Table of related values—New York Hanseatic Corporation, 120 Broadway, New York 5, New York.

Automatic Canteen—Bulletin—Bruns, Nordeman & Co., 52 Wall Street, New York 5, N. Y.

Boeing Airplane Company—Analysis—Sutro Bros. & Co., 120 Broadway, New York 5, N. Y.

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

Borg Warner Corporation—Analysis—H. Hentz & Co., 60 Beaver Street, New York 4, N. Y.

Calcasieu Parish Gravity Drainage District No. 4—Data—Scharff & Jones, Inc., 219 Carondelet Street, New Orleans, Louisiana.

Chrysler Corporation—Analysis—Dreyfus & Co., 50 Broadway, New York 4, N. Y. In the same bulletin are data on **Auto-Lite** and **Cerro de Pasco.**

Columbian Carbon Co.—Memorandum—Rotan, Mosle & Co., Bank of Commerce Building, Houston 2, Texas.

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

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

Gustin-Bacon Manufacturing Company—Bulletin—Smith, Barney & Co., 14 Wall Street, New York 5, N. Y.

International Telephone & Telegraph Co.—Analysis—Laird, Bissell & Meeds, 120 Broadway, New York 5, N. Y.

Marlowe Chemical Co.—Report—General Investing Corp., 80 Wall Street, New York 5, N. Y.

Mitsubishi Electric Manufacturing—Analysis—In current issue of "Weekly Stock Bulletin"—The Nikko Securities Co., Ltd., 6, 1-chome, Kabuto-cho, Nihonbashi, Chuo-ku, Tokyo, Japan. Also in the same issue is an analysis of **Hitachi.**

Northern Indiana Public Service Company—Analysis—A. C. Allyn & Co., 122 South La Salle Street, Chicago 3, Ill.

Ohio Oil Company—Analysis—J. R. Williston & Co., 115 Broadway, New York 6, N. Y.

Old Republic Credit Life Insurance Co.—Memorandum—Fahnestock & Co., 135 South La Salle Street, Chicago 3, Ill.

Parker Appliance Co.—Analysis—J. Roy Prosser & Co., 11 Broadway, New York 4, N. Y. Also available is an analysis of **Rockland Light & Power Co.**

Phillips Petroleum Company—Report—Thomson & McKinnon, 11 Wall Street, New York 5, N. Y.

Republic National Bank of Dallas—Analysis—Estabrook & Co., 15 State Street, Boston 9, Mass.

Rhodesian Selection Trust—Memorandum—Hirsch & Co., 25 Broad Street, New York 4, N. Y.

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

Schering Corp.—Memorandum—Granbery, Marache & Co., 61 Wall Street, New York 5, N. Y.

Shawano Development Corp.—Memorandum—J. H. Lederer & Co., 40 Exchange Place, New York 5, N. Y.

Signode Steel Strapping Co.—Memorandum—White, Weld & Co., 40 Wall Street, New York 5, N. Y.

Southern Nevada Power Company—Report—William R. Staats & Co., 640 South Spring Street, Los Angeles 14, Calif.

Tennessee Corporation—Analysis—Harris, Upham & Co., 120 Broadway, New York 5, N. Y.

LETTER TO THE EDITOR:

Claims Dr. Ernest Gutmann Has Distorted Ideas on Money

Frederick G. Shull writes "Chronicle" all the recognized authorities were firm believers in the Gold Standard, under which gold has a fixed price, and currency is redeemable in gold on demand.

Editor, Commercial and Financial Chronicle:

His self-styled "unsolicited" letter in your issue of Aug. 18, in which Dr. Ernest R. Gutmann "comes to the aid of Dr. W. Randolph Burgess, Governor William McC. Martin, Jr., the National Association of Manufacturers, and the "Gold Miners" and taking issue with Dr. Walter E. Spahr's views on "irredeemable currency"—prompts this "unsolicited" letter by me, "coming to the aid" of Dr. Spahr. One wonders who the recognized authorities are, who have led Dr. Gutmann to his distorted ideas on the Money subject. It could not possibly have been any of the great teachers-and-leaders of the past 200 years—such as Adam Smith; Alexander Hamilton; Daniel Webster; John Sherman; Andrew D. White; Henry Cabot Lodge (the elder); Andrew Carnegie; Andrew W. Mellon; or the greatest monetary expert of the present Century, the late Professor Edwin W. Kemmerer, of Princeton—for all of those recognized authorities were firm believers in the Gold Standard; and that means a "fixed price" for gold and "redeemability," on demand, at that fixed price.


Frederick G. Shull

While Dr. Spahr is fully capable of taking care of the unjustified criticism presented in the Gutmann letter, I should like to single out the point made by Dr. Gutmann that needs more light thrown upon it, which is this:

Sympathizing with the poor "Gold Miners," Dr. Gutmann says: "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." But why make this unfair comparison? Why hasn't he chosen the proper year—namely, 1932—for comparison with 1955? For, in 1932, gold-producers were paid \$20.67 an ounce for their product; and ever since 1934 they have been getting \$35 an ounce. That is an increase of 70% over the 1932 price; and it is just about the same increase in price that "other industry" has experienced since 1932. For example, automobile manufacturers sold cars for \$1,200 in 1932, and today they get \$2,100 for that class of cars, or an increase of 70%. Are the poor "Gold Miners" entitled to a better break than the poor "automobile manufacturers?" And the same can be said of any "other industry" that one could name.

The fact of the matter is that any advantage is entirely with the gold-producers, rather than with "other industry;" for the gold-producers got their 70% increase immediately after the dishonest "devaluation" of the Dollar in 1933 and 1934; while "other industry" had to wait for a gradual rise in their prices—resulting from the creeping **inflation** occasioned by that "debauchery" of the Dollar.

Therefore, let's not be taken-in by Dr. Gutmann's fallacious arguments. Instead, let's accord to Dr. Sphar the credit he so richly deserves—"credit" for occupying the enviablle status of being generally regarded as the **most authoritative monetary expert** in the **whole world** today; and the Sound Money principles which he has so ably advocated are bound to become a tradition in our American way of life.

FREDERICK G. SHULL

2009 Chapel Street,
New Haven 15, Conn.
August 22, 1955

New York Hanseatic Commemorates 35 Yrs.

In connection with their 35th anniversary, New York Hanseatic Corporation, 120 Broadway, New York City, has issued an attractive illustrated brochure describing the firm's history and activities in the foreign and domestic markets.

Gottron, Russell Co. NY Exchange Members

CLEVELAND, Ohio — Gottron, Russell & Co., Inc., Union Commerce Building, announce that effective Aug. 25 their firm became members of the New York Stock Exchange.

Irving J. Rice Co. In New Location

ST. PAUL, Minn. — Irving J. Rice & Company, Incorporated, members of the Midwest Stock Exchange, have removed their offices to new quarters in the Pioneer Building. The firm acts as underwriters, participating distributors and dealers in municipal and corporate securities.

With W. C. Langley Co.

W. C. Langley & Co., 115 Broadway, New York City, members of the New York Stock Exchange, announced that Henry G. Barnard, Jr. and Thomas E. Gorman have become associated with the firm as registered representatives in the Sales Department.

What's Ahead for the Building Industry?

By GEORGE W. WARNECKE

President, George W. Warnecke Co., Inc., New York City

Though holding there is some likelihood excessive home construction to be followed by a downward trend, Mr. Warnecke looks for a continued high level in other building fields, particularly in public works and industrial plant expansion. Cites heavy business plant expansion programs, and calls for a flexible and highly individualized financing service. Praises the sale-leaseback arrangement in financing, and concludes public works and plant expansion will not only boost the building industry, but will benefit our entire economy.

In the past few years so much concern has been voiced over the housing situation — will it stay boom or go bust?—that there has been a tendency to overlook other phases of the building industry equally important to our national economy.

George W. Warnecke

To be sure, what with the strong pace of home construction continuing, with new housing starts in the last six years double that of household formations and with the mortgage debt at the all-time high of nearly $80 billion, there is certainly good reason for keeping close watch on the private home construction field.

However, it would be wrong—worse, it would be self-defeating — for builders and investors to assume from all the hue and cry over the private housing situation that other phases of building are at a comparative standstill. Such a view would not jibe with the known facts.

For instance, what about two other phases of building activity—public works and plant expansion programs? What role will they play in our economy this year and in the years ahead?

Our own estimates and those of other sources indicate that new levels of construction will be set in these fields in the next decade. From 1945-55 a record of $392,500,000,000 was spent on public and private construction in this country. Some sources say that this amount will be exceeded by nearly one-third—with the greatest potential in the next 10 years seen in public works programs.

Specifically, there is a great need for a modernized highway system and for new and improved schools. President Eisenhower's highway program, calling for an expenditure of $100 million to provide America with fast, new roads, is a large step in that direction. Whether the bill for this measure is adopted in its entirety or only partly by the next Congress, it will give a great deal of impetus to a new highway improvement program and, in turn, to vast expenditures for that end. Many states have already launched their own highway construction programs.

New schools are sorely needed in many sections of the country, where in some instances no new school construction has taken place for more than two decades. The population growth of the last decade has outstripped the educational, health and civic needs of many communities. New municipal buildings, as well as hospitals, public clinics, playgrounds and similar public buildings are necessary if the United States is to continue to be a modern, economically-sound, well-balanced nation.

There can be little doubt that new public works programs will be effectuated to meet the needs of our growing nation. Since the turn of the century that has always been the case. The $392,500,000,000 spent in the last decade, for example, exceeded such expenditures for the entire period from 1900 to 1945. In the last 10 years $23,700,000,000 was spent on highways, more than the 22-year period from 1923 to the end of World War II. School outlays amounted to $15 billion, double the outlay from 1920 to the war's end.

Plant Expansion Programs

Concerning the future of capital expenditures for plant expansion programs, an equally favorable outlook can be taken. Recent trade surveys, substantiated by our own talks with business leaders in our offices in nine cities across the country, reveal that capital spending will continue at a high rate.

Business companies and manufacturers plan to spend the record amount of more than $29,500,000,000 for new plants and equipment in 1955, which is a 5% increase over the amount spent in 1954. A very high level of capital expenditures is indicated from 1956-to-1958, with spending for new plants and equipment in those years perhaps exceeding that spent in 1955.

On what do manufacturers and business concerns base their plans for spending such huge sums? Manufacturing companies are estimating an increase in sales of 21% over the four-year period between 1955-58, and a 7% increase in 1955. Significantly, the largest increase among major industries, 15%, is planned by commercial companies—those in the trade, finance, construction and service industries.

Practically every manufacturing industry has increased its plans for capital spending. Among the more important ones are iron and steel (increase of 29% planned); machinery (up 14%); and paper (up 10%). The chemical, iron and steel companies—in the two industries that make basic industrial materials — expect the largest gains in sales this year.

The Financing Factor

The lending fraternity will be called upon to serve our expanding industries to an even greater degree than heretofore. To do this will necessitate exact knowledge of the requirements of companies, particularly in regard to their specific expansion needs, the type of financing most suitable for their growth and similar factors.

Most importantly, the lender with a genuine feeling for a company's requirements and objective understanding of its goals will be of inestimable value to a growing firm. Dynamic expansion will leave little room for financing by rote; flexibility and highly individualized service will count heavily.

Last year, in the course of servicing $860 million worth of property and arranging mortgage financing of $170 million, we transacted varied types of industrial expansion loans. In so doing we acquired a good cross-section view of American industry today; we were able to see first-hand what are some of its problems and in which direction the business community is headed.

One point stands out—American industry is strong and vital, and is constantly going forward. It has not and is not standing still, but is continually changing and growing with the times. This constant and continued growth creates new industrial horizons and with it new problems to be overcome.

Product diversification, for example, which has become a postwar phenomenon practiced mainly by large national corporations, has in some instances highlighted the need for close daily contact between key company executives. The acquisition of additional plants in various parts of the country has made this impractical and cumbersome, thus giving rise to the need of a centrally-located office headquarters where communication between personnel is natural, and where such things as the processing of paper and office work is carried out efficiently. The solution might lie in the construction of a new headquarters building or in the acquisition of an older building in a better location.

The Sale-Leaseback Setup

In the field of financing plant expansion programs, we have seen one particular type of mortgage arrangement come into popular vogue in recent years. This is the sale-leaseback setup, whereby a company will have a new plant erected to its specifications and needs, then sell it to an investor who in turn will lease it back to the company on fixed terms for a period of years. The lease usually covers 20 to 25 years with fixed renewal periods at greatly reduced rentals.

In some cases a step further is taken involving a "package" deal with a company or manufacturer. This arrangement provides for location of a new site, purchase of the land, and the planning and building of the new plant to meet with the firm's exact specifications and requirements.

Then a lease arrangement is entered into with the company. The big advantage in this kind of set-up is that the company need not have any of the headaches accompanying construction of a new plant but rather acquires a "tailor-made" site and factory which, upon completion, is ready for production.

The sale-leaseback and the lease arrangement primarily serves to free needed company capital for expenditures in the daily operation of the business—that is, large amounts of company funds are not tied up in the construction of a new plant. Its overall advantages to the company are:

(1) No capital investment necessary.

(2) One-hundred percent tax deduction for rental payments.

(3) Low, stabilized fixed monthly cost.

(4) Less management supervision.

(5) Minimizes cost of depreciation and replacement.

(6) In some instances there is greater opportunity for acquisition of leased property on a reasonable basis.

While the future of public works and industrial plant construction appears bright, private home building continues to alarm many in the trade. The fear is that new home construction is running far ahead of actual shelter needs and will eventually result in a glut on the home market.

Primed by the easy credit policies of the government, which reached its ultimate expression in no-down payment, 30-year loans on FHA and VA mortgages to veterans, the home building industry has produced more than 10 million private houses in the last decade. The recent governmental regulations which make a 2% down payment and a 25-year mortgage limit mandatory for FHA and VA insured loans, reflects the growing concern over the private home situation. It is our own feeling that these new requirements do not go far enough, although they are a positive step in the right direction. For some time we have called for a 5% down payment and a maximum mortgage limit of 25 years.

The various parts of the building industry, and that part of the lending trade associated with it, are closely interrelated. Each influences and is influenced by the others in various direct and indirect ways. The bright future of the public works and plant expansion fields will not only leave its mark on other phases of the building industry, it will also have a healthy and beneficial influence on our entire economy.

LETTER TO THE EDITOR:

Favors Gold Coin Standard, But Doubts Its Practicability

Edmund W. Froelich, Chicago attorney, writes "we have marched far toward a socialistic state, to which our present currency system has contributed," and a gold standard currency once "turned off," cannot be "turned on" at will.

Editor, Commercial and Financial Chronicle:

I have read with great interest the weekly debate on the gold standard in your publication.

May I add a few thoughs?

(1) That a currency freely convertible into gold is, of the two, the honest system, would appear to be indisputable. The public may, some day, understand that every student of political economy knows, that an irredeemable currency is not money or its equivalent, in any sense, although commonly referred to and looked upon as money.

(2) While a government might, by the exercise of otherwise sound fiscal practices, conceivably make an irredeemable currency serve indefinitely, unsound governmental practices are bound to bring about its collapse. Such a currency must inevitably weaken, and finally break down, under continued confiscatory taxes, deficit financing, wild spending, global largesse, and the incurring of fantastic debt. And the irredeemable currency itself contributes and conduces to all of these unsound practices; a vicious circle arises.

(3) Hence, while those who advocate the return to a currency freely convertible into gold, are, from a theoretical standpoint, indubitably correct; nevertheless the question remains, "Is such a return possible, or at least practicable, at the present time?" I, for one, do not think that it is.

(4) I believe that our march toward a socialistic state (to which the present currency system was designed to, and did, heavily contribute) has reached and passed the point of no return. A 22 year period of inflation, deliberately created, fostered and maintained, dare not be abruptly terminated even temporarily, for the simple reason that the majority of the voters (who, of course, look upon an irredeemable currency as "money") will never permit it. It is axiomatic that inflation, while in progress, is responsible for a much-too-powerful feeling of well-being in the multitude, to expect that implications of ultimate disaster, even if understood (which they are not), would impel people to surrender, or even jeopardize, their present (imagined) prosperity.

No, a gold-standard currency once "turned off," cannot be "turned on" at will. It has become a stranger to an economy like that of the present; it is incompatible with, and just doesn't "belong" in, the current era. And mark well: The popular inflationary insanity is not confined to the ordinary uninformed man; the great corporations, hard-pressed by constantly increasing costs of operation, and making obeisance to the gods of uninterrupted expansion, growth and profits (bolstered as they are by billions upon billions of dollars of instalment purchases, which people even in their flush years, cannot afford to pay cash for) have equally become captives of the prevailing conditions and times. Not without reason do spokesmen for the Treasury and the Reserve Board voice opposition to the adoption, at present, of a sound currency.

(6) Democracy possesses powerful corrective forces; but the ability to put brakes on an inflation in its present stage of progress is not among them. A vast majority of the people will always enjoy itself as long as it can; and who can deny that skies look awfully bright right now? After the storm, and the cleaning up of the debris, a sound currency will be a must.

EDMUND W. FROELICH

77 West Washington Street,
Chicago 2, Ill.
Aug. 15, 1955

Automatic Production and The Small Business Man

By PAUL B. WISHART*
President, Minneapolis-Honeywell Regulator Company
Minneapolis, Minn.

In discussing the impact of automation on small business, Mr. Wishart says course of small concerns will be altered by growing use of automation, and they must plan a realistic course and anticipate changes in their particular industry. Denies small business is necessarily in conflict with big business and asserts "small business can and will prosper in an automation world, if it is careful to pick its field of operations or gradually tailor its present operations to counter visible trends."

I have been asked to discuss the impact of automation on business, particularly small ones, for we cannot all be the size of General Motors or Ford.


Paul B. Wishart

Automatic production and its precocious offspring, "automation," draw heavily on automatic controls. That, as most of you know, is Honeywell's business and has been since 1885. So we are actively involved in the rapid development of automatic operations not only in the factory, but in the home, the office building, school, hospital, on the farm, and in many other fields.

So if we are to be successful, we must learn to live with this continuing challenge, not only in our own operations but render a service to our customers in the same field.

Most of our products have a high labor content. While we are building automatic controls devices and systems for others, we are, at the same time, seeking more automatic ways of controlling our own costs and improving the quality of our own products. It is interesting to reflect that five years ago, only three of our present 16 operating divisions had over 500 employees—the government definition of a small business. Even now, seven are under that figure although our employment exceeds 25,000 in total.

I use the word "automation" somewhat broadly. By one interpretation, it is only the constant acceleration of the use of more efficient equipment, especially that which makes extensive use of automatic controls. As the other extreme are the scientists for whom automation is synonymous with a thinking machine—the 200-proof robot.

To some people, automation has already become a bore. Because much has been written about it, they have a sneaking suspicion that automation is just a fad—something like technocracy. We have already forgotten how much was written in a short time about technocracy and also how quickly the fever subsided.

Automation is not a fad. I believe it was Robert Benchley who said, "Everytime the urge to exercise comes over me, I lie down until it passes over." Those who may be tempted to view automation in this vein are, I am sure, due for a rude awakening.

If we sense a greater urgency today in the study of automation and of its impact upon business, that is because more people understand it, more people are actively urging its adoption, more companies today have the money to utilize it where it pays its way, and all competitive enterprise is affected by the forces exerted by those who are expanding their use of it.

*An address by Mr. Wishart presented at the Symposium on Electronics and Automatic Production sponsored by Stanford Research Institute and National Industrial Conference Board, Inc., San Francisco, Calif., Aug. 22-23, 1955.

Use of Automation Will Affect Small Business

Small business, particularly, must expect that its course will be altered by this growing use of automation. Small business faces two alternatives. The first is to be caught flat-footed, forced to fight rear-guard actions, attempting to compensate for or counter new competitive conditions. The second is to anticipate, through careful study of what is going on in the economy and in the particular industry, and to plan a realistic course, thereby gaining advantage of early action and having the best possible chance of minimizing likely competitive pressures.

There is a significant point in the government's recent report that American business estimates that two billion dollars more this year will be spent specifically for modernization than was spent for this purpose last year.

Because automation plays a major role in the modernizing of plants to meet the competition of streamlined new facilities, and because small business in the aggregate will contribute a healthy slice of the $27 billion being spent for plant equipment in 1955, there can be no question but that small business is rapidly adopting automation methods. The individual examples may not be as visible as those developed by big companies, but the men who run small businesses are just as keen; and their bankers, you can be sure, are backing their judgment.

A Few Axioms

At this point, I would like to state a few axioms that seem to me to be pertinent to this discussion.

You can hardly mention the words "small business" without implying conflict with big business. In fact, we talk a lot about "small business' **fight for survival.**" This is exaggeration, because we know full well that big business will not take over small business in this country or anywhere else where our type of free-enterprise, competitive economy is preserved.

While this is true in the overall, we harp on this conflict because each small business in a competitive industry feels keenly the threat of the larger business which has the financial resources, the managerial and technical talent, and frequently the sheer dynamism to outperform small business successfully.

You are familiar, as I am, with the major circumstances that determine the success of a small business under competitive conditions. Price is first. Now, we all know that some small companies can outperform the big ones on price. Lower overheads; greater flexibility; more direct, possibly more enthusiastic, supervision; geographical advantages: these are some of the reasons. I know that in the electronic industry many of the components are supplied by small companies, each specializing and doing a remarkable job of low-cost production based on a substantial volume sold to hundreds of customers. Few, if any of the latter, would find it worth their while to try to compete.

Another circumstance is product quality. Here again, the large company, even with all of its engineering resources, frequently finds that it cannot manage to match the quality of the small specializing company.

There are many other factors. I would add only two. The small company which understands and concentrates on its own field frequently thinks further ahead in the development of that product line than does the large company where pioneering effort is likely to be diluted in the whole program of the company's varied interests. Finally, the most productive original ideas are likely to reach the top quickly in a small operation, to get a full hearing, an adequate trial, and a successful application to a problem that looms large in the small company.

Ideas still spring from individuals. Many of the very best of these ideas have come from one man or a few men employed by the small highly-specialized company rather than from the large corps of engineers and research scientists maintained by the so-called industrial giant.

So I would like to rephrase my topic this way: "What effect does automation have and will it have in altering the circumstances that favor or threaten small business?"

And, I think the answer to this is that small business can and will prosper in an automation world, if it is careful to pick its field of operations or gradually tailor its present operations to counter visible trends.

Perhaps from the standpoint of many of a small businessman, the most terrifying three words in the language are these: "Make or buy." The large company's organized inquiry into the "make or buy" question is probably the greatest cause of insomnia among small businessmen. When a decision not to manufacture a component is made, by management, another decision automatically results. The component in question must be bought from someone. So let's remember that the phrase is expressed as an alternative—make or buy. And that indicates that under certain circumstances, small business has the edge.

First Imperative of Small Businessmen

The first imperative of a small businessman is to understand thoroughly what those circumstances are in his case and to do all that he can to turn them to his advantage.

On high-volume, long-run products where the design or style variations are within the performance range of the automatic process, the large company will have an even greater advantage over the small one than it has had in the past. On the other hand, highly specialized and integrated automatic tooling means that the large company requires longer runs with less variation in special customer design or style preferences. More hours are needed to make setup changes. Under such circumstances, the small company should be able to protect and even to expand its business by capitalizing on these factors.

Obviously, the capital investment limitations of a small business will not permit it to tackle the giants in a given industry on an equal basis. For example, we read much today of the new development of transistors and diodes. If it is true, as the engineers tell us, the human hands cannot come into contact with the special materials used in the manufacture of semiconductor devices without contaminating such materials, then automatic equipment is needed in the plant. Thus, a multimillion dollar investment is necessary; and if a company does not want to make it, they should seriously consider the wisdom of entering the field. However, some of the finest examples of ingenuity in automation exist today in the supply-parts business where specialization and a thorough-going knowledge of a limited product line and its problems have enabled small business to achieve outstanding success.

One of Honeywell's most completeyl automated divisions is also one of its smallest ones in terms of manpower; yet, because of its limited line of instruments which are basically somewhat simple in nature, our people have been able to accomplish this feat without large expenditures of money or expensive engineering of production-line equipment.

In the field of perishable food products; such as bread, milk, ice cream, and the like, small business is the rule rather than the exception; and, yet, these plants are generally very highly automated, as you all well know.

Certain types of processing, moreover, conspicuously oil refining and the chemical industries, are completely dependent upon highly-developed industrial instrumentation, whether the units are small or large. This is a field in which our company has pioneered for a great many years. Entire operations are now geared to the automatic measurement, signalling, and control of the steps in processing.

We do feel that the accelerating use of industrial instrumentation offers one of the most obvious and fruitful opportunities to profit from automation. Further, it is our conviction, based on our own sales engineering experience, that this applies not only to large plants, but to a great many small ones where instrumentation can accomplish modernization, both reducing costs and increasing quality.

Automation Is Not New

Some of you may say, "I want to take advantage of automation, but what do I do?" First, I feel we make a mistake if we think of it as something new. The search for productive improvements has been going on for years; and each of you, undoubtedly, is doing a lot in your own plants. Second, at the risk of sounding trite, I would suggest the visitation of plants in comparable industries, the use of consultants, the application of incentives within the organizations for improved methods work, and the study of the articles in magazines and trade papers on the subject.

I want to call to your attention a down-to-earth analysis in the current "Harvard Business Review." Writing on "How to Evaluate Automation," James R. Bright presents some suggestions in the form of charts and checklists that will help any manufacturing man — large or small — translate the generalities of automation into terms of his own plant operations.

In this article, and in our discussion here, the examples range from the simple to the highly complicated. But all are of a piece in terms of an objective accomplished by the use of automatic techniques.

Now I might observe that increased automation will probably be reflected in some changes in a company's organization structure.

Already it is becoming apparent that the accelerated developments in science and engineering are pointing up the professional nature of the jobs of technical employees. Science and engineering are now so complex, and the technical decisions so specialized, that in many cases a whole course of business action is based upon them.

Yet an engineer trained in one branch is becoming steadily less competent to evaluate the specific technical decisions of one of his subordinates whose speciality is a different field. The layman in management is at an even greater disadvantage. The individual engineer is without question making management decisions, and must be counted as a representative of management just as truly as the manufacturing superintendent or the foreman is counted as a member of management, because of the decisions he makes.

Management Still Important

With the increased interest in automatic data processing, the opinion has been voiced that some of the newer management techniques, such as operations research on linear programming, will become so important that men proficient in these techniques will tend to replace the tradi- tional management man.

I believe this is unrealistic. The management job will tend to become both more complex and more generalized—under the intergrating influence of further automation. But the traditional qualities of the successful executive will be even more in demand, and I would judge that the company's organization structure will be altered when it is, so as to enable him to get the most effective help from those making the highly specialized technical decisions that will be involved.

While many of the larger companies already have large and competent staffs of technicians studying, devising, and recommending automation programs, the smaller companies cannot afford the luxury of such departments.

But they do enjoy one conspicuous advantage. The growing number of companies that are in the business of producing automation equipment naturally are interested in large-volume markets, as is everyone else. A quick look at the census of manufacturers tells any such supplier that if he is looking for volume, the number of plants with less than 1,000 employees is where the volume market lies. His urge, therefore, will be to design his wares, in so far as possible, to fit the needs of these more numerous small businesses.

I am not saying that automation equipment will be in the class of the shelf item. But I am sure that this logical interest in the broad rather than the narrow market will ease the load on many a small company which wants to benefit from a certain amount of automation but cannot afford the cost of designing and tailor-making all of the necessary equipment.

My guess is that we will be astonished to look back 10 years from now and see how much automation has resulted from the offering in the marketplace of standardized automation equipment, developed to meet the common denominator requirements of hundreds or thousands of small and medium-size companies.

I would like to lay some emphasis on the influence of automation upon quality. It will improve the quality of products generally no matter the plant's size. This is consistent with all of our experience to date.

The understanding of the product and the process and the variables which affect each of them will have to be considerably greater in order to design and build automatic tooling for them. This means attention to materials, tools, motions, and all the other details to a sufficient degree that the expected variations in the automatic machine, process, or plant still are sufficiently controlled so that the cumulative effect of possible errors is still less than the variation permitted in the finished product specifications.

We can see that just as the development of interchangeable parts by a whole new concept of production tolerances made possible the past developments in mass production, so a whole new order of control of design and process variables will be necessary to make the integrated process or a whole plant operate "automatically." Incidentally, while we may never see the advent of the completely automatic fractory, if we ever do, it will be because we are ready for it. It will come simply as another step in the long evolution. Step by step, this technique cannot help but have the effect of holding product quality within much tighter limits than has ever been considered practical in the past. I might add, parenthetically, however, that a machine out of adjustment will go merrily on making products of poor quality, unless man or a sensing automation device shuts it down.

A Few General Conclusions

Now I would like to add just a few general conclusions that I have reached on this over-all subject.

There are businessmen who say they are a part of the American "risk enterprise system" without seriously believing it. Their strong inclination is to take as much risk out of the business as they can. In this extraordinary period of innovation, no company large or small can consider itself beyond the reach of competitors who have new ideas and the determination and skill to make them effective. I do not think there ever will be or should be an entrenched and unassailable position in any industry. I suggest that this flow of competitive innovation, as represented by automation of various kinds, is the surest way to competitive health. Granted it causes adjustments and presents challenge, but I am concerned with those who rather than encouraging the trend and learning how to live with it, are searching for ways to put the brakes on. I therefore feel that the rise of automation carries with it a **heightening** of risk, and in a special sense, for the small business.

Let me explain.

The daily paper reminds us each morning of the important fact that not noly products, but **companies**, too, are for sale. This is increasingly true of small businesses. So I can visualize this situation arising more and more frequently in the area of small business: a group of relatively small companies shares a large and profitable market. They all use approximately the same manufacturing methods, and by this I mean they all move at the same relative speed to keep their processing up to date.

What happens when one of these companies is purchased by a large corporation which has a belief in the radical cost-reduction potentials of automation: which has the technical staff to assign to the study; and, most important, has the almost unlimited financial resources to invest in automation?

The competitors in this field may suddenly be confronted with the impacts created by a much more advanced operation. The big new parent company's combination of technical skills and money may produce a radical change of design to provide improved performance to the customer, integrated into a costly but economically sound new production operation in which automation plays the dominant role.

This leads me to raise this question for the operators of small businesses, "Are you sure you know just where your most serious competitive threats lie?"

The small company supplying the large manufacturer lives in dread of the customer going into his own production of the item. That means a customer is lost. On the other hand, a company which has 500 customers and wakes up some morning to discover that one of his competitors has found the means to supply the market at a considerably lower price, is in danger of losing not just one customer, but the bulk of his business.

So, I say that we must take into account that a forward-looking automation program can enable a company — almost overnight — to cause an upheaval in its competitive field — despite the fact that all of its competitors are employing heavy sales artillery.

All business today must be alert to this threat. Moreover, I believe that the handling of this problem cannot be effectively delegated within an organization, on the supposition that it is chiefly a matter of technology.

The important ponderables are precisely those which the owners or directors and top management always hold in their own hands. I refer to the currents and cross-currents of major strategy — the positioning of the company in its own industry, the quandary whether to diversify or to concentrate, the development and use of company cash and credit resources, the handling of depreciation and taxes, and the decision as to the type of personnel that the company's future requires. These are top management considerations, and will always be.

This being so, we must place a new interpretation on the word "research," as it applies to the long-term fortunes of the company, small or large. Today management is being forced to a much more active program of **inquiry** into **all** the elements that affect a company's growth or its survival.

I think this illustration will serve to underscore the point. A current catchword throughout industry is "diversification." It is unfashionable for a company not to have new products which grow out of its market or engineering research. But how many businessmen have the courage, or even enough interest, to total up the obvious and buried expenses that have gone into the engineering, process development, and marketing of a new product; and to analyze what would have been the gain to the company had this money spent been invested instead, to create a stronger cost and price position for its well-established product line?

To sum up, no executive can think seriously about automation and its effects upon his business, without being intensely profit-conscious. And that is a good thing.

The Baltimore "Sun" has labelled automation as "the cliche of the year."

However, I seriously question how many competitive businesses can calmly say, "Automation will never bother me!"

Much of what is being said about automation today is really only improved technology. It involves the replacement of a machine or a method by an improved machine or a better method. If that were all there were to it, this whole discussion would be superfluous.

Automation is a vast new force, with all the potentialities for benefit or for destruction that come with great changes. As I hope I have indicated, no one can write a prescription for a general dose of automation—either to build up an anemic patient, or to give a company those big muscles you see in the mail order ads for barbells and nerve tonic.

What we need most in dealing with the potentialities of automation is a willingness to face the facts and to go through the hard mental labor of solving the necessary equations in terms of each individual company's strengths, weaknesses, ambitions, and bankroll.

Above all, we should not be misled by half-truth. I would like you to recall three statements which we heard over and over again in recent years, and to reflect how well they stood the test of experience.

First, we were told by some that depression was the inevitable aftermath of war. Yet the companies that charted intelligently the extent of war-deferred needs, and realized the potentials of war-developed technology, were the ones that jumped ahead. They expanded. They did not sit in their storm cellars.

Second, we were told, "Watch out! Our present crop of executives are too young to remember what bad times are. They're soft from too many years of good times." If your experience parallels mine, there is nothing soft about the quality of competition that these spoon-fed younger executives are providing. Their generation is proving in the record books are quality of its steel.

Third, we have been told that machines replace men. Yet, by and large, every industry that has increased its investment per employee, has increased its employment. Steel, automotive, dial telephones, mining, chemicals all bear evidence of this. Thus, the history of our country's remarkable standard of living as the result of our productive, risk-taking system leads you to the inevitable conclusion that automation, far from being a threat to any size of business, is essential to our future progress.

So, do not be dissuaded by the half-truths about automation. It is an evolutionary, and not a revolutionary, development. And I am sure that while the small businessman may rarely hit the front pages with his examples of effective automation, he will reap the rewards of a more efficient operation, lower production costs, and greater possibilities for profit—if he is willing to face up to the changes that are taking place, and to make the most of them.

In my view, automation (partial or complete) is merely a grand opportunity to lower costs, improve quality, and thus make more and better goods available to the consuming public in ever-increasing quantities. Even the pessimistic economists visualize by 1965 a Gross National Product of $500 billion, an increase of better than 30% against a projected population increase of 14%. It is simple arithmetic to predict that only by a rapid rise in productivity can this be accomplished. Automation is part of the answer and, as such, with all its problems and all its risks, it is a technique that is absolutely essential to the growth and well being of our country. In my opinion, it presents the most exciting challenge and opportunity we, as a nation and you as businessmen, have ever faced.

W. H. Newbold's Son Opens Main Line Branch

PHILADELPHIA, Pa.—The current trend of suburban expansion by the department stores and other retail business has spread to the investment field with the announcement that W. H. Newbold's Son & Co., members of the New York Stock Exchange, have opened a new office at 604 Suburban Square Building, Ardmore, Pa.

The opening of the W. H. Newbold's Son & Co. office makes this investment banking firm the first to have an office in the Philadelphia suburbs, providing complete investment service to the Main Line area.

George I. MacLeod and John M. G. Brown have been named Co-Managers of the Ardmore office.

White Co. Adds to Staff

(Special to The Financial Chronicle)

ST. LOUIS, Mo.—John H. Meyer has been added to the staff of White & Company, Mississippi Valley Building, members of the Midwest Stock Exchange.

Not Sauce for the Gander!

"We believe the decision of the NLRB not to apply the 'unfair labor practice' provisions of the law to labor unions operating as employers achieves a paradoxical and unwarranted result in permitting unions to deny to their own employes the very rights and privileges which unions have so vigorously advocated and won for employes of others.

* * *

"Labor unions are now free to flout the very statutory provisions which they ardently champion and which have been hailed as the Magna Carta of labor.

* * *

"It is unrealistic in any case to believe that Congress which — animated by a desire to make the Wanger Act a two-way street—adopted an elaborate code of restrictions upon labor unions, could have intended to strike down in whole or in part the only limitations in the Wagner Act upon labor union conduct.

"Such a view not only takes language out of context but ignores the mood of Congress in passing the Taft-Hartley Act." — Philip Ray Rodgers and Boyd Leedom, dissenting members of the NLRB.

OF COURSE!

Chicago Inv. Women To Hear Vanderpoel

CHICAGO, Ill.—Waid R. Vanderpoel, Assistant Trust Officer of the First National Bank of Chicago, will address members of the Investment Women of Chicago at their opening Dinner Meeting on Wednesday, Sept. 14, 1955, at the Chicago Bar Association. The subject of his talk will be, "How a Trustee Handles the Investment of Retirement Funds," illustrated by the use of colored slides, and assisted by Olin McReynolds, who is also a member of the Investment Division of the Trust Department of the First National Bank of Chicago.

The President of the organization, Mrs. Aleta R. Kitchen of the Illinois Agricultural Association, will preside at the meeting.

Automation in the Steel Industry

By W. K. SCOTT*
Staff Engineer, Columbia-Geneva Steel Division
United States Steel Corporation
San Francisco, Calif.

Stressing the progressive lightening of the burden of labor by automation, Mr. Scott calls it a logical step following mechanization. Describes continuous processing in steel mill operations and lists problems in which automation can be a significant factor in steel industry as: (1) attainment of lowest possible unit cost, and (2) producing the highest possible quality. Sees in automation a shift to higher degrees of skill in labor, and points out some typical applications of automation in the steel industry.

A look at the steel industry of today reveals the startling changes which have taken place when it is compared with the steel industry of 1920. Let us briefly review one important aspect of these changes. The past several decades have seen the progressive lightening of the burden upon labor. Complex, massive and costly machines; singly and linked together in groups, untiringly perform the back breaking and exhausting jobs which the old-time steel worker remembers so well. Today he works fewer hours, earns on an average of about three times as much, and he lives better because he can buy high-quality products for less money from an amazingly varied selection and he has more leisure to enjoy the good things of life—the American way of life.

W. K. Scott

What has made this possible? First, it was the unique American approach — the desire to produce more and better at less cost to achieve better living for all. Secondly, it was American inventive genius coupled with sound practical judgment in developing reliable automatic components which laid the firm foundations for automation upon which we are building today.

During the years, this great evolutionary development has been called by many names; among them are mechanization, automatic operation, continuous processing, and others. The generally accepted definitions of these terms are broad and overlapping. By comparison, they do emphasize the broadening concept which has evolved through the years and which today is known as "automation." The problems of simple mechanization have been largely solved and now the amazing potential of automation challenges the imagination of those who look to the future. Like most developments of this nature, each step forward has seemed revolutionary to some, but when viewed in retrospect its evolutionary character is quite evident.

Automation—A Logical Step From Mechanization

Early efforts to improve product quality and increase productivity of facilities in the steel industry were directed to "mechanization" or the transfer of heavy labor burdens from human hands to a machine. The next logical step was "automatic operation" which involved arrangement of a machine to perform several closely related operations in sequence. Lastly, "continuous processing" appeared with a number of machines, arranged for automatic operation, linked together with automatic means for advancing the material from machine to machine. Many kinds of electronic devices provide the wide range of sensory functions which are now commonly found in automated steel-processing facilities.

Continuous processing in steel mills lent itself quite readily to increased speeds of production and to production of consistently better quality product. However, unless proper adjustments could be made with speed and accuracy and these adjustments consistently maintained, continuous processing lent itself even more readily to the production of scrap in great quantities. The need for speed and accuracy upon the part of the operator in "deciding" and "doing," coupled with the close attention required to maintain adjustments, tended to increase the burden upon the operator. The point was reached in some instances where equipment capability exceeded the ability of the operator to react and he could no longer make adjustments with sufficient rapidity to keep off-quality product at a minimum. Quite logically the next step was to have automatic features replace a broad range of sensory and judgment requirements formerly reserved for the human operator. This relieved the operator of the need to make a series of rapid decisions and reserved for him the more complex decisions requiring judgment and reasoning. This is "automation" as we think of it today; machines or groups of interdependent machines in a progressive production process which operate themselves according to an adjustable preselected pattern but are capable of changing the pattern in response to information which they receive by their own senses.

Thus, automation comprehends a much broader field than the simple substitution of machines for manual sources of energy. Today in the steel industry machines are designed to note, like the human operator, the current state of the production processes, to make comparisons, render routine decisions, and to take the indicated corrective action to compensate for any deviation from standard. The control of one group of machines by another is one of the keys to automation. Such control may integrate into a single process the various functions of materials handling, machine adjustment, inspection, and statistical data collection and processing.

How Automation Helps Steel Industry

The steel industry faces at least two problems in which automation can be a significant factor. These are the attainment of lowest possible unit cost and the attainment of the highest possible quality.

Since steel is in a competitive market with other materials of construction, steel-producing facilities must be made more productive to keep the cost of steel competitive. Automation is a valuable tool in meeting this problem, since the productivity of a group of machines may be materially increased through automation, without significant increase in the physical or mental effort required of the operator.

Attainment of the highest possible quality in steel products is also a necessity because of advances in the art made by consumers in various lines. Automation is a valuable tool in meeting this problem. Greater assurance of consistently maintained product quality is gained with automated facilities, since the human element with accompanying variations in judgment is largely removed as a factor in the immediate control of quality. Uniformity of product is improved with continuous processing lines, since with constant speed and the resulting even flow of material, adjustments to various components may be made to produce more accurate results and repeated duplication of an adjustment will be likely to produce uniform results more consistently.

Automation is contributing to a basic change in the steel industry. Until recent years the quality of steel products, and to a lesser degree the rate of production, depended largely upon the skill and judgment of the individual. Identical machines varied in productivity. Quality of product likewise varied in about the same degree as the skill of individual operators. A change is now taking place and production of many steel products is becoming more of a science and less of an art. It is in this general area, perhaps, where automation may have the greatest impact upon any industry. Where achievement of productivity and quality of product in an industry is essentially an art, it follows that manufacturing performance will be subject to variations because of primary dependence upon the human element, with accompanying variations in working rate and judgment. This is then a potential area of application for automation. Here automation can become a valuable tool in reducing the production process to a science with predetermined production standards of rate and quality continuously reproducible.

Determination of the extent to which the principles of automation can be successfully applied to a process requires the exercise of sound, practical judgment. Practical application does not necessarily exclude departure from precedent in product design or processing methods, nor the exercise of imagination in seeking to realize the full potential of benefits inherent in automation.

Minimum equipment down-time, particularly minimum unscheduled down-time, is essential to the sucessful operation of automated processing lines. Facilities should be designed to permit skillful and effective repairs to be made with relative ease by individuals possessing average proficiency. The required skills should be a level obtainable with reasonable effort, time, and cost upon the part of the individual worker and the employer. Unless qualified people are available in adequate numbers to operate, maintain, and repair automated production facilities, such facilities can become a major financial disappointment.

Since reliable, trouble-free operation of machines and components is essential to the successful automation of a process, design features and performance of components should be consistent throughout a continuous processing line. The objective is to provide a completely integrated production facility in which component repairs and replacements are susceptible to scheduling sufficiently in advance to provide reasonable assurance against disruption of production schedules. The chain is as strong as its weakest link; likewise, the performance of a continuous processing line cannot exceed the performance of its poorest component. The large investment in a continuous processing line, coupled with a relatively high rate of production, places a premium upon the attainment of assured continuity in operation, coupled with consistent quality performance.

Automation expenditures should pay for themselves the same as expenditures for any other type of project. It will be generally found that with a reasonable and objective approach to a potential application for automation, the economic feasibility will be susceptible to analysis by the conventional methods usually applied to capital expenditures.

Products may be changed or improved as a result of experience with the design or operation of facilities for automated production. Undue emphasis upon precedent, from a product-design standpoint, may sometimes minimize the benefits potentially obtainable with automation. In the production of sheet and tin plate products, the steel industry changed the in-process product form from a number of short lengths to one long piece which can be processed in coil form and cut to finished length in the final operation.

A Shift to Higher Degrees Of Skill

Changes in organization may be brought about as a result of automation of facilities. There is a shift to higher degrees of skill in the labor force; for example, the laborer who is displaced may become an operator. Some may become maintenance men or skilled workers in the fabrication of replacement parts. These replacement parts in turn may necessarily be of higher quality because of the greater sustained precision required to produce improved product quality. Certain parts may be used more rapidly as a result of increased production rates. The latter factors further emphasize the need for more people with greater degrees of skill. Greater emphasis is placed upon engineers, operators with engineering training, and technicians. Likewise, greater skill and proficiency may be required in production planning and scheduling. Certainly, more teamwork is required in the organization. The importance of measures, such as better scheduling and planning of operations, is emphasized by the high fixed costs associated with continuous processing lines.

In the steel industry, like many other industries, we find certain operations or groups of operations which lend themselves to automation more readily than others. Usually the practical scope of application and the limitations are rather obvious upon examination of the proposed area of application. Beyond certain limits the area of diminishing returns is encountered when automating some processes. For example, in rolling a large section of hot steel, it can be carried through successive steps in automated processing until a point is reached where the temperature of the section drops too low for further processing. To reheat the section while it continues through succeeding steps of the process without delay may increase the cost of the operation to a level inconsistent with the potential return, or it may result in impaired product quality. For reasons such as this, the greatest benefits from automation of a process will be realized when the areas of automation are consistent with the controlling physical aspects peculiar to the process. The steel industry has generally approached automation on the basis of logical process-step grouping within the limits of controlling physical factors.

These United States would not be as well fed as they are today if steel had not kept pace with the Nation's demand. Some figures may be quoted to show how far we have advanced: In the days of the hand hot mill seven men would produce about 11 tons of black plate per shift; today on a modern cold reduction mill seven men will produce about 550 tons per shift, or 50 times as much. Pieces weighing up to 70 pounds were processed by the hand hot mill methods, whereas today tin plate is processed in pieces weighing up to 30,000 pounds, or 430 times as large. In the hot-dip tinning process, 400 inches per minute was normal; today United States Steel's modern electrolytic tinning lines operate at 12,000 inches per minute, or 30 times as fast.

*From an address by Mr. Scott presented at the Symposium on Electronics and Automatic Production sponsored by Stanford Research Institute and National Industrial Conference Board, Inc., San Francisco, Calif., Aug. 22-23, 1955.

Balanced Federal Budget Forecast

Secretary of the Treasury Humphrey and Budget Director Hughes, in a joint statement announce that the anticipated Federal budget deficit for the fiscal year 1956 has been reduced from $2.4 billion estimated in January to $1.7 billion, and a reduction of only 3% in government expenditures could put the budget in balance.

"In times like the present," says the statement, "with the highest employment and the most jobs ever in the history of this country, the highest personal disposable income, and records in profits, wages, earnings, and production, if there is ever a time when our budget should be balanced, it is now.

"Under these circumstances, it does seem that enough more unnecessary expenditures can be found so that with care and close planning by all departments in government a reduction of only 3% in expenditures can properly be made while continuing to strengthen our military security and without lessening in any appreciable degree the proper standards of service which should be rendered to the public.

"Every effort will be made by everyone in government service to accomplish this result.

"Public support of these efforts and understanding throughout the nation will also be required to keep all programs on a basis of real need and to resist the constant and unremitting pressures for expanding various programs beyond necessary requirements.

"These are times when the government, business, and individuals alike should exercise prudence in both public and private expenditures.

"Today, Americans are enjoying new peaks of prosperity—of employment, production and income—setting new records in many lines. But this simply emphasizes the need for wisdom and restraint, as well as courage, in both public and private affairs.

"Everybody knows that no family can continually live largely beyond its means. It is worse for a government to do so. History shows how continued heavy deficits contribute to inflation, with rapidly rising costs of living and cheapening of the money, finally resulting in the destruction of all values and disaster not only for the Government but for its people as well.

"High productivity, more and better jobs, and increasingly higher standards of living for all our people can continue to benefit all Americans if we handle our affairs with confidence, tempered with common sense, and seize this opportunity to achieve the goal towards which our efforts always have been directed—to have the Government live within its means.

"Barring some unforeseen development, we think that we should, and that we can, balance the budget this year."

With Wm. C. Roney Co.

(Special to THE FINANCIAL CHRONICLE)

SAGINAW, Mich. — Frederick W. Carlisle is with Wm. C. Roney & Co., Second Nat'l Bank Bldg.

Automation in the Automobile Industry

By ROBERT T. KELLER*
Vice-President, Chrysler Corporation
Los Angeles, Cal.

Stating the entire automobile industry has been among the pioneers in automation, Chrysler Corporation executive discusses vital and practical questions relating to automation, such as initial costs, the resulting savings, and its real value to the industry. Sees a problem in quality control, and cites savings in floor space, in safety, as well as increased production and improved quality. Holds superior quality is obtained through use of automation equipment, and scoffs at fear automation will produce unemployment. Foresees greater opportunities for industrial skills.

R. T. Keller

Automation is a fascinating topic. It is difficult to pick up a business or trade magazine today that does not have an article in it dealing with the subject. Even magazines of general circulation have published stories about "push-button factories" and I do not suppose there is a daily paper in the country by this time which has not printed at least one story about the great changes that are taking place in our plants.

Now when we use the word automation, everyone knows, in a general way, what we mean. But when we get down to a close definition, we find that it means something different to everyone who uses the word, like the blind men describing an elephant.

Many of us are in the same predicament when we define automation. All we know about automation is what we can glean from our own experience in our own field. An electrical engineer will have one view, a master mechanic will have a different idea, a plant engineer will have his own definition.

We who work in the automotive field have come up with our own variety of definitions. What I would like to do is briefly to present to you the picture of automation as it appears to me from the point of view of an automobile manufacturer and then to try to move away from the close-up view and see how automation looks as a whole, the effect it is having upon our economy and some of the problems and promises it will present in the future.

In speaking of the automobile industry, I hope you will forgive me for using Chrysler Corporation illustrations since I know them best. The entire automobile industry has been among the pioneers in the field of automation and I strongly suspect that what is true for Chrysler Corporation will also apply to other automobile companies. The types of production and the methods of application many vary, but the basic principles, I believe, are intrinsically the same.

Vital and Practical Questions

Before we decide upon the extent and kinds of automation for any plant or particular operation, we must ask ourselves three very vital and practical questions:

(1) What will be the initial cost?

(2) What kind of equipment is available for us or can be developed and how reliable is it?

(3) What savings will result from our use of automation?

What will be its real value to us?

Everyone who has gone through the experience of installing automatic machinery and equipment knows that the initial cost of automation is high. Good things do not come cheap. In considering automation for any plant, the first step usually taken is the selection of the type of automation best suited for the operation to be performed.

Next, a comparison is made between the cost of installing and operating this automation and the cost of installing and operating conventional equipment. This isolates the amount which could be charged directly to automation. It does not, however, give the complete picture.

I believe that the company that stops at this point and gives up all consideration of automation because it is frightened by the high initial cost will soon find itself outstripped by its competitors because of its obsolete equipment. There is a great deal more to automation than is readily apparent on the surface of performance comparisons alone.

We in the automotive industry are very conscious of the cost of equipment. Since we must bring forth each year a strikingly new and better car, many of our expensive tools must be amortized in a single year. You can imagine the problems this involves. But in the long run, this necessity has been beneficial to us by stimulating our advance in the science of automation. In our efforts to minimize the losses resulting from frequent changes of machines and equipment, we have striven to find more flexible machines that will enable us to use our tools longer and in a wider variety of operations. Aside from the larger machines, we have made increasing use of what we call "mechaicel production aids." These include such items as electronic switches, special types of conveyors, elevators, loaders, turn-over machines, rotating devices, chutes, tilting units, shuttles, and mechanical fingers and hands. In a sense, these form the basis for all types of automation. Mechanical production aids make the rapid transfer of parts from machine to machine possible. As they are extremely flexible and can be transferred from machine to machine, they can be used for several years. Thus, their amortiztaion can be spread out over as many as eight, ten, or sometimes even 12 years.

But automation is only as valuable as the reliability of the machines. The initial trend in automation was toward larger and larger and more and more complex pieces of machinery. This soon reached a point of diminishing returns. Not only did the machines become so clumsy and inflexible that they rapidly reached obsolescence, but maintenance problems often made huge machines almost worthless. If one small part failed to function, the entire operation went down. Sometimes an entire plant would have to be closed down because of the failure of one complex, vital machine. The latest trend is toward what we at Chrysler call "integrated automation."

We want small, fast, more simply constructed units that can be tied together by mechanical production aids into flexible automation units. These units do not look as ingenious as the large, complex machines, but they are more spectacular in their production records. Our new Plymouth engine plant, the most modern and most highly automated plant of its kind in the world, was designed, built, and equipped in accordance with this thinking.

This new plant, which will be in full operation within the next few months will have a capacity for building V-8 engines for Plymouth cars at three times the current volume. Two parallel production lines with uniform equipment will be used for the machining of the cylinder block. Each line is over a quarter of a mile in length, performing a total of 157 operations on 70 machines. These lines are so flexible that, if we want to, we can shuttle blocks from one line to the other at almost any stage of the operation. The machines are easily accessible for repairs or replacement of machining heads and can easily be replaced should engineering changes or the availability of still better machines make this necessary.

The Problem of Quality Control

Control of quality in production has been one of our main concerns and we have achieved the very highest quality with the maximum amount of control. This is particularly noticeable in the production of cylinder heads where, on four separate lines, each 400 feet in length, 67 different operations are performed. On our crankshaft line, 70 of the most modern machines available, stretching out in a line a half mile long, machine crankshafts to a uniformity hitherto impossible.

This plant will also be one of the safest and the healthiest engine plants in the automotive industry. Each of the thousands of machines used in the new Plymouth V-8 engine plant is equipped with the latest in safety devices.

While the importance of tool design to successful automation is well understood, the importance of product design to good automation is not yet fully realized. The designers of parts must be thoroughly educated in the ways automation operates. The designer who is familiar with automation and designs his product with automated production in mind can make the work of master mechanics and production men easier and can save his company thousands and even millions of dollars. The simple precaution of designing a flange that turns outward instead of inward on an automobile body can make the difference between a manual and an automated operation on the production line. Although turnovers and rotations can be accomplished by the use of mechanical production aids, the designer who can eliminate them will simplify production and reduce costs.

The third point we consider in the application of automation is the net savings that will result when automation is used. Nowhere is there more chance for misunderstanding and confusion than in the evaluation of the amount of money that can be saved through automation.

Points Involved in Savings

Sometimes companies will reject automation simply because they fail to explore profitability from the standpoint of:

(1) Savings in floor space.

(2) Safety.

(3) Increased production.

(4) Improved quality.

I would like to discuss each of these points very briefly.

Space requirements and factory layout are often of vital importance. Sometimes they are the prime consideration where space is at a premium. Considerable savings in space can be effected through the use of a properly designed automation system. The savings can sometimes be startling. In the Dodge Plant in Detroit, for example, an automated line has enabled us to build 2,400 V-8 engines a day in the same area formerly occupied in building 1,500 six-cylinder engines a day.

Of far greater importance than saving space is the saving of life and limb through automation. It is the greatest boon to industrial safety in the history of the industrial age.

Take press plants for example. In an automated plant, all draw presses are equipped with automatic feeding and ejecting devices linking the various presses into automated units so that it is never necessary for the operator to place his hands in the press. Operators working on modern trimming dies no longer need to reach into the presses to clear out the dies. Mechanical hands take the scrap out of the dies and dispose of it.

Apart from the primary, humane benefits, secondary benefits accruing through the reduction in the number and severity of accidents are reductions in the cost of workmen's compensation and the amount of lost time. Furthermore, if your firm gains a reputation for operating safe plants, workers will be attracted to your company and will want to work for you. This can be a very important consideration.

Fast production, where machines are able to use up to 90% of their rated capacity through the use of mechanical production aids that transfer parts as fast as the machine can operate, is another important aspect of automation. We all know that the faster the production, the faster the machines can be made to pay for themselves.

It should be mentioned, too that this increase in the rate of production is accomplished without increasing the work load of the man operating the machine. On the contrary, the actual physical labor of the operator is becoming easier and easier through the use of automatic transfer machines, mechanical production aids, and automatic control panels.

Now, I would like to take up the point that has always seemed to us at Chrysler Corporation to be one of the most compelling reasons for using automation: the superior quality obtainable through the use of automated equipment.

There is no doubt that when a part is machined or stamped or assembled automatically by a machine that knows only one way to do its work, the end product is more uniform and high overall standards of quality can be maintained.

In this competitive age, and particularly in this highly competitive year of 1955, companies must not, and cannot, expect to get by with old standards of quality. The times call for progressively higher standards that will make your product, and every screw and bolt going into your product, better and better. The process of modernization must be a continuing process that goes on endlessly and automation and modernization are almost synonymous in manufacturing operations.

The importance of a conscious and continuing program to improve quality cannot be overstressed. In order to sell goods in today's competitive market, no company can afford to rest content with the quality of its product. The improved quality resulting from automation may be the deciding factor that will make the installation of automation the best single investment that a company could possibly make.

Social Effects of Automation

So far, we have considered automation from the standpoint of the manufacturer. But what does the rapid evolution of automation mean to the individual? What will be its effects upon our economy and our social structure? These are the questions that the management of industry must answer to the satisfaction of the general public. For many people, automation—by whatever name it may be called—is a frightening thing. They do not see and they cannot imagine the prosperity, comfort, and increased standard of living which automation promises. They see only that the old order is changing and they fear the unknown effect on their jobs and their security. But history has offered pretty convincing proof that we have no real need to fear the effects of progress.

In 1830, a poor French tailor invented the first workable sewing machine. This great step forward in the garment industry was so feared that a mob, unaware of the true value of the machine, wrecked the tailor's establishment and almost succeeded in murdering the inventor. When Isaac Singer, the famous sewing-machine manufacturer, secured a patent for his machine his wife attempted to dissuade him from his plans because she feared that mass unemployment would result from widespread use of the machine.

Today, we smile at such fears. The sewing machine has saved millions of hours of hard toil. It has resulted in increased production, increased employment, and more clothes for more people. Automation in general promises to repeat this kind of favor for mankind and to do it with a largess never before dreamed possible.

It has often been said that automation is not new, that it is simply an extension of the assembly-

Continued on page 24

*An address by Mr. Keller presented at the Symposium on Electronics and Automatic Production sponsored by Stanford Research Institute and National Industrial Conference Board, Inc., San Francisco, Cal., Aug. 22-23, 1955.

Business Cycle Superseded by "Balanced Company," Says Eliot Janeway

Economists, terming the "war baby" and the "all-consumer" company misfits in the present defense-commercial balanced economy, stresses importance of single company which has emerged to produce for both war and peace. Maintains this will reduce Government's spending, borrowing and taxing.

Growing corporate balance in U. S. industry between production for consumption and defense has superseded the business cycle pattern and profoundly altered the structure of our economy, stabilizing it for some years to come, said Eliot Janeway on Aug. 12 before the Commonwealth Club at San Francisco. Assisting at the meeting were the San Francisco Society of Security Analysts, the San Francisco Bond Club and the Street Club.


Eliot Janeway

The economist and President of Janeway Publishing and Research Corporation adressed the luncheon meeting of the Commonwealth Club and the financial societies at the Palace Hotel. The title of his address was "Financing Defense for the Long Pull."

This emerging corporate balance which is here to stay, he said, is "healthily and stably reflecting the over-all national balance between competitive defense and the competition to quicken the pace of consumption."

The alternative to this new national "defense-commercial balance," resulting from the privately financed defense investments of balanced companies—of which he cited General Electric as a "prototype"—he said, would be still larger borrowing and taxing by the Federal Government.

"Defense investment by the balanced company," said Mr. Janeway, "is displacing a maximum of government spending and resultant borrowing and taxing. The displacement is from the Federal Budget to the corporate balance sheet. And this is the way the government prefers it. It is the way the Armed Forces prefer it. It is the way the people who do the work prefer it. And it is certainly the way the consumer prefers it, if only because the tax bargain this fiscal displacement buys, leaves the consumer with more to spend for himself."

Citing General Electric as the prime example of the new trend towards the commercial-defense balance, Mr. Janeway said that corporate displacement of government defense investment is pioneering "the way towards a corporate division of labor corresponding to the national division of labor which the pressures of defense and consumption competition have forced upon us."

Modern defense, he said, involves "a major commitment of the resources of the nation over a minimum span of a decade," and we are committed to large-scale decade-spanning defense spending, regardless of the Geneva Conference, as our only hope of maintaining world peace.

"The alternatives in the world today," said Mr. Janeway, "are not war or disarmament. Rather are they, on the one hand, war starting when and as the Soviet aggressors enjoy the defense advantage; or, on the other, a continued build-up of the American defense deterrent. In short, the question is not whether we will continue with our defense job. The question is whether we will do it well enough to maintain an effective deterrent to war.

"Whatever the meaning of Geneva Conference at the level of mass emotion and political dramatics, it has no meaning whatever for the unswerving, uninterruptible momentum of America's long-term commitment of peace through competitive defense."

Mr. Janeway disclosed that, recently, Communist China had ordered 140,000 microscopes from East Germany—no less than four times as many as the U. S. production plus imports last year. He gave this as a warning to "those optimists who hope that East-West trade may eventually provide an alternative to competitive defense. Microscopes are a prime defense requirement.

"East-West trade is just a slogan," he said, "while East-West trade, however, is a very unpleasant reality. The East-East trade, such as this in microscopes between Red China and East Germany, has already loaded industry east of the Iron Curtain with too much Soviet war work to leave room for authentic peace-building East-West trade.

"This Soviet commitment to the seizure of the defense advantage with aggressive intent on the scale of continuous technical and social revolution over the span of a decade is the tiger we must ride on pain of being eaten."

To meet the Soviet challenge to competitive defense on our terms, America must measure the difference between the way of life under the Soviet defense system and "by contrast, the way of life protected by the American defense system,," he said, and that difference—"one word describes it"—is consumption.

"Statistics have been invoked," said Mr. Janeway, "with naivete bordering on the suicidal to show that America has nothing to fear from Russia because America can and does produce the better part of 120 million tons of steel ingot a year, while Russia produces considerably less than half of this. But the Russian way of life frees most of her lesser capacity for defense competition.

"The American way of life, on the other hand, claims all but a last reluctant margin yielded to defense for the ingredients of abundance and security. In Russia and in China, between cycles of shooting, consumption does not resume; it remains throttled while production, construction, and development soar in preparation for the next cycle of shooting.

Consumption Here to Stay

"Altogether, war or no war, consumption is here to stay in America. This is not snobbism, it is almost medical reality. For we have long since lost our immunity to life as it used to be lived and as it still must be borne by the masses on the other side of the Iron Curtain.

"It is not that we are a master race entitled to more, nor is it that we are a weaker one, softened by luxury and indulgence. It is that we have accumulated costs along with our efficiencies—costs like the personal dignity that guarantees for our ever-expanding population education, property, privacy and everything else that we take for granted.

"The Soviets ration consumption to displace a minimum of defense. We ration defense to displace a minimum of consumption. Avoidance of peak strains and emergency rationing, however, should not blind us to the reality of the balanced defense-plus-consumption type of economy which we have improvised. This permanent and systematic defense pace is not only conducive to a more formidable rhythm of defense production, but it also permits us to counter Russia's political warfare with a practical and continuous demonstration of what American consumption has to offer the rest of the world.

"Our example is helping to fortify Europe, whose people are demanding the American standard of living as the historic alternative to their war-ridden pasts. It is no exaggeration to say that Europe wants to have American-type consumption and wants to finance it as Americans do, as fervently as it wants Americans to have air power. The infectious example of American consumption is becoming a political restraint on Soviet aggression which is beginning to supplement America's more tangible defense deterrent."

Corporate Misfits

Mr. Janeway singled out two types of corporations which are "misfits" in the present defense-commercial balanced economy—the "war baby" and the "all-consumer" company. He declared:

"The company which is nothing but a war baby is not only not doing well now, but it is not in the swim and it cannot expect to do well competitively as long as our country's present commitment to deterrent defense succeeds. The company which is trying to grow as nothing but a commercial hothouse in a world whose roots are exposed to the infection of war is as much a misfit as the company which is nothing but a war baby. Such hot-house companies, isolated from defense realities and from the very practical and technological spur which defense is continuously applying to productivity, will not attract people of the seriousness of mind or purpose who know that as a country we must reinvest the dividends of prosperity in defense insurance.

"Thanks to the division of labor between government, which borrows and taxes and invests only where and in what business won't, shouldn't, and can't, and the new balanced corporation, which invests in defense as it does in the competition for consumption, the America we know seems to have a fair chance to fill its new roads with new cars while keeping the skies of the world patrolled by its new air power with its economy earning a fair return on its new pattern of balance and with its people accumulating prosperity as well as strength."

From Washington Ahead of the News

By CARLISLE BARGERON

SWAMPSCOTT, Mass.—Your correspondent is more than 500 miles away from Washington and is not ahead of the news. Neither is he behind it.

But this column deals once again and for the last time this year with vacations. They are saddening things instead of the great relaxation they are supposed to bring. Everybody gets one now with pay, that is, practically every one. To the average wage earner it figures in as a part of his pay—a fringe benefit it is called. This was not always so. It is a part of the "advance" the working man has made. Stenographers and clerical workers, together with executives, have gotten vacations since time immemorial.


Carlisle Bargeron

But now vacations have become a tremendous industry, one of the leading industries of the country—resort hotels with the employment they give, railroad travel, boat travel and the highways with their attendant innumerable services. Your correspondent was a strong supporter at the last session of Congress of the President's $25 billion national highway program. After my "vacation" this summer I am convinced the program is needed so there will be more highways for crews to be working on and more detours to be made.

The Merritt and Wilbur Cross parkways between New York and New England seem to be holding up well. Naturally the former suffered from storm damage but those parts of it that are usable are still smooth sailing at 60 miles an hour. But the Jersey Turnpike, south of New York, only a few years old, is now in a state of repair about half the way.

The theory of vacations—reams have been written by supposedly learned men on the subject—is that executives, clerical workers, stenographers and wage earners return refreshed and do more and better work. Efficiency experts, psychologists, psychiatrists and other students have produced an impressive array of statistics to show that the automobile that formerly took three weeks in the building now takes only two weeks, or thereabouts, because the workers get a vacation and return from the invigorating air of the mountains or the tang of the sea with more umph, with a returned youth, indeed.

I am neither efficiency expert, psychologist nor psychiatrist but I doubt that this is so.

As I said, vacations, the end of them, are a tremendous letdown. They are a let-down to young and old alike. The young maiden who saves her money for a year goes on vacation in high expectations of meeting her fairy prince. She meets him, on the beach in a bathing suit, and he is truly a merchant prince, a man of means he tells her, and she is an undergraduate of Vassar. They lead the life of make-believe for two weeks and at the end he returns to his drudgery and she to hers. Shattered dreams. If either is more efficient at his or her job I'll eat my hat.

To the oldsters the end of vacations is even more poignant. They have a way mostly of going to same old places to see old friends. You tell these old friends when you leave that you will see them next year and they tell you the same. But for many next year never comes.

Returning from my vacation here on the north shore of Massachusetts Bay I have never so envied the waitresses and the bread girls, and the other help. They will continue to work here through October "for the conventions," and then they take a couple of months off before going to work in Florida. In that way they are like the wealthy patrons who travel with the seasons.

I recently read a story of a man who had made his fortune at the age of 45 and retired and spent his time at summer resorts in the summer and winter resorts in the winter. He gave it up as too boring and re-entered business, explaining that one couldn't play golf and gin rummy all the time. I might feel the same way but I would certainly like to try it for a while.

With Keller & Co.

(Special to THE FINANCIAL CHRONICLE)

BOSTON, Mass. — Harold H. Berkowitz is now with Keller & Co., 53 State Street.

Joins B. C. Morton

(Special to THE FINANCIAL CHRONICLE)

BOSTON, Mass. — Richard H. Fitzpatrick is with B. C. Morton & Co., 131 State Street.

With Palmer, Pollacchi

(Special to THE FINANCIAL CHRONICLE)

BOSTON, Mass. — Herbert F. Smith is now with Palmer, Pollacchi & Co., 84 State Street.

Joins Wall St. Management

(Special to THE FINANCIAL CHRONICLE)

BOSTON, Mass. — Nancy J. Schultz has joined the staff of Wall Street Management Corporation, 140 Federal Street.

Rothschild Co. Adds

(Special to THE FINANCIAL CHRONICLE)

CHICAGO, Ill. — Victor H. Herzog is now affiliated with Rothschild & Company, 135 South La Salle Street, members of the New York and Midwest Stock Exchanges.

Joins Shearson Hammill

(Special to THE FINANCIAL CHRONICLE)

CHICAGO, Ill.—David A. Johnson has become associated with Shearson, Hammill & Co., 208 South La Salle Street. Mr. Johnson was previously with F. S. Moseley & Co.

Frank Keith Co. Opens

(Special to THE FINANCIAL CHRONICLE)

SHREVEPORT, La. — Frank Keith & Co., Inc. has been formed with offices in the Johnson Building to engage in a securities business. Officers are Franklin D. Keith, President; Edward H. Railsback, Vice-President; and Hugh M. Stephens, Secretary.

Webber Simpson Adds

(Special to THE FINANCIAL CHRONICLE)

CHICAGO, Ill.—Mabel E. Lucas has joined the staff of Webber-Simpson & Co., 208 South La Salle Street, memers of the Midwest Stock Exchange.

With Hornblower & Weeks

(Special to THE FINANCIAL CHRONICLE)

ROCKFORD, Ill. — Fred K. Smith is now with Hornblower & Weeks, Rockford Trust Building.

Draper, Sears Adds

(Special to THE FINANCIAL CHRONICLE)

BOSTON, Mass. — John B. Lobosco has been added to the staff of Draper, Sears & Co., 50 Congress Street, members of the New York and Boston Exchanges.

J. F. Jordan Adds

(Special to THE FINANCIAL CHRONICLE)

BOSTON, Mass. — Albert R. Elman has joined the staff of J. F. Jordan & Co., 131 State Street.

British Treasury Opposes Equity Purchases by Charitable Trusts

By PAUL EINZIG

Dr. Einzig, in commenting on the opposition of the British Government to implementing the recommendation of the Nathan Committee that charitable trusts be permitted to invest in equities, finds the charitable trusts are adversely affected by the creeping inflation and thus are not able to fulfill their respective charitable objectives. Notes tendency of investors in Britain to switch into equities.

LONDON, Eng. — The British Treasury spokesman recently informed The House of Commons that the government had no intention to implement the recommendation of the Nathan Committee that charitable trusts should be authorized to invest their funds in equities. The decision did not come as a surprise. It would have been too much to expect the Treasury to renounce an arrangement which is of considerable assistance in its financing operations and in upholding the prices of its issues. There is bound to be a steady demand for government loans by these trusts which, under existing law, have to invest their funds in government securities or in certain other types of fixed interest-bearing securities. Relaxation of this rule would mean immediate heavy selling by trusts wishing to switch into equities. It would materially reduce future support to Treasury issues by charity trust buying. And in existing circumstances the Treasury could ill afford to renounce such support of its own free will.

Paul Einzig

The reason why the Nathan Committee made its recommendation is that, owing to the slow but almost uninterrupted rise in the price level, the real value of the incomes derived by the charity trusts from their investments have declined considerably since 1939. This has materially reduced the extent to which they are able to fulfill their respective charitable objectives. This is all the more deplorable as, owing to high taxation, the number of people who can afford to contribute towards charity has declined considerably. Those in charge of these trusts feel that, unless they are allowed to hedge against creeping inflation, within a few decades their capacity to help those who depend on them for assistance would dwindle the negligible proportions.

Nor are charity trusts alone in having discovered the effect of secular creeping inflation. Family trusts and other trusts, too, are in a similar position. But under British law the remedy is to a large extent in their own hands. By unanimous decision of all trustees, and with the approval of all beneficiaries and potential beneficiaries, they are in a position to switch over to equities. This practice has been growing during recent years, as and when people gradually realize the futility of seeking safety in fixed interest-bearing securities, even if they are of the highest class.

While the rising trend of prices makes it less and less attractive to hold government loans, the absence of any major slump makes it appear increasingly safer to invest trust funds in equities. Before the war this was considered almost unthinkable for conservative trustees. Equities, even those of first-class industrial concerns, had the flavor of speculation, and respectable trustees stuck to government loans and other high-class bonds. Today the prices of government issues fluctuate almost as widely as equities, and, in addition, owing to the depreciating trend of the currency, the dice are loaded against holders of the former. Hence the insistent investment demand for high-class equities, irrespective of their low yields. This demand is likely to set a limit to the decline of such equities brought about by Mr. Butler's latest disinflationary measures.

It is arguable that this loss of popularity of government loans among conservative investors appears to be unfair, seeing that the inflation in Britain has not been due to deficit financing. Since 1947 the British Budget has been practically balanced. High expenditure has been met by high taxation revenue. There has been no Budgetary inflation to justify distrust in the government's financial standing. But the internal purchasing power of sterling, as that of all other currencies, has been depreciating none the less. And from the point of view of investors it matters little whether the real value of their investments and of their investment incomes in terms of goods declines because of government deficits or because of wages spirals and other inflationary influences.

The tendency on the part of investors to switch into equities is not confined to Britain. Treasuries all over the world are beginning to realize, or are bound to realize sooner or later, that they will have to pay the price for their inflationary policies—or for their unwillingness or inability to resist inflation—in the form of increasing difficulties to keep down the cost of their public debts. As and when the public realizes that there is no end to the slow but sure rise in prices, they will find it increasingly difficult to renew maturing debts or to issue new loans without having to pay higher interest rates.

It seems that money has the power of avenging itself on those who underrate its importance, or misunderstand its functions. It taught painful lessons on various occasions in the past, beginning with the experiment of John Law in France some 230 years ago. The printing press as the source of government revenue has long been discredited. But inflation by the more subtle and less obvious means of credit expansion, unresisted by governments, is still in full progress in Britain and in most other countries. Few governments dare to face the unpopularity of calling a halt, or even of slowing it down. It may take some time before they are forced to realize the need for drastic action, in order to prevent an unduly heavy increase in the cost of their public debts.

Most governments are burdened with very large public debts. They could ill afford to pay high interest on their debts. The alternative would be to resort to defunding on a large scale, because interest rates are lower on early maturities. But such a policy is distinctly inflationary. Moreover, there is in every country a limit to the absorbing capacity for short government loans.

A situation will arise sooner or later in which Treasuries will realize that it no longer pays to take the line of least resistance in face of the political, social and economic pressure making for inflation. They will be forced to pay more attention to considerations of monetary stability. This does not mean that there is much likelihood of a return to the monetary rigidity that existed in the days of the automatic gold standard. To do so would be politically impossible today in Britain and in most other countries. But the extent to which stability is disregarded for the sake of expansion will have to be reconsidered.

There is a possibility that the Treasuries may be spared this dilemma by a reduction of costs and of prices through the progress of automation. As the adoption of that system has reached the most advanced stage in the United States, its further progress and its monetary effects is awaited with considerable interest. The next few years will show whether it is possible to raise the standard of living without raising the cost of living.

COMING EVENTS

In Investment Field

Sept. 8, 1955 (Des Moines, Iowa)
Iowa Investment Bankers Association annual field day at the Des Moines Golf and Country Club.

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

Sept. 16, 1955 (Chicago, Ill.)
Municipal Bond Club of Chicago 19th annual field day at the Medina Country Club (preceded by cocktails and dinner Sept. 15 at the Union League Club of Chicago).

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.

L. A. Huey Co. Adds

(Special to THE FINANCIAL CHRONICLE)

DENVER, Colo.—Paul M. White has joined the staff of L. A. Huey Co., Ferguson Building.

With Wayne Jewell

(Special to THE FINANCIAL CHRONICLE)

DENVER, Colo. — Beulah T. Jewell has joined the staff of Wayne Jewell, 817 17th Street.

Joins Gerard Jobin

(Special to THE FINANCIAL CHRONICLE)

ST. PETERSBURG, Fla.—Wallace E. Maclaskey is now connected with Gerard R. Jobin Investments Ltd., 242 Beach Drive, North.

Consolidations

By ROGER W. BABSON

Mr. Babson, noting the fad of "split-ups" and consolidations in Wall Street, calls attention to recent and expected consolidations, and finds they are due to intensive competition as well as other causes. Says advertising has been one of the most important forces causing and holding our present prosperity, and a large company has a great advertising advantage. Concludes, "Let us all get behind the consolidation program."

Just now "split-ups" and "consolidations" are the fad on Wall Street. The two don't seem to go together too well; in fact, they appear to be contradictory. However, many other things today are very inconsistent.

Roger W. Babson

Every reader knows that the Hudson and Nash companies have consolidated into a new company called "American Motors." Also that the Studebaker and Packard companies have combined. But all the consolidations have not been of "sick babies." Remington-Rand and the Sperry Corporation have been lively and prosperous; yet they have just consolidated.

Many consolidations have been due to the intensive competition of today—too many in the same business, resulting in cut-throat prices. Such consolidations should benefit an entire industry. Another reason is the death of the founder. The heirs find they must sell the business to pay estate taxes. This explains why certain banks are consolidating, including the very largest. A final reason is to get the tax benefits which one of the companies has accumulated through losses.

Possible Chain Store Consolidations

I expect someday to see a large consolidation of chain stores of various kinds. The present sight of a Woolworth, McCrory, Kresge, and some other of the big "5 and 10 cent" chains close together on the same street is silly. They have the same colored signs, same red fronts, and same show windows; yes, and the same prices.

Such useless duplication results in higher prices for the public. As the best department stores have federated into big organizations, I forecast a similar movement in connection with many chains. Fairness to the public demands such a federation with a Central Committee to pass on new locations and encourage more warehouses.

Importance of Advertising

Advertising has been one of the most important forces causing and holding our present prosperity. Unfortunately, a large company has a great advertising advantage. Not only must a national advertiser be large to afford $25,000 for one week's ad in "Life" magazine and corresponding costs for other magazine, radio, television, and newspaper splurges; but there is something more to remember. The large company gets the space or the radio and TV time **for the same price as a small company.** This is a handicap to small companies.

I go further and say that unless some practical help can be given these small companies, our era of prosperity may slide off. Color advertising came just in time to save the day in 1946; while television advertising gave business another "shot in the arm" two years ago. Perhaps the able advertising agencies have something else "up their sleeve" to use as another stimulant to business when needed. The only one I can now think of is extending financial help to small companies so they can afford heavy advertising appropriations.

What About Main Street?

Forget the big consolidations and think of your own home town. In practically every one of them there are concerns which are entitled to help. These may be factories or garages or even law offices! The banks know the names of these concerns, and they should have the courage to advise such consolidations.

The small farmers now receive help. You may own a farm. Although you feel in your heart that the Benson Price Program is sound, you know it will reduce your income and profits. Put your pride in your pocket; call upon your neighbor farmer and suggest that your two or more adjoining farms stop cutting each other and cooperate. Remember that of all luxuries, **pride is the most expensive.** Pride is the chief cause of business failures.

What About the Consumers?

In the last analysis, whether you are big business, or small manufacturers, or shopkeepers, or farmers, your own welfare will ultimately depend upon the welfare of the nation's consumers. If President Eisenhower were here, he would add, "Yes, upon the welfare of the world." Let us all get behind the consolidation program. Certainly it must come about in order to profit from automation or atomic power.

J. C. Goldsbury With Harris, Upham & Co.

(Special to THE FINANCIAL CHRONICLE)

MINNEAPOLIS, Minn.—Joseph C. Goldsbury has become associated with Harris, Upham & Co., Northwestern Bank Building. Mr. Goldsbury was formerly an officer of J. W. Goldsbury & Co.

Lawrence M. Jones has also joined Harris, Upham & Co.'s staff.

Internat'l Adv. Ass'n To Hold Annual Outing

The International Advertising Association will hold its fourth annual outing at the Bonnie Briar Country Club, Larchmont, N. Y., on Thursday, Sept. 29.

Hugh Johnson Co. To Be NYSE Firm

BUFFALO, N. Y. — John M. Mackie, member of the New York Stock Exchange will become a vice-president of Hugh Johnson & Company, Inc., Rand Building, and the firm will become members of the Exchange effective Sept. 8. Other officers are Hugh A. Johnson, President; N. Michael Keiser, Executive Vice-President; W. Hamilton Gardner, Vice-President; and Fred C. Cohn, Secretary-Treasurer.

Joins FIF Management

(Special to THE FINANCIAL CHRONICLE)

DENVER, Colo. — Bernard J. Bequette is now associated with FIF Management Corporation, 444 Sherman Street.

THE MARKET... AND YOU

By WALLACE STREETE

The net result of this week's stock trading was to root more firmly the tradition that a pre-Labor Day lull is one of the more reliable of the seasonal market influences. The picture on the eve of this supposed turning point was of an industrial average seemingly poised within easy reach of a new high, while the rails are lower down their scale with a bit of ground to go if any attempt is made to better the mid-June peak.

* * *

The week's pattern pretty much followed the overall picture with industrials showing better buoyancy than the lagging rails. The real work, however, was done by special situations, particularly those that had help from the news to bolster them, such as United Aircraft's good dividend action which set off some spirited flurries. Republic Aviation, with the reason not so clear, was able to share in the good strength to give the airplane group a couple of features for the first time in quite a while.

A Quick Mover

Visking Corp. was another of the sudden movers without any important help from the news to start it off. The issue that had a range of less than 15 points for all of last year soared for a couple of weeks, culminating in a peak that was 25 points above its level early this month. Against the background of general backing and filling, such action stood out starkly.

* * *

Coppers had some trying times as the continued rise in the price of the red metal bumped into less tangible prospects of pricing it out of the market in favor of other metals, including aluminum. Marketwise, it produced some seesawing between the two classes of issues, and in Newmont Mining, which is heavily committed to metal shares. There was enough occasional strength in individual copper shares to make them a dominant group as far as the daily lists of new highs are concerned.

* * *

The big play in the various Telephone issues and rights, much of it arbitrage operations, had quieted down with arbitraging in Pacific Telephone partially replacing it and featuring the same regular-way transactions offset by similar orders for cash. AT&T stock was back in its familiar habit of very narrow ranges down to as little as an eighth of a point a session.

Some Steels Perk Up

Steels were irregularly buoyant with some culling out of backward and neglected issues by the market analysts bent on finding situations that haven't participated in the runup of the leading companies. Copperweld Steel owed a bit of attention to this occupation. This issue has done little in any of the wilder markets of the year and held to a range of some seven points at a rather fat discount from its book value and a considerably above-average indicated yield. Even first half earnings more than double a year ago failed to spark anything. Other of the "secondary" steels were starting to move, including new highs by Colorado Fuel & Iron, which lost a bit of the enthusiasm when only the regular dividend was declared, and Crucible, Woodward Iron, Sharon and Detroit Steel.

* * *

Another issue that has shrugged off good individual news and has done little to reflect the wide market changes of the year is American Seating. The issue has held in a tight eight-point range for the year despite first half earnings nearly doubled and a bright outlook of busy school construction, not only currently but for several years to go. By comparison, Evans Products, which sold in the same price area as American Seating earlier this year, has soared from below $24 to a peak of more than $80 before turning reactionary recently.

* * *

A rather heavy amount of attention has been devoted to the drug and toiletry issues, helping keep them among the more steady issues overall. Earnings have shown good recovery from the price squeezes of a year ago and Bristol-Myers, for one, was able to more than double its reported net for the half year. The group, however, has been somewhat slow in reflecting the high hopes centering on it, probably because of the sluggish general markets.

* * *

Even dividend hikes had only a passing effect on the issues with the daily fare of boosted payments running from a couple to a handful. American Potash, A. O. Smith and American Machine & Metals were among the issues that were pretty phlegmatic marketwise after getting an initial lift out of their higher payments. The fashion seems to be to hail only the higher payments that are accompanied by extra stock dividends and splits.

* * *

Rails, as a matter of fact, can probably attribute a good share of investor indifference to the fact that they haven't been prominent in raising their payments, and the well-sheltered regular rates, despite the above-average yields, have little appeal among the general public.

* * *

Motors have had an uncertain market course despite the glowing sales figures being bandied about, probably because of many market studies that list them as being high enough to "fully discount" their record-breaking business. There is little on the horizon to spark any new popularity for them, consequently, until the reception given the new models becomes clear as a gauge for 1956 business.

Merger News Peters Out

Merger news has also been on the impotent side as a market factor. What "merger" plays there have been have mostly been in advance of the actual news. Even the rather involved Whirlpool-Seeger Refrigerator merger, plus acquisition of the stove and air conditioning business of Radio Corp., produced little marketwise. It did keep the accountants busy figuring out the eventual result. The complication of an additional 1,150,000 shares to pay for the RCA properties dampened the enthusiasm even in the face of expectations that the present Whirlpool dividend rate would be well covered. What appeal there is in the situation is that it could be the beginning of a real growth situation with a well-rounded line of appliances. Sears Roebuck, which will be both a large stockholder and a large customer of the merged firm, provides a solid keystone for a good sales base.

* * *

The pro and con of what comes after the Labor Day weekend is running the gamut. Dividend meetings will pick up and chances are good for better treatment on a rather broad scale. This, however, is offset by the dour expectation that tighter money and possibly tighter financial controls will come with any important upsurge in business or market activity to avoid any runaway surge. In fact, a good bit of the debate in the Street is centered, not on when the industrial average will post its new peak, but on whether it will be able to do so before the year is out.

[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.]

NSTA Notes

AD LIBBING

Your NSTA Advertising Committee is indeed proud to pay our respects to Ed Beck of the Chronicle who tells us Herb Singer of Singer, Bean & Mackie, New York City, has contracted for one half page on the back cover, and we name Herb the man of the week.

Harold B. Smith

Herbert Singer

We do appreciate such cooperation and may we assume our membership will give their support.

Charlie Bodie of Stein Bros. & Boyce, Baltimore, seems to be going all out for us.

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

CONVENTION PROGRAM—SEPTEMBER 11-14, 1955

Sunday, Sept. 11:

4:30 p.m.	Registration
6:30 p.m.	Reception: Hosts: Security Traders Association of Detroit and Michigan

Monday, Sept. 12:

8:00 a.m.	Past Officers Breakfast
9:30 a.m.	National Committee Meeting
1:00 p.m.	Men's luncheon Corporate Forum
1:15 p.m.	Ladies' luncheon
3:00 p.m.	Bridge and Canasta
7:00 p.m.	Cocktail Party
8:15 p.m.	Dinner: Speaker: Dr. Louis E. Lloyd, Economist, Dow Chemical Co. Subject: "Chemical Horizons."

Tuesday, Sept. 13:

9:00 a.m.	Golf, Tennis and other Sports
9:45 a.m.	Ladies' Carriage Tour
3:00 p.m.	Boat Trip around the Island
7:00 p.m.	Cocktail Party
	Evening Free

Wednesday, Sept. 14:

9:30 a.m.	National Committee Meeting, Election of Officers
1:00 p.m.	Luncheon for Ladies and Gentlemen, Municipal Forum: Speaker: Mr. Prentis Brown, Chairman Mackinac Bridge Authority. Subject: "Mackinac Bridge Story."
3:30 p.m.	Boat Trip to Bridge Construction site
7:00 p.m.	Cocktail Party
8:30 p.m.	Dinner, Dancing

Moderate weather can be expected in the daytime with cool nights. There will be no formal clothes required. Sport Clothes are suggested.

Reservations on the Convention Special may be made through:
John F. McLaughlin, McLaughlin, Cryan & Co., New York 5.
Charles L. Wallingford, H. M. Byllesby & Co., Phila. 2, Pa.
Edward H. Welch, Sincere and Co., Chicago 4, Ill.

ADDITIONAL REGISTRATIONS FOR 22ND ANNUAL CONVENTION OF NSTA, GRAND HOTEL, MACKINAC ISLAND, MICHIGAN

September 11 to 14, 1955

Name	Firm	City
Bateman, Mrs. Lilian	*Pacific Northwest Co.*	Seattle, Wash.
Brown, Hon. Prentiss M.	*Mackinac Bridge Authority*	St. Ignace, Mich.
Burkholder, H. F.	*Equitable Securities Corp.*	Chicago, Ill.
*Cayne, Morton A.	*Gottron, Russell & Co.*	Cleveland, Ohio
Conlan, Peter J.	*Hornblower & Weeks*	Chicago, Ill.
Crow, James S.	*The First National Bank*	Birmingham, Ala.
Denney, William B.	*Manley, Bennett & Co.*	Detroit, Mich.
Doyle, J. Robert	*Doyle, O'Connor & Co.*	Chicago, Ill.
Ebie, Howard J.	*Gottron, Russell & Co.*	Cleveland, Ohio
*Frost, Jack	*Investment Dealers' Digest*	Chicago, Ill.
Garcia, Raymond B.	*J. M. Dain & Co.*	Minneapolis, Minn.
*Green, Robert M.	*Pledger & Co.*	Los Angeles, Calif.
*Hammell, Elmer W.	*Straus, Blosser & McDowell*	Chicago, Ill.
*Hardony, Michael C.	*Ball, Burge & Kraus*	Cleveland, Ohio
Homsey, Anton E.	*du Pont, Homsey & Co.*	Boston, Mass.
Jansen, Ponda	*Southwestern Securities Co.*	Dallas, Texas
Johnson, Samuel P.	*Southwestern Securities Co.*	Dallas, Texas
Jones, James E.	*Courts & Co.*	New York, N. Y.
*Kennedy, Bernard F.	*Bosworth, Sullivan & Co.*	Denver, Colo.
Kennedy, Samuel M.	*Yarnall, Biddle & Co.*	Philadelphia, Pa.
Kiemond, Emil J.	*Merrill Lynch, Pierce, Fenner & Beane*	Minneapolis, Minn.
*Koerner, Star	*F. S. Moseley & Co.*	Chicago, Ill.
*Ladet, L. M.	*Buerger, Ladet & Radinsky*	Denver, Colo.
*Lann, Joseph J.	*Joseph J. Lann Securities*	New York, N. Y.
Lloyd, Dr. Louis E.	*Dow Chemical Co.*	Midland, Mich.
Lund, Anton H.	*Carl M. Loeb, Rhoades & Co.*	New York, N. Y.
Maguire, F. E.	*Stroud & Co., Inc.*	Philadelphia, Pa.
*Masek, Joseph E.	*M. H. Bishop & Co.*	Minneapolis, Minn.
McFarland, James B.	*Hecker & Co.*	Philadelphia, Pa.
McLaughlin, Mrs. Julia	*McLaughlin, Cryan & Co.*	New York, N. Y.
Orrick, Jr., Hon. Andrew D.	*Security & Exchange Commission*	Washington, D. C.
Peterson, C. T.	*Commercial & Financial Chronicle*	Chicago, Ill.
Plumridge, Ted E.	*Eastern Securities, Inc.*	New York, N. Y.
Rice, Willard F.	*Eastman, Dillon & Co.*	Philadelphia, Pa.
*Smith, Harold B.	*Pershing & Co.*	New York, N. Y.
Sweet, Jr., William E.	*Peters, Writer & Christensen*	Denver, Colo.
*Topol, Robert M.	*Greene & Co.*	New York, N. Y.
Whiting, Edmund A.	*Carl M. Loeb, Rhoades & Co.*	New York, N. Y.
Wood, Harold E.	*Harold E. Wood & Co.*	St. Paul, Minn.

*Mr. and Mrs.

Continued from page 5

Problems in Protecting Investors

and comment upon one in some detail.

First of all, perhaps, there is the deal which is inherently fraudulent. With respect to this type of situation, it seems to me that there is ample legal authority, at both the Federal and state regulatory levels, to cope with the problem. The important thing here that we all have to work at is diligent and effective enforcement.

Then there is the matter of giving the investor a fair run for his money in a deal which is not inherently fraudulent. This raises principally the problem of appropriate compensation to promoters and underwriters and making certain that the offering will produce sufficient funds in the hands of the company to start its contemplated operations. We are all familiar with deals in the recent past, set up on a best-efforts basis, in which only a part of the offering was sold, and the monies thus obtained were used to pay promoters, underwriters, expenses and the like, with nothing remaning for operations. We are all familiar with other situations in which the promoters and underwriters ended up with a wholly disproportionate share of the proceeds of the offering. In spite of complete disclosure of such profits, etc., in offering circulars and the like, securities of this type have been sold to the unsophisticated and such investors have been hurt. I know that many of you, under the laws which you administer, have certain power or control over factors of this sort and that you exercise them, but many of you do not have such control.

I think the recent proposal of the SEC to amend and consolidate its Regulations A and D so as to require the escrow of funds until 85% of the issue has been sold, or otherwise require return of the investor's money, and to tie in Regulation A filings with the law of the State or Province in which the company does or is to do business, is certainly a move in the right direction and should help substantially in this matter of giving an investor a fair run for his money. But in connection with this aspect of the problem, I think all of us have an educational job on which we can work to encourage investors to analyze such proposals before they invest.

Then there are the problems centered around sales literature, which of course involves the registration material, selling circulars, booklets and the like that must be filed with many of you and with the SEC. We have perhaps made more progress on this aspect of the problem than on any other, and I believe that the SEC requirement under Regulation A, which was adopted in 1953, requiring generally that a circular be used in connection with sales made subject to that regulation, was a big improvement over the requirements existing prior to that time. This device, and similar requirements under many of your laws, affords a substantial measure of protection to an investor who will read. Here again I think we should all do everything possible to encourage investors to read and study such officially filed circulars and selling literature.

However, having been in the securities business as long as I have, I know that, in general, securities are sold to investors—and particularly unsophisticated investors—by *people* and not by literature, and the more complicated the circular, the more this is true. In my judgment, therefore, if we are to find a really effective solution to the problem of investor protection in connection with highly speculative as well as other types of securities we must think in terms of regulating primarily the people who do the selling, rather than the literature they distribute. After all, getting a lawsuit, when you think you are buying an investment, may be better than getting nothing at all, but I do hope that we can devise more practical investor protection than that.

The IBA Policy

As a matter of fact, the IBA has long stressed regulation of the dealer and his salesmen as the best answer to real investor protection, and I think substantial progress has been made in that direction, although much still remains to be done.

Of course, if I could write my own ticket, the problem would be relatively simple. In such circumstances I would have the investment banking business become a true profession in every sense of the word, with all that that implies in the way of character, education, experience, ethics and the like, *required* of the people engaging in it. Indeed, lest I be misunderstood, I think many in the securities business today look upon it as a profession and act accordingly, but we all know that there are the fringe operators, and these are the ones who give us the most trouble in connection with the problem now under consideration and like problems.

The question naturally arises at this point: What can you and we do as a practical matter to attain the end I think we would all like to achieve?

On your part, I think that those of you who are empowered so to do should do everything you can to prevent undesirables from getting into the business, and to watch carefully, and prosecute where indicated, the fringe operators whom you can't, by law, keep out. I think in the talks you make from time to time to various groups in your respective states you can explain the operations of your office, its safeguards and its limitations, and urge investors to deal only with reputable registered dealers. The same is true with respect to the members of the Securities and Exchange Commission. I well realize that many of you, as well as the SEC, do a lot of this sort of thing, but I would hope that this type of effort can be expanded and intensified.

Those of us in the securities business also have a very great responsibility in this field, and I believe we are making some progress.

We all know of the character, financial, education and experience qualifications which have long been required by our principal national exchanges for membership and for dealing with the public.

We have always had high character and experience requirements for membership in the IBA. In fact, at our last Annual Convention we changed our By-laws to impose a minimum $25,000 capital requirement and increased our experience requirements before firms are eligible for memberships.

The National Association of Securities Dealers now has before its membership for a vote a proposed rule change which would impose experience and educational requirements covering both dealers and salesmen as a condition of membership. It has also recently pointed up to its membership the applicability of certain of its rules to the making of remommendations to customers with respect to highly speculative types of securities. In addition, it has been working hard at the job of educating new people entering the business in the requirements of Federal and State laws and its own Rules of Fair Practice.

As I have travelled around the country this year, I have been impressed by the general concern of our membership with the various implications of the problem here under discussion and with the number and variety of devices which individual firms have adopted to protect their customers and themselves against this speculative fever to which I have referred. Some, as a matter of policy, will not execute even unsolicited orders for issues which they have looked into and which fall within the category about which we are concerned. Others have developed legends to go on their confirmations and correspondence which indicate that they have advised against the purchase of such securities, even where they have executed only unsolicited orders. Some firms have gone so far as to put any commissions involved in the purchase or sale of these types of securities into a separate fund which is turned over to charity, thus seeking to remove all incentive to salesmen or others to push this type of security.

In addition, many of us, in advertisements and in talks to groups of all sorts, have been urging investors to investigate before they invest, to get to know their dealer or broker before dealing with him, to deal only with reputable established securities firms, and to beware of the high-pressure telephone artist, the get-rich-quick boys and the like.

The Problem of the U. S.-Canadian Border

Then there is the very practical problem created by the border between the United States and Canada. This has provided a legal jurisdictional barrier behind which some unscrupulous promoters and dealers take refuge in making fraudlent or misleading representations to American investors. I want to make it clear that I am not critizing generally Canadian securities or dealers, because I am greatly impressed by the investment opportunities in Canada and the high character and competence of most Canadian dealers. But there is again the problem of the fringe, as we all know, and I am told that many of these operators have moved to Canada from the United States.

In this connection, Senator Fulbright introduced a bill in the Senate on June 27 (S. 2330) which is directed toward this problem. It, in effect, would require the SEC to notify any person in any foreign country deemed guilty of a violation of our Federal law, of such violation. The SEC would then give such a person a reasonable time to submit to the jurisdiction of the SEC or an appropriate court to litigate the alleged violation. If such person should fail to submit to such jurisdiction after notice, the SEC would then give notice of such failure to the Postmaster General and to such other agencies of interstate commerce as the SEC should deem necessary and appropriate, and thereafter no matter or communication from or addressed to such person would be carried through the mails or other interestate facilities. No hearings have as yet been held on this proposal, but perhaps a weapon of this sort would be very useful in working out an over-all solution to the problem under discussion.

As I said earlier, I think we are all making progress in this very important matter of dealing effectively with the people who sell securities, and particularly the type of securities with which we are here concerned, but much obviously remains to be done, and I bespeak your continuing support and cooperation in this effort.

Bank and Insurance Stocks

By ARTHUR B. WALLACE

This Week—Bank Stocks

Many investors in bank stocks, individuals as well as institutions, have queried bank stock dealers on which bank stocks: New York City issues or those in the hinterland? This being an era in which so many investors have sought so-called growth stocks, they naturally applied the idea to the banks. Growth stocks generally are acquired without too much regard for current income, but much more with an eye to increased equity value and longer term price enhancement.

Indeed, there can be no other reason for so many of the pension and other fiduciary funds taking on large holdings of the life insurance stocks at present price levels, for the yields are mere pittances even when set alongside low-yielding blue-chip industrials.

Growth stocks among the bank shares are presumed to be habitues of growth areas in a geographical sense, although there are those who hold to the idea that the factor of management has more to do with "growth" than does environment. Some of our larger fire and casualty insurance company investors have in recent years stressed the environment factor and have put less emphasis on management.

There can be little doubt that the results in the past decade have favored the stocks of banks in the southwest, middle west and west coast, although it is probable that the more widespread buying of these issues has considerably influenced them pricewise where in earlier periods the demand for them was more limited.

If we examine the results for the stockholder for, say, a decade, we find that his gain has been greater percentagewise in the stocks of the banks away from New York than in the shares of the New York banks. In this period the holder of stocks of the interior banks has had to put up more new money for subscriptions to additional shares than in the case of the New York banks. In essence this may be said to be due to the fact that the rate of growth of deposits of these banks makes this necessary unless their capital funds: deposit ratios are to be out of line.

With adjustments for capital changes, the two accompanying tabulations give the results for the ten years through 1954 for a group of leading New York City banks and for a group of banks in other centers. The latter are among the largest banks in the nation.

New York City Banks

Gain to the Stockholder 12/31/44—12/31/54

	Book Value 12/31/44	Book Value 12/31/54	Increase	Ten-Year Dividends	Total	Ratio of Total to 12/31/44 Book Value
Bankers Tr.*	$39.17	$57.53	$18.36	$18.64	$37.00	94%
Bank of N. Y.	208.55	240.57	32.02	75.65	107.67	52
Chase Manh't'n*	28.12	41.21	13.09	14.12	27.21	97
Chem. Corn Ex.*	29.98	44.03	14.05	17.31	31.36	104
Empire Tr.	69.51	129.22	59.71	25.79	85.50	123
First Nat. City*	38.40	56.29	17.89	12.95	30.84	80
Guaranty Tr.	60.44	80.12	19.68	29.74	49.42	82
Hanover Bank	36.70	55.79	19.09	16.40	35.49	97
Irving Trust	21.67	24.84	3.17	10.35	13.52	63
Manufacturers	37.49	75.09	37.60	24.15	61.75	164
J.P.Morgan&Co.	148.13	237.90	89.77	71.83	161.60	109
New York Tr.	44.36	63.76	19.40	24.69	44.09	99
United States Tr.	305.51	322.60	17.09	53.33	70.42	23

*Pro forma calculations, giving effect to recent mergers.

The average gain to the shareholder in equity and dividends in the period was 91%.

Banks Outside New York City

Gain to the Stockholder 12/31/44—12/31/54

	Book Value 12/31/44	Book Value 12/31/54	Increase	Ten-Year Dividends	Total	Ratio of Total to 12/31/44 Book Value
Amer. Tr., S. F.	$25.16	$34.41	$9.25	$12.70	$21.95	87%
Bank of America	15.77	19.21	3.44	12.64	16.08	102
Calif. Bk., L. A.	26.75	36.80	10.05	20.21	30.26	113
Cleveland Trust	83.14	229.34	146.20	43.46	189.66	228
Cont. Illinois	61.98	96.47	34.49	29.52	64.01	103
Detroit Bank	21.11	43.33	22.22	11.72	33.94	161
First Nat., Boston	37.36	51.28	13.92	21.35	35.27	94
First Nat., Chi.	103.84	206.64	102.80	58.00	160.80	155
Mellon Nat.	64.08	98.23	34.15	24.06	58.21	91
Nat. Bk., Detroit	26.41	46.28	19.87	13.80	33.67	127
Penn Co.	30.30	36.18	5.88	17.55	23.43	77
Philadelphia Nat.	74.23	96.00	21.77	50.00	71.77	97
Republic, Dallas	23.02	27.78	4.76	11.80	16.56	72
Seattle First	33.62	65.62	32.00	15.21	47.21	140
Security First	19.74	44.26	24.52	11.45	35.97	182
U.S. Nat., Portl'd	32.84	60.05	27.21	20.49	47.70	145

In this case the average for the group is 123%.

A thought for the future: Will the areas of recent rapid growth hold their position under depression conditions in the general economy?

Puerto Rico Adding to Power Facilities

Government Development Bank's quarterly report also cites gains in bank resources.

The Government Development Bank for Puerto Rico, in its Quarterly Report for the period ended June 30, 1955, points out that Puerto Rico's increasing needs for electric power, resulting from rapid industrialization, will be met with completion in December of a fifth unit of the San Juan Steam Plant. This latest addition will increase the capacity of the plant by 40,000 kw., to a total of 120,000 kw. A sixth unit of 40,000 kw. is already under construction for operation next year. By November, 1955, an additional hydro-electric plant, with a generating capacity of 20,000 kw., will be in operation.

According to the Quarterly Report, Dr. Rafael Pico, Secretary of the Treasury, in his year-end summary of banking conditions, states that total bank resources in Puerto Rico increased 7% during the fiscal year ended June 30, 1955. On that date, aggregate holdings of all banks were the highest in history. Net total assets of commercial banks increased to $351,900,000, a gain of $22,700,000. The expansion in resources reflects a correlated growth in total deposits which increased to $305,-400,000 on June 30, 1955 from $282,200,000 a year earlier.

The report states that Puerto Rican tax revenues increased during the past fiscal year to $131,-300,000 compared with $126,400,-000 in the previous year.

Morris Brickley Opens

RAPID CITY, S. Dak.—Morris Brickley has opened offices at 700 Main Street to engage in a securities business.

Leon Elster Opens

BEVERLY HILLS, Calif.—Leon Elster is engaging in a securities business from offices at 8754 Wilshire Boulevard.

L. F. Hansen Opens

SALT LAKE CITY, Utah — Lewis F. Hansen is conducting a securities business from offices at 458 South Main Street.

Moody Opens Office

MAMARONECK, N. Y.—James P. Moody has opened offices at 706 Fairway Avenue to engage in the securities business.

Our Reporter on Governments

By JOHN T. CHIPPENDALE, JR.

The government bond market continues to mill about in a defensive pattern, as the money tightening operation of the monetary authorities is being carried out. The raising of the rediscount rate by the Federal Reserve Banks of Atlanta and St. Louis to 2¼% from 2% is further evidence that pressure is still being put on the money market. It is believed by most money market specialists that it is merely a matter of time before a uniform rediscount rate of 2¼% will be in evidence throughout the Federal Reserve system.

The long-term government market is still pretty much of a thin and restricted affair, with scale buying not as prominent now as it was a few weeks ago. It is believed that the government when it comes into the market for new money raising in October will again use tax-anticipation obligations. This will take some of the demand out of the near-term market.

Money Market Continues Under Pressure

The money market continued under pressure last week, with the Federal Open Market Committee again selling Treasury bills. And, as previously noted, the rediscount rates were raised from 2% to 2¼% in the Atlanta and St. Louis districts. These are the second and third Federal Reserve Banks to go to 2¼% for the rediscount rate. The Cleveland Federal Reserve Bank originally went to 2¼% from 1¾%, while the other Central Banks in the system moved the rediscount rate up to only 2%. Also, as further evidence of the money hardening trend, was the eighth increase so far this year in commercial paper rates. This latest rise brought the borrowing costs on such paper to about double what they were, when rates started moving up in January. Bankers' acceptance rates were also increased again this week.

Uniform Discount Rates Expected

The action of the Federal Reserve Banks of Atlanta and St. Louis in raising the rediscount rate from 2% to 2¼%, the level previously established by the Cleveland bank, means that these institutions are now charging the highest rate within the system since 1934. Since the war, the general policy of the 12 Federal Reserve Banks has been to establish a uniform rediscount rate. Before that time, however, rates among the several districts differed and this may again come into vogue because of the varying set of conditions which appear to be facing each area.

In the immediate future, however, it is expected that the rediscount rate of the other Federal Reserve districts will all go up to 2¼%, with the timing of the rise the only element of uncertainty in the situation. It would not be unexpected either in some quarters of the money market if the rediscount rate in some districts went as high as 2½% since it is reported that every effort will be made by the Central Banks to prevent speculative excesses from getting out of hand.

Rise in Prime Bank Rate Anticipated

The demand for funds is still very sizable and with the rise in the rediscount rate to 2¼% by several other Federal Reserve Banks, comes up the question as to what is likely to happen to the "prime bank rate" which was recently raised from 3¼% to 3½%. The "call loan" rate was raised to 3½% from 3¼% just a short time ago, and this rate has in the past been at the same level as the "prime bank rate." The big question now is whether there will be another increase in the business loan rate in the near future, especially with a uniform 2¼% rediscount rate. It is evident that the upping of the rediscount rate to 2¼% does make an increase in the "prime bank rate" to 3½% a distinct possibility.

The "Spread" on Gov'ts vs. Corporates

The successful marketing of the $67,000,000 of Pacific Telephone and Telegraph Co., 3⅝% debentures due Aug. 15, 1991, at a price to yield 3.50% was not an unfavorable development as far as the money market was concerned. This "AA" rated bond was sold at a price which was considered realistic as far as bond buyers were concerned. It also brought about a rather favorable "spread" between the highest credit, that is government bonds, and non-government obligations, which has not been evident for quite some time.

Even though the demand for short-term governments is still very large, money is not readily available and as a result the rates on Treasury bills continue to move up. Corporations and pension funds are still the main buyers of the most liquid government issues.

Heller Opens Office

(Special to THE FINANCIAL CHRONICLE)

PASADENA, Calif.—Morton A. Heller has opened offices at 205 East Colorado Street to engage in a securities business.

Forms Pioneer Inv.

SALT LAKE CITY, Utah—Adrian Gerritsen, Jr. is engaging in a securities business from offices at 50 Richards Street under the firm name of Pioneer Investment.

Jos. Naiman Co. Formed

DENVER, Colo. — Joseph Naiman has formed Joseph Naiman & Company with offices at 210 Denargo Market to conduct a securities business.

Prudent Planning Formed

Karl Green has formed Prudent Planning Service with offices at 116 John Street, New York City, to conduct a securities business.

Forms Relyea Co.

DALLAS, Tex. — P. Frederick Relyea iss engaging in a securities business from offices at 2707 Bomar Avenue under the firm name of P. F. Relyea & Co. Mr. Relyea was previously with Waddell & Reed, Inc.

H. T. Rockwell Opens

MINEOLA, N. Y. — Harry T. Rockwell is conducting a securities business from offices at 1539 Franklin Avenue under the firm name of H. T. Rockwell & Co.

Consumer Credit Deemed Within Safe Bounds

Paul L. Selby, Executive Vice-President of the National Consumers Finance Association, on basis of a survey made by the Association, says "danger of over-extended credit is more of a bogeyman than a reality."

America's consumer credit, now at $30 billion, is "well within safe bonds," according to the National Consumer Finance Association. A survey of the licensed consumer finance industry, issued by Paul L. Selby, Executive Vice-President of the Association, maintains that "the danger of over-extended credit is more of a bogeyman than a reality."

Paul L. Selby

Some economists, the survey says, ask whether the country's over-all consumer debt is too high "because they add the total mortgage debt of $75.6 billion to the credit consumer debt of $30 billion."

But the vast majority of government and private economists, the NCFA report continues "are confident that, barring a highly unexpected and drastic recession, consumer credit is well within safe bounds."

Consumers will not only be able to pay off their debts, according to the NCFA, but will continue "to buy the goods and services they need and want in the American market place."

While both public and private debt in the United States have increased about 50% since 1945, the survey goes on to say, the nation's Gross National Product has increased at a faster pace—(by nearly 70%) and consumer's net assets, including liquid savings, stand at an estimated $650 billion —more than six times the debt figure.

The credit market, including consumer finance, is simply "keeping pace with the nation's economy as a whole," the NCFA study points out.

The survey also shows that the reasons for borrowing have changed materially.

"Formerly people borrowed out of necessity; today they feel their economic prospects are good enough to warrant their carrying more debt in order to raise even higher the already world-high American standard of living," the NCFA declares.

The survey reports that the consumer finance industry, which deals exclusively in cash instalment credit and serves one out of every seven American families, or some 10 million people, will pour $3 billion into the nation's economy this year.

This is a 5% increase over the industry's contribution to the nation's economy last year.

The new study is the 1955-1956 edition of "Consumer Finance Facts & Figures," an annual report on the industry which the NCFA has been issuing since 1953.

Since last year's report, the number of states with consumer finance offices licensed and regulated under some variant of the Uniform Small Loan Law has risen from 37 to 38. The number of offices throughout the country has increased from 8,000 to 8,250.

The industry now handles about 40% of all cash instalment personal loans in the United States, as against 38½% two years ago.

The report reveals that while consumer finance is used most frequently by families with incomes ranging up to $7,500 a year, many people with higher incomes also use this service.

Of these "consumer finance families," 38% own homes, 52% own automobiles, 71% have life insurance, 28% have savings accounts, 20% have postal savings or savings bonds and 26% have checking accounts.

More than half the users of consumer finance, the survey shows, are high school graduates and about 9% are college graduates.

The NCFA lists six principal reasons why 10 million people borrow from licensed consumer finance companies: (1) Convenience; (2) to increase living standards; (3) to have the use of goods and services now and pay for them out of future income; (4) to acquire equities; (5) to pay past-due and accumulated debts; (6) to meet emergencies.

The 1955-1956 edition of "Consumer Finance Facts & Figures" has been issued in connection with the 41st Annual Convention of the National Consumer Finance Association, which will meet Oct. 5 to Oct. 8, inclusive, at the Statler Hotel, Boston, Mass.

The convention will be attended by 1,000 representatives of licensed consumer finance companies throughout the country.

Miss. Valley Gas Debentures Offered

Initially Callable at 106%

The Mississippi Valley Gas Co. is offering to holders of its common stock rights to subscribe at par to $2,000,000 4¼% debentures, due 1975, on the basis of $100 of debentures for each 25 shares of common stock held of record Aug. 18, 1955. The subscription rights will expire at 3:00 p.m. New York time, on Sept. 8, 1955. The offering is being underwritten by the Equitable Securities Corp.

The debentures are convertible into common stock after Aug. 31, 1956, at prices beginning at $22.50 and gradually increasing thereafter. They are redeemable initially at 106% (not 104¼% as stated in these columns in our issue of Aug. 25, 1955).

Proceeds will be used by the company to retire $1,500,000 of 4¼% first mortgage bonds due March 1, 1974.

Incorporated in 1951, the Mississippi Valley Gas Co. operates a natural gas system in 34 counties in the northern half of Mississippi and the city of Natchez.

With Investors Planning

(Special to THE FINANCIAL CHRONICLE)

BOSTON, Mass.—Robert Van B. Ackerman is now with Investors Planning Corporation of New England, Inc., 68 Devonshire Street.

Schirmer, Atherton Adds

(Special to THE FINANCIAL CHRONICLE)

BOSTON, Mass. — William G. Birtwell is now connected with Schirmer, Atherton & Co., 50 Congress Street, members of the New York and Boston Stock Exchanges.

Two With Gibbs & Co.

(Special to THE FINANCIAL CHRONICLE)

WORCESTER, Mass. — Thomas E. Burke, Jr. and Laurette M. Markham have joined the staff of Gibbs & Co., 507 Main Street.

With Minneapolis Assoc.

(Special to THE FINANCIAL CHRONICLE)

MINNEAPOLIS, Minn.—Joseph G. Lamping is now connected with Minneapolis Associates, Inc., Rand Tower.

NEWS ABOUT BANKS AND BANKERS

CONSOLIDATIONS
NEW BRANCHES
NEW OFFICERS, ETC.
REVISED CAPITALIZATIONS

Louis E. Goldstein, Chairman of the Board of the **Trust Company of North America of New York,** announced on Aug. 25 the appointment of the law firm of Cole, Grimes, Friedman & Dietz as General Counsel to the bank. Mr. Goldstein also announced the election of Sidney Friedman, a partner of the law firm, as a director of Trust Company of North America. In our issue of Aug. 25 reference was made to the announcement on Aug. 23, that a group of private investors had purchased substantially all of the outstanding stock of the company.

* * *

Willard F. Place was elected Executive Vice-President of the **Excelsior Savings Bank of New York,** at the last meeting of the Board of Trustees, effective Sept. 1, it was announced on Aug. 30 by Francis S. Bancroft, President of the bank. Mr. Place has been a trustee of the bank since 1934.

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The First National City Bank of New York on Aug. 30 appointed George L. Childs and Henry E. Philipp Assistant Vice-Presidents and Gerald B. Murphy Assistant Cashier. All are assigned to the Caribbean District of the Overseas Division at the Bank's Head Office in New York City.

* * *

An increase of $181,000 in the capital of the **Franklin National Bank of Franklin Square, Long Island, N. Y.,** bringing the capital up to $8,970,000 from $8,789,000 became effective Aug. 15, according to the Comptroller of the Currency at Washington. The increase resulted from a stock dividend of $181,000. In our issue of Aug. 18, page 692, it was indicated that President Arthur T. Roth of the Franklin announced plans to open three new offices within 60 days.

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The Ramapo Trust Company in Spring Valley, N. Y., with a branch office in nearby **Monsey,** will merge with **The County Trust Company of White Plains, N. Y.,** probably within the next six weeks, according to an announcement released Aug. 25 by Arthur W. Schmidt and Andrew Wilson, Chairmen of the Boards of the two banks. The merger agreement, which was endorsed by the directors of both banks on Aug. 24, is subject to stockholder vote and the approval of State and Federal banking authorities. It calls for an exchange of 5½ shares of County Trust stock for each of the 12,000 shares of the Ramapo Trust Company, which was organized in 1921. At the present time it has capital funds of $840,000, with deposits of about $9,000,000. Charles E. DeBaun is President of the bank and its directors, in addition to Mr. Schmidt and Mr. DeBaun, are: Joseph Beckerle, Louis T. Boecher, John S. Davidson, Rollin J. Knapp, Samuel E. Lipman, Arthur W. Schmidt, Jr. and Allan B. Smiffen. The County Trust Company has mergers pending with The First National Bank of Elmsford and the Dobbs Ferry Bank which will be presented to stockholders for approval in October. The bank also plans to shortly open an office at 96 West Post Road, White Plains. When these moves and the proposed merger with the Ramapo Trust are completed, County Trust will have 40 offices and total assets amounting to about $355,000,000.

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Press accounts from Albany, N. Y. report that stockholders of the **State Bank of Albany, N. Y.** and the **First National Bank & Trust Co. of Hudson, N. Y.** will on Sept. 8 act on a proposal to merge their institutions. Under the plans, it is said, the Hudson bank and its Germantown branch, would become branches of the State Bank of Albany.

* * *

Floyd Donaldson, President of the **Carthage National Exchange Bank, of Carthage, N. Y.,** announces as of Sept. 1 that the Board of Directors has voted to recommend favorably to the bank's stockholders the exchange of their shares for shares of **Marine Midland Corporation** common stock. The basis of the exchange is one and three-quarters shares of Marine Midland Corporation stock for each share of Carthage National. The proposal will be submitted for approval by stockholders of the bank and is also subject to approval of the regulatory banking authorities. The Carthage National Exchange Bank was established in 1931, as the result of a merger of the **Carthage National Bank** and the **Carthage National Exchange Bank.** Its total assets on June 30, 1955, were approximately $5,800,000. Floyd Donaldson is President and Chief Executive Officer.

If the necessary approvals are obtained, it is expected that the Carthage National Exchange Bank will be merged with and become an office of **The Northern New York Trust Company of Watertown, N. Y.,** a Marine Midland bank. That bank was established in 1910 through a merger of the **National Bank & Loan Co.** established in 1839 and the **Union National Bank** established in 1853. Two offices are operated presently in Watertown and others in Adams, Alexandria Bay, Antwerp Copenhagen, Evans Mills, Malone, Massena and Potsdam. Its total resources at June 30, 1955 were over $57,000,000. Bernard A. Gray is Chairman of the Board and Sidney S. McCumber is President. Included in the tentative plans is the election of Mr. Donaldson as a Vice-President of The Northern New York Trust Co. It is also expected that an active advisory board for the Carthage office will be constituted from the present board of directors of the Carthage National Exchange Bank.

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Plans of the **Buffalo Industrial Bank of Buffalo, N. Y.,** to increase its capital stock from $625,000, consisting of 62,500 shares, par value $10 per share, to $781,250, in 78,125 shares, of the same par value, were approved by the New York State Banking Department on Aug. 17.

* * *

As of June 30 the enlarged capital of the **Merchants National Bank of Boston, Mass.,** increased from $3,000,000 to $3,500,000, became effective. The sale of new stock to the amount of $500,000 brought the capital up to the higher figure. Details of the plan to increase the capital were given in our issue of June 16, page 2776.

* * *

Shareholders of **Broad Street Trust Company of Philadelphia, Pa.,** and **The Morton National Bank of Morton, Pa.,** at separate special meetings on Aug. 24, approved the joint plan of merger heretofore agreed to by the directors of each bank, under which Broad Street Trust Company will be the surviving institution. The plan of merger includes a two for one split of the stock of Broad Street Trust Company. Upon completion of this merger, Broad Street Trust Company will have a total of 11 offices, eight of them in Philadelphia, one at Glenside, Montgomery County, and two in Delaware County at Prospect Park and Morton, Pa. Plans for the merger were noted in these columns June 16, page 2776 and June 30, page 3020.

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Construction is expected to begin sometime this Fall on a modern, one-floor banking office in Penn Fruit Shopping Center, 62nd and Woodland Ave. for **The Pennsylvania Company for Banking and Trusts of Philadelphia,** it was disclosed on Aug. 18. Howell Lewis Shay & Associates, architects and egineers of Philadelphia, collaborated with the new shopping center's architect in plans for the 33 by 61 foot granite, aluminum and glass structure, designed to blend with other buildings on the site. Completely air conditioned, the building will be finished inside with a patterned brick wall continuing in back of tellers' counters, and plastic wall coverings. Howell Lewis Shay & Associates last year completely remodeled another office for The Pennsylvania Company in Kensington. The Pennsylvania Company for Banking and Trusts has its home office in the Packard Building, 15th and Chestnut Sts., designed by Howell Lewis Shay in 1924.

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Samuel W. Deininger, President of the **Phoenixville Trust Company of Phoenixville, Pa.,** died on Aug. 14. Mr. Deininger who was one of the incorporators of the company, in 1907, was Vice-President until 1925, when he became its President according to the Philadelphia "Inquirer." He was 83 years of age.

* * *

At a special meeting of the directors of **The National Bank of Washington, District of Columbia,** held on Aug. 26, the directors recommended to the stockholders the changes in the capital accounts, subject to the approval of the Comptroller of the Currency. Under the plan the 410,000 shares of stock par value $10 now outstanding would be increased 50% to 615,000 shares. Stockholders would be given the right to subscribe to one additional share of stock for each two shares of stock now held on the basis of $30 subscription price—$10 of which would be for the capital account and $20 for surplus — the bank's capital accounts would then be increased as follows: capital from $4,100,000 to $6,150,000; surplus from $5,900,000 to $10,000,000; undivided profits from $2,700,000 to $2,700,000; reserves from $1,200,000 to $1,200,000. The aggregate increase would be from $13,900,000 to $20,050,000. It is contemplated that a special meeting of the stockholders will be held on Sept. 12, to approve the increase in capital stock. If approved by the stockholders, warrants will be mailed to them giving them the right to subscribe to the new stock. The investment banking firm of Johnston, Lemon & Co., Washington, D. C., has underwritten the financing, agreeing to purchase any unsubscribed shares and to make a market for the rights which will be issued to shareholders. The bank reported total deposits as of June 30, 1955 of $233,223,290. Organized in 1809, the bank is now approaching its 150th anniversary. Wilmer J. Waller is Chairman of the Board, while Barnum L. Colton is President.

* * *

Robert E. Delaplaine, well known banker of Frederick, Md., died on Aug. 16. He was 70 years of age. According to the Washington, D. C. "Post and Times-Herald," Mr. Delaplaine was President of the **Farmers and Mechanics-Citizens National Bank of Frederick,** the product of a consolidation which he guided two years ago. His first job, as messenger when a boy of 16, was with **Farmers and Mechanics.** It was under Mr. Delaplaine's leadership (said the paper quoted) that the bank consolidated with the Citizens National Bank in February of 1953 to form the largest bank in western Maryland. From the same paper we quote: He attended public schools in Frederick and was employed by the Farmers and Mechanics Bank upon his graduation in July of 1901 from high school. He left the bank as head bookkeeper in April, 1909, to assume active management of the "News," founded by his father 26 years before. The "News" absorbed the "Post" in 1916, and Mr. Delaplaine and his brother, William T. Delaplaine, became copublishers. Throughout his career as publisher he still maintained an interest in the Farmers and Mechanics Bank, becoming a director in 1924 and President in 1948.

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Increased to the extent of $100,000 by a stock dividend of that amount, the **Fauquier National Bank of Warrenton, Va.,** was raised, as of July 15 from $200,000 to $300,000.

* * *

The Wachovia Bank & Trust Company of Winston-Salem, N. C., merged on July 30 under its charter and title with the **Peoples Savings Bank & Trust Co. of Wilmington, N. C.,** both State members. The former head office and branch of the latter bank will be operated as branches by the continuing bank it was noted in the Aug. 6 weekly circular of the Board of Governors of the Federal Reserve System.

* * *

Miss Virginia Rehme was recently elected Vice-President of the **Southern Commercial & Savings Bank of St. Louis, Mo.** She is believed to be the first woman ever to be elected to this office in the history of St. Louis banks. While Miss Rehme comes from a banking family she contends that her environment had very little influence on her progress. In addition to her officership, she is also Vice-President of the **National Association of Bank Women,** an organization composed of several thousand women bank officers throughout the country. She is a member of the Missouri Bankers Association's Public Relations Committee. She will assume the Presidency of the National Association of Bank Women at its National Convention in Phoenix, Ariz. in October.

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An increase in the capital of the **City National Bank in Wichita Falls, Texas,** because effective June 27, the amount having been enlarged to $1,150,000 from $1,000,000 by the sale of $150,000 of new stock.

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The sale is announced of new stock to the amount of $50,000 by the **First National Bank of Farmington, New Mexico,** the capital thereby having been enlarged from $150,000 to $200,000. The increased capital became effective June 17.

* * *

A special meeting of the shareholders of **Anglo California National Bank of San Francisco,** will be held on Sept. 19 to take action on a proposed merger of the **Bank of South San Francisco at South San Francisco,** into the **Anglo system,** according to a notice sent to Anglo shareholders by Paul E. Hoover, President. The proposed merger it is stated has been approved by the boards of directors of both banks. The Bank of South San Francisco, established in 1905, had total deposits of $11,044,000 on June 30 of this year. Under the terms of the proposed merger, **Anglo Bank** would acquire all the assets and assume all the deposit and other liabilities of the **South San Francisco Bank** in exchange for 20,250 shares of Anglo capital stock. Upon issuance of the additional shares, the number of Anglo's outstanding shares would be increased to 1,332,750. All members of the staff of the Bank of South San Francisco would become members of the Anglo staff and participate in Anglo's pension plan and other benefits. Anglo Bank now operates 43 offices in 27 Northern and Central California communities ranging from Bakersfield in the south to Yreka in the north.

* * *

Promotion of two members of the staff of the **Anglo California National Bank of San Francisco,** to the office of Assistant Manager was announced on Aug. 23 by Paul E. Hoover, President. William J. Miller, formerly Public Relations Representative and New Accounts Officer at Anglo's Midtown office in Sacramento, has been appointed Assistant Manager at the same office. Mr. Miller joined Anglo in 1925 and served for many years at its Capital office. Carl T. Brauer, who has been with Anglo since April, 1950, and who was formerly in the credit department at its head office in San Francisco, was named Assistant Manager at the bank's Fresno office.

* * *

Stanley Den Adel, a 32-year old war veteran was recently promoted to an officer's rank in the **Bank of America, of San Francisco.** Wounded by machine gun fire seven days before the end of the war in Europe in 1945, Mr. Den Adel, a wheel-chair victim of the war, went back to school and received his Master's Degree in Business Administration at the University of California in June, 1953. Shortly after he joined Bank of America's staff and has reached officer status in two years. The President of the bank, S. Clark Beise, made the trip to Los Angeles Central Office from San Francisco to extend personal congratulations to the young man, who in his new post as Assistant Cashier, is head of a 38-man shift in his department.

* * *

The appointment of Raymond P. Larkin as Washington Representative of **Bank of America of San Francisco,** is announced by President S. Clark Beise. In his new position Mr. Larkin will succeed Robert T. Shinkle who is returning to the San Francisco headquarters of the bank to assume a senior position in the bank's legal department. Mr. Larkin has served as an assistant to the Washington Representative since 1950 when he joined the Bank of America organization. In addition to his banking and business experience in the United States the new officer has a foreign background. As a youth he lived in Paris, France, where his father occupied a senior post with an American bank.

* * *

The consolidation of the **Citizens National Trust & Savings Bank of Riverside, Calif.,** with common stock of $3,600,000, and the **Fontana National Bank of Fontana, Calif.,** with common with common stock of $200,000, was effected on June 10 under the charter and title of the Citizens National Trust & Savings Bank. Details of the proposed merger were given in these columns May 3, page 2089. At the effective date of the consolidation the enlarged Citizens National Trust & Savings Bank had a capital of $3,776,000 in 236,000 shares of common stock (par $16 each); surplus of $3,776,000 and undivided profits of not less than $2,148,000.

Continued from page 7

The SEC and Proxy Contests

11 companies were so involved. While some of these concerned some of the larger companies, most of them related to companies of smaller size.

In view of the relatively limited number of companies which have been involved, the direct economic impact of proxy contests on the national economy is comparatively small. Not so the indirect economic impact. It radiates out among other companies, large and small, listed and unlisted. Think for a moment just what a proxy contest is. A proxy contest is a struggle for control of a corporate enterprise. The struggle takes place in the forum of a shareholders' meeting. The shareholders have the right to vote and this means that it is to the shareholders, the owners of the business, who exercise their judgment as to which contesting group, be it management or outsider, shall direct the policies and fortunes of their company for the ensuing year.

No one can really measure the extent of the indirect economic effect of a few hard fought contests for control of some of the well known companies. The Commission, of course, cannot and does not pass on the merits of contestants and their causes. Publication of charges and countercharges by opposing sides on subjects pertaining to corporate management, financial policies and management practices and the publication of owners' reactions to the debates at the shareholders' meetings inevitably have an indirect economic impact upon the economy by producing a greater awareness of public interest in corporate affairs and corporate stewardship. It is reasonable to expect that the encouragement and studied stimulation of widespread ownership of corporate equities which has been a mark of recent years will produce eventually closer scrutiny of the achievements and policies of professional management. This is an example of the basic principles of democratic representative government applied to corporate organizations. The two groups compete for the shareholders' favor. After all, competition is in the American tradition, and this includes competition among men for control of corporate enterprises.

Regulatory Problems

So much for the law, so much for the economics — now what are the regulatory problems?

The basic theory of the Commission's rules, which were designed primarily for the typical uncontested proxy solicitation, is that if the material facts are fairly, accurately and clearly presented to the shareholder, he will be able to vote intelligently. And, as in the case of the publication of the other information and reports required by the statute, the information in the proxy statement contributes to the fund of public knowledge which fosters confidence in the security of listed companies. The selection of management is of vital interest to shareholders because, in the last analysis, the ability, background and experience of management is a cornerstone of investors' judgments as to the value of the company's securities. To aid investors in reaching an informed judgment, the proxy rules provide that investors be furnished information in the form of a "proxy statement" which identifies the nominees, describes their relationships with, and interests in, the issuer, their business experience, their compensation, and their past and prospective transactions with the company. Beyond this the rules simply require that there be no misleading statements of fact and no omission of material facts necessary to make the facts stated not misleading in the circumstances. The rues also require that misleading statements in or omissions from statements previously made be corrected in subsequent soliciting material.

As I mentioned a few minutes ago, the Commission has no administrative procedure to prevent the use of misleading proxy material. At present its only recourse is to seek an injunction in the courts to prevent the use of misleading material and to prevent the use of proxies obtained by improper soliciting material or methods. In practice this drastic remedy has been rarely used. The administrative processing by the staff, and the availability to each party of the processes of the courts, in the past have been felt by the Commission to be sufficient to compel correction or other appropriate action without recourse to the courts.

However, the experience of the last two years has indicated that the rules themselves need revision to spell out more specifically than they have in the past the requirements of the Commission to assure full, fair and adequate disclosure to the security holders in the context of contests for corporate control. Also, the Commission's statutory power needs strengthening.

Let me list briefly a few of the types of problems which have been difficult, and at times impossible, for the Commission to deal with administratively. Here are a few:

First, there is the question when solicitation in a proxy contest begins. The rules now provide that no solicitation shall be made until a proxy statement is furnished to the person being solicited. But when a person or group announces publicly, far in advance of a scheduled annual meeting date, that he will seek to oust management or to secure representation on the board of directors, even though no formal request for a proxy is then being made, it is clear that any public utterances or statements are intended to influence stockholder opinion in a campaign ultimately intended to result in the request for a proxy. The Commission has dealt with this problem administratively by requiring such advance statements to be filed and treated as proxy soliciting material, but has not insisted that the formal proxy statement be on file during this early stage.

The Commission's position traditionally has been that such preliminary activities in anticipation of a contest involve solicitations within the meaning of the Act and are subject to the Commission's proxy rules. The courts have held that any writings, whether or not they expressly request a proxy, which "are part of a continuous plan ending in solicitation and which prepare the way for its success" are subject to the Commission's authority under the Act.[1]

Second, there is a problem as to what type of communication actually constitutes a solicitation to which the Federal regulatory power should apply. The Commission's position has been that all statements, written or oral, relative to the contest should meet the standards of accuracy, materiality and fairness provided by the rules. As a result of public relations techniques in recent proxy fights, or indeed in some cases in an effort to evade the rules, or in others perhaps accidentally and spontaneously, statements have been made, promises broadcast and accusations hurled which do not meet the tests of fairness and truthfulness and which result in the person making such statements gaining unfair advantage. The Commission's rules need revision more specifically to require that all statements used in the solicitation of proxies, whether written or oral, constitute proxy material and must comply with the Commission's standards.

Third, let me emphasize the standards which do govern the content of proxy soliciting material. The Commission has up to now administratively applied the proxy rules to embrace the following general principles or standards of conduct and disclosure:

(a) To secure a degree of adherence to a factual presentation or a presentation based upon facts which can be established and supported;

(b) To eliminate or minimize confusing or misleading irrelevancies;

(c) To prevent the use of unsupportable predictions as to the future in terms of specific business and financial results;

(d) To prevent the use of the various techniques utilized to discredit a person, to impugn character, integrity and reputation or to hold a person or group up to ridicule and contempt in the absence of facts which support the statements being made or implications of dishonesty or criminal connections or tendencies sought to be conveyed;

(e) Generally to free proxy material of half truths, distortions, exaggerations, falsehoods and unsupported or unsupportable opinions and accusations;

(f) To seek clarity and fairness in the literature of opposing sides.

Let me give a few instances which highlight the application of these standards. Patterns of misrepresentation occur and reoccur in proxy contests which focus upon the primary issue of the comparative managerial ability and integrity of the two groups. Arguments are made from complex financial statistics and other data the analysis of which is not too familiar to most investors. Statistical comparisons are made purporting to show superiority or inferiority of management to other groups or other companies supposed to be engaged in the same general line of business. In short, statistics can be used to distort.

A Case Cited

In a recent campaign for the control of the board of directors of a railroad, the group opposing management sought to illustrate the existing management's lack of ability by means of an income account which included a sinking fund payment as a charge against income, an accounting procedure totally opposed to acceptable accounting practice. The result of this was to indicate a loss in railroad operations for six years when, in fact, if the income account was depicted in accordance with accepted accounting principles, losses occurred in only two of such years. The Commission objected to this improper presentation.

In another case, misleading comparisions were sought to be made by an opposition group in a contest for control of a railroad that the company's stock had sold in 1929 at $250 a share in contrast to its then market price of about $25 per share. This statement was coupled with the assertion that if the opposition group succeeded in its efforts the stock would go to $100 and pay an $8 dividend. In view of the pronounced changes that have occurred in our economy since 1929, particularly in the growth of strongly competitive forces in the transportation industry such as automobiles and trucks, plus the fact that the company had earned $8 a share only three times in its history, the Commission insisted upon the deletion from the solicitation material of these comparisons.

In addition to the use of distorting statistics, two other misleading devices have been attempted. These devices are totally at variance with the tradition of the common law, with its insistence over the centuries on a requirement of probative evidence subjected to intense and objective tests as to veracity and accuracy. One is that of imputing guilt by association — often the most remote type of association. The other, a corollary device, is the rhetorical question based on an assumption for which there is no foundation in fact laid. This is the "When did you stop beating your wife" question.

For example, a magazine which had published articles favorable to the management was sought to be disparaged by the opposition group, not on the ground of any illegal or immoral act which the magazine had committed but on the ground that it employed a law firm, one of the partners of which had been accused, although never convicted, of bribery of a Federal court. Similarly, an opposition group soliciting requests for authority to call a special meeting to elect directors was attacked because two of the stockholders signing the request who owned insignificant amounts of shares and who had no connection with the formation and activities of the opposition group, had been indicted for alleged tax violation. Similarly, a member of an opposition group has been attacked because he allegedly joined with certain other persons of whom the management was critical in contributing large sums to the political campaign of a candidate for a public office.

The Commission, as a governmental body charged with the responsibility of preventing misleading statements, is obligated to object to such misrepresentations.

The rhetorical question framed with clear implication of guilt, without presentation of any probative evidence of the existence of guilt, is illustrated by the following:

"Hasn't the present management milked the company by holding onto cash while such cash lost its earning power, buying power and value?"

"Can you name one worse managed company among comparable companies in this country?"

"Hasn't the present management milked stockholders by holding cash instead of investing it in the operations of the business?"

"Isn't the principal executive of the company raiding the company's treasury with a blank check from a 'yes-man' board of directors which has given hi' freedom to spend any amount of the stockholders' money any way he pleases to try to keep from being unseated?"

If there were a basis for asking such questions, that would be one thing, but when there is no basis for asking them, they are obviously misleading and unfair.

A General Comment

To these examples, let me add this general comment. The standard by which statements in a proxy soliciting material should be judged is not whether the most astute investor would be misled. Statements are not necessarily adequate just because a lawyer or a skilled financial analyst could recognize the falsity and not be misled by it. Soliciting material would presumably not make misleading representations if it were not intended that the deception would be successful. It has been the position of the Commission that if an uninformed investor could reasonably be deceived, the manner of the fraud is immaterial, whether it takes the form of a direct lie, or a half-truth, or a question, or an innuendo. This has been sustained by the courts. For example, the Court of Appeals for the Second Circuit has held that even the expression of an opinion in proxy soliciting material can be a violation of the rules where the opinion in groundless.[2] The Supreme Court, albeit in another context, said:

"The fact that a false statement may be obviously false to those who are trained and experienced does not change its character, not take away its power to deceive others less experienced. There is no duty resting upon a citizen to suspect the honesty of those with whom he transacts business. Laws are made to protect the trusting as well as the suspicious."[3]

The fourth problem is what the Commission can do about it if, upon examination by the staff or upon complaint of the opposing side, proxy material appears to be incomplete or misleading. As I mentioned, the Commission has attempted to use persuasion to secure revision and correction by the parties, but in very bitter recent comtests some material has been submitted for which the Commission simply could take no administrative responsibility at all. I refer to material scandalous and libelous in its nature. In such cases the Commission has advised the parties that responsibility for the material is theirs and that, in the event of its use, the Commission reserves the right to take such action as may be appropriate. Also, in recent cases where the parties have indicated a lack of good faith in dealing with the staff, the Commission has considered going into the Federal courts for an injunction. Within the past month a Federal district court issued a preliminary injunction against the use of false and misleading material and proxies obtained by such use.[4]

A fifth problem is the disclosure of interest by opposition groups. This problem has many ramifications which time does not permit me to discuss in detail. Suffice it to say that our rules need revision to reflect our existing administrative policy of requiring full disclosure of the persons and financial interests of those associated with any person or group, be it management or opposition.

A sixth and most difficult problem is material submitted dealing with character and reputation. The ability, background and experience of management, or of persons seeking to supplant management is of vital importance to investors in deciding how they will vote. Bitter personal animosities that have been developed in some proxy contests have brought forth unsupported attacks on personal integrity or libelous or slanderous material. Our rules need revision to require specifically that attacks on personal integrity be supported by proper documentary evidence and, as I mentioned above, we will not even process libelous or slanderous material.

Another problem that develops in the course of a contest is the problem of negotiations and deals between opposing sides. Usually an effort is made to keep them secret. Because of the personal interest of individual members of both management and opposition groups, our rules should be specifically require full disclosure of these transactions.

Finally, in contested elections of directors a problem has developed in regard to the use of the annual report to shareholders. Up to now, the annual report has been excluded from the category

1 SEC v. Okin, 132F 2nd 784 (C. A. 2, 1943).

2 *SEC v. Okin*, 137 F. 2nd, 862, 864 (C. A. 2, 1943).

3 *FTC v. Standard Education Society*, 302 U. S. 112, 116 (1937).

4 *SEC v. May*, D. C., S. D. N. Y., Aug. 16, 1955.

of soliciting material for reasons totally unrelated to proxy contests, and the annual report itself does not subject a company to the civil liability provisions of Section 18 of the Exchange Act. Some companies in contests have taken advantage of the fact that the annual report to shareholders is not required to be filed with and processed by the Commission as soliciting material, and have used it as a vehicle for representations, argumentation and accusations which do not meet the standards of the rules. This needs correction.

I invite the cooperation of this Section of the American Bar Association to give us your best judgment, your clearly thoughout suggestions, criticisms, and comments on the revision of the proxy rules which we released yesterday for public comment. The views of you lawyers who are experienced in practice under the securities laws, and who, representing this Association, stand for the finest traditions of the bar, can be of enormous help to the Commission and the staff in formulating its revised proxy rules.

Let me again emphasize that the preparation of proxy soliciting material is properly a job for lawyers with, of course, the assistance of competent accounting and financial analytical advice. Lawyers, by their professional training and high standards of ethics, are best qualified to detect the misleading and the unfair statement or omission and to represent their clients in a proper presentation of material to the public under the standards prescribed by a Government agency seeking a fair administration of a Federal law. Whatever may be the merits of public relations and other soliciting techniques, they should be subjected to the close scrutiny of the bar, which has, in my opinion, the ultimate responsibility for their clients' compliance with the proxy solicitation rules and regulations of the Commission. I am sure that if this is done, many of the types of misrepresentation which have been attempted in past proxy contests can be eliminated.

More Legislation Needed

Finally, what of legislation? The Commission is considering whether, in view of the problems that have developed, its administrative procedures under Section 14 of the Act are adequate. In testimony which I gave before the Senate Banking Committee in June, the Chairman of the Subcommittee posed the problem whether, rather than compelling the Commission to seek an injunction in a Federal District Court, the Congress should grant the Commission more specific administrative power to deal with violations of the proxy rules. The Commission is considering this. But I say to you members of the bar that, in my own view, it it would be sound for the Commission to have available administrative procedures under Section 14 of the Exchange Act to prohibit the use of misleading proxy soliciting material whether or not it has been filed or used, and to prohibit its further use after it has actually been used, similar to the procedures the Commission possesses with respect to registration statements, both before and after effectiveness, under Section 8 of the Securities Act and Section 19 of the Exchange Act. I say this after long and earnest thought. I am not one of those who believes in the extension for its own sake of Federal regulatory power. I have reached this conclusion because, on the basis of my experience as a member of the Commission over the last two years, I am convinced that some of the material filed in proxy contests, particularly the material submitted by others than lawyers, has not been submitted in good faith, has imposed an unreasonable burden on our reduced administrative staff and on the Commission.

I want to emphasize the unreasonable administrative burden on the Commission. Our staff has been reduced from 825 to less than 700 people in the last two years. Most of the reduction took place in Washington, because of the obvious need to strengthen our enforcement work in the field offices. Neither our Division of Corporation Finance nor the Commission, at a time of the greatest activity in the securities markets in the history of our country, can afford the time to clean up improper proxy material, often not prepare by lawyers or filed in good faith. For example, in one contest last year over 200 pieces of proxy soliciting material were filed but only 80 were used after processing by the staff and the Commission. People submitting such deficient material overlook the fact that the basic responsibility for truth and accuracy is on the person filing it, not on the Commission. Material of this character cannot be dealt with effectively by the Commission from the standpoint of the public interest and the protection of investors without more specific administrative authority in the Commission to prohibit and prevent its use.

Finally, whatever changes of rules are adopted by the Commission or amendments of the Exchange Act are enacted by the Congress must be made in the light of the statutory objectives of fair disclosure to security holders of basic facts about the companies in which the public's savings are invested.

Hits "Smear Campaign" on Dixon-Yates Contract

September issue of "The Guaranty Survey," monthly publication of the Guaranty Trust Company of New York, says real purpose of the attack was not to prevent the execution of this agreement but rather to serve the ends of practical politics. Sees adverse effect on private power enterprise.

According to the September issue of "The Guaranty Survey," monthly review of business and financial conditions of the Guaranty Trust Company of New York, the political assault on the Dixon-Yates power contract had little to do with the terms and conditions of the agreement. Criticism of these terms and conditions "merely formed a flimsy pretext for an attack whose real purpose was to provide an issue for the 1956 political campaign and to throw discredit on 'private' power in general with a view to influencing the future course of power development," the "Survey" adds.

"The attack on Dixon-Yates has borne all the earmarks of a 'smear' campaign." The "Survey" states, for example, that the contract's "carefully drawn provisions for the sharing of risks stand out sharply in reply to the loose allegations that the contract 'guaranteed' the company's profit. Actually, it did nothing of the kind. Unexpectedly high costs could have eliminated the estimated 9% return on equity altogether.

"Charges of numerous kinds have been hurled against it and the persons connected with it, in disregard of essential underlying facts and, in some instances, even of the terms of the contract itself. Free use has been made of such familiar political mudballs as 'plot,' 'deal,' 'windfall,' and 'give-away.'

"Although the President has ordered that the contract be canceled, the assault against it rages on, giving evidence, if more were needed, that the real purpose of the attack was not to prevent the execution of the agreement but to serve the ends of practical politics. In the course of the controversy, regional antagonisms have been created which may persist for years and the area facing a shortage of power has been left with very uncertain prospects of meeting its problem in time.

"Now that the contract is in process of being canceled and is presumably dead, its merit or lack of merit as a fair business proposition is no longer important in itself. What is important at present is the continuing effort to use it as a means of discrediting the whole principle of power development by private enterprise.

"There is no doubt that the United States faces a period of rapid expansion in electric power. Some expert estimates place the increase in demand from 1950 to 1960 as high as 100%. What form is future expansion to take? Is it to be shaped by the careful balancing of costs against benefits that is inherent in unsubsidized private business enterprise? Or is it to be determined by governmental authority, whereby the state's power of compulsion is invoked to force the taxpayers to underwrite and support projects which may be dictated by civic pride or political favoritism rather than real economic justification?

"A tangible example of this question is now pending in Hell's Canyon on the Snake River between Idaho and Oregon. Advocates of 'public' power favor the construction of a great Federal dam at an estimated cost of nearly $400 million. A private company proposes to build three smaller dams, producing almost as much power at less than half the cost. The Federal Power Commission, for obvious reasons, has approved the private project. Yet the plan has been assailed as a 'give-away,' a 'betrayal,' and a 'piecemeal' development of the river. It is difficult to see what is being 'given away' except the ability of one section to obtain a Federal subsidy at the expense of others.

"In the current controversy over further power development on the Niagara River, the advocates of 'public' power apparently assume that, because the water is a natural gift, the power to be generated from it would also be a natural gift and should not be allowed to fall into private hands. This is a fallacy. The power would be the result of a heavy expenditure of labor and capital, which would have to be paid for whether the power were produced by a 'public' or a 'private' agency.

"There is another alleged advantage of 'public' power which proves upon examination to be purely fictitious. This is the supposed saving due to the fact that public power agencies are exempt from taxation. Surely nothing could be more obvious than that taxes 'saved' by a power agency are lost to the public treasury and must be recovered from some other source, so that what the people appear to save as consumers of power they must give back as taxpayers."

Joins Morgan Staff

(Special to The Financial Chronicle)

LOS ANGELES, Calif.—John G. Rutner has joined the staff of Morgan & Co., 634 South Spring Street, members of the Los Angeles Stock Exchange. Mr. Rutner was previously with Hill Richards & Co.

With Mutual Fund Assoc.

(Special to The Financial Chronicle)

SAN FRANCISCO, Calif.—Frank B. Pigeon has become affiliated with Mutual Fund Associates, 444 Montgomery Street.

Railroad Securities

Baltimore & Ohio Bonds Favorably Received—Southern Railway Shares Buoyant

The comprehensive refunding operation of Baltimore & Ohio, which was postponed last week in order to make minor readjustments in the offering terms to reflect changed money market conditions, is now going forward. On the Series "A" bonds the coupon rate was raised from 3¾% to 3⅞% and the offering price reduced to 99. On the Series "B" bonds the coupon rate was left unchanged at 4% but the offering price was reduced to 98¾. On the Series "C" bonds the coupon rate was increased from 4⅛% to 4¼% and the offering price was left unchanged at 100. In all, the change in coupon rates involves an increase in annual fixed charges of only $250,000, bringing pro forma fixed charges and contingent interest to $19,874,000, which is still a sufficient reduction to modify considerably the onerous provisions of the 1944 Adjustment Plan. The new bonds, it is reported, have met with a favorable institutional response.

Southern Railway

In the case of railroad stocks the market generally has developed a considerably better tone in the last couple of weeks although prices have by no means been buoyant. Presumbaly these renewed signs of cautious optimism toward railroad shares have been based on release during the recent past of earnings reports for the month of July, most of which were highly favorable and revealed continuation of the year-to-year rise in net income. One of the railroads whose performance has consistently been outstandingly impressive has been Southern Railway. The road's net operating income for July amounted to $3,236,545 compared with $2,332,967 reported a year earlier. This brought the cumulative year-to-year increase in net operating income to $7,892,044, equivalent to something over $3 a share on the common stock outstanding. With non-operating income also somewhat higher, share earnings for the seven months came to $7.38 compared with $4.16 reported a year earlier, a gain of $3.22.

One of the most favorable aspects of the Southern Railway picture has been the notable improvement in operating efficiency in recent years, a trend that is still going on. The road is completely dieselized and has been one of the leaders in modernizing its yards and terminals. As a result, by 1953 the transportation ratio had been reduced to 30.7% and while there was some increase on the lower traffic volume last year the 31.9% ratio for 1954 was still well below the industry average of 38.7%. Further progress this year reduced the transportation ratio for the first seven months by 2.7 points and for the full year Southern could well join that select group reporting transportation ratios below 30%. Meantime, the road has been going in aggressively for mechanization of roadway maintenance and the maintenance ratio has also been pared sharply without sacrifice to the physical condition of the property. The over-all operating ratio for the period through July was only 65%, down from 73% a year earlier.

Even if the company were to do no better during the final five months than it did last year the common share earnings would come to $12.18 for 1955, better even than the $11.63 a share earned in the boom year 1953. Actually, the final results may well top this figure by at least a modest margin. On the basis of these earnings, with the major capital improvement projects already completed, and with its maturity problems solved, most analysts look for further liberalization of dividends early next year—the road is now on a $3 regular basis with $1 extra paid in the first quarter of each of the past two years. Over the intermediate and longer terms students of the property look for the development of even greater earning power. Further operating economies, although not so spectacular as those already realized, appear almost certain. Also, the lines blanket one of the strongest growth areas in the country and this augurs well for continuation of the uptrend in the traffic potential.

Walston Adds to Staff

(Special to The Financial Chronicle)

LOS ANGELES, Calif.—John L. Liddle has been added to the staff of Walston & Co., 550 South Spring Street. Mr. Liddle was formerly with Dempsey-Tegeler & Co. and First California Co.

With Dean Witter

(Special to The Financial Chronicle)

LOS ANGELES, Calif.—Joseph G. Hattersley is with Dean Witter & Co., 632 South Spring Street.

A Billion $ Age in a Billion $ Country

Magazines, newspapers and statistical publications have digressed this week on the prosperous conditions that prevail in this country. Some of the things that called for special comment being: the total output of goods and services running at the rate of 383 billions a year, a gain of $7.7 billion in three months—best rate was 369.3 billions a year in 1953, so the present record is 13.7 billions ahead of the previous peak. While government spending will be considerably off this year, business outlays and individual spending are on the rise. Vast expenditures for automobiles, electric appliances, personal apparel summer travel and other luxuries have reached record figures. Business investment, plants, construction and equipment are on the up and up as well as a 59 billion a year rate for private investment, which promises to be the best year on record with four months yet to go. Trade sources estimate that the 1955 automobile output of over 7,000,000 cars may exceed the past record of 6,700,000 cars in 1950 and corporation profits will top $42½ billion this year or $8.8 billion ahead of 1954. Added to these blessings farm production appears to be headed for a 1955 record, according to the U. S. Department of Agriculture. We are truly living in a billion dollar age as casual reference to the Chronicle's weekly table "Indications of Current Business Activity on another page will prove. Personal income alone amounts to 300 billions a year and wage increases in the auto, steel and other industries will increase the total. Dividends may aggregate 10.6 billions a year and earnings retained to finance business expansion will equal dividends in amount while stockholders stand a good chance to benefit by larger dividends this year than in other years.

Public Utility Securities

By OWEN ELY

Iowa-Illinois Gas & Electric Company

Iowa-Illinois Gas & Electric is one of the larger of the Iowa utilities—its 1954 revenues of $31 million about equalled those of Iowa Power & Light and were slightly larger than those of Iowa Public Service and Iowa Electric Light & Power. The company's revenues are obtained almost equally from electricity and natural gas. Electricity is distributed in Rock Island, Moline and East Moline, Illinois, and Davenport, Iowa (known as the Quad-Cities), in Fort Dodge and Iowa City, Iowa, and in certain adjacent territories. Natural gas is distributed in the foregoing communities, in Cedar Rapids and Ottumwa, Iowa, and in several smaller municipalities.

The urban centers are trading and distribution centers for the surrounding farm areas which produce corn and other grains, livestock, dairy and other farm products. Industrial enterprises located in or near the Quad-Cities include several large farm implement plants, an aluminum plate and sheet-rolling mill, the Rock Island Arsenal, a cement plant, iron and steel foundries, metal-working and structural steel fabricating concerns, railroad shops, woodworking plants, food processing plants, and miscellaneous manufacturing plants.

The Iowa utilities have enjoyed reasonably good growth — Iowa-Illinois current revenues of nearly $34 million compare with only $15 million in 1946. However, they have not been so successful in converting this growth into share earnings. Iowa-Illinois for example earned only $2.04 last year compared with $2.47 in 1945 and $2.76 in 1949. One reason appears to be that in earlier years the company was earning a very high rate of return on invested capital —as high as 14.7% in 1946. This gradually tapered off to 6.5% in 1954 and 7.1% in 1955. However, if the rate of return were related to fair value, including cost of reproduction as a factor, these percentages would obviously be lower.

A major headache for the company has been the very large increase in the cost of natural gas which now averages more than twice the level of 1948-50, reflecting mainly higher field prices. There has also been considerable lag in obtaining compensatory rate increases from Iowa municipalities. There is no state commission, and municipal authorities have been reluctant to grant the company compensatory increases in rates. However, the company recently won an important decision in the Fort Dodge gas case, with the Webster County District Court giving the company strong support on a fair value rate base and a 6% fair return. While the revenues involved are only about 2% of the company's total (including electricity) the case should afford strong support in the company's contests with other Iowa municipalities. The company asked for higher electric rates in all the principal cities of Iowa early last year following a favorable decision in Illinois in September 1953.

In the 12 months period ended June 30, share earnings available for the common stock increased to $2.34 compared with $2.03 in the previous period. This gain reflected the improvement in local industrial output, especially in the manufacture of farm implements, which had been hurt by the 1953 recession. Electric revenues showed a gain of 11.4% and gas revenues nearly 19%, despite abnormally warm weather in April and May this year.

With regard to electric business, the company seems now to be in excellent position to carry through to share earnings the benefits of any further increase in sales. The No. 7 generating unit at Moline station was dedicated in May, raising total generating capacity to 293,000 kw and affording a reserve of nearly 95,000 kw over peak load, or 48%. However, over half the present capacity went into service in pre-war years, some of the units being small or obsolete.

The company has now completed its modernization program at Moline and no further additions to generating capacity are under consideration. Further load growth is being provided through construction of an interconnecting line with the system of Illinois Power Company. An interchange power contract with that company will permit the purchase of firm power during the next few years when Illinois Power expects to be in a position to sell. An interconnection with Iowa Public Service Company will also permit interchange of power with other utilities, as well as the possible purchase of dump hydro power from the Federal dams on the Missouri River.

Gas sales in therms for residential customers gained 33% in 1954, largely due to increased house-heating. A total of 14,758 space-heating customers were added last year, bringing the total to 63,856 and residential saturation to 59%. This substantial increase was made possible through an increased supply of gas from the Herscher underground storage project and through construction of the company's own liquid petroleum storage project in Cedar Rapids. Another increase in the allotment from Herscher Dome will be made available before the 1955-56 heating season.

The company as of March 31, 1955 had an equity ratio of 40%, which is above average for the industry. The equity ratio had declined from 51% in 1945 to 38% in 1953 and since recovered to 40%, which is probably considered a normal level for the company. The company may do some new financing toward the end of this year.

The common stock has been selling recently around 35 and pays $1.80 to yield about 5.2%. Earnings for the 12 months ended June 30 were $2.34, making the price-earnings ratio about 15. The average yield for the industry is 4.6% and the P-E ratio nearly 16.

Form Runyan Inv.

CHEYENNE, Wyo. — E. Allen Runyan has opened offices at 1716 Capitol Avenue to engage in the investment business under the firm name of Allen Runyan Investment.

Becker V.-P.

CHICAGO, Ill.—John E. Becker has been elected a Vice-President of A. G. Becker & Co., Incorporated, 120 South La Salle Street.

With Bear, Sterns

Bear, Stearns & Co., members of the New York Stock Exchange, announce that Leo Korndorffer is now associated with the firm as European representative, with headquarters at Haringvlietstraat 10, Amsterdam, Holland.

Percival Parrish

Percival Parrish, partner in Parrish & Co., passed away Aug. 19, 1955.

Continued from first page

The Nation's Debt Problem

A consumer survey carried out early this year by the University of Michigan, polling 2,950 families in the nation's biggest metropolitan areas and 54 other areas found that 31% of consumers have no liquid assets—that is no savings or checking accounts, no postal savings and no holdings of any kind of U. S. Government bonds. Last year the zero savers were 26% of the total. Those with savings of $1 to $199 were 17% of the total. Last year they were 15%. Those with savings of $200 to $4,999 were a smaller percentage than last year but only slightly below, and those with more than $5,000 were about the same as before. These data may come as a surprise to people who are familiar with statistics compiled by the Institute of Life Insurance showing that total accumulated savings of individuals in life insurance and other long-term thrift media add up to $220 billion, equal to an *average* of $5,000 for each family in the U. S. The important consideration is, of course, the fact that part of the people have large savings, another part have surprisingly small savings and a large segment of the population has only debt. Moreover, the rate of savings growth has been slowing down in recent months.

Let us contrast this with the debt situation. From the Federal Reserve "Bulletin" we see that total instalment credit owed by the public at the end of May, 1955, was $24.1 billion. The amount was $2.4 billion in 1945 and has increased almost $22 billion since. Total non-instalment credit has increased from $3.2 billion in 1954 to $7.4 billion at the end of May this year. About $12 billion of the instalment credit total represented debt for automobiles. Mortgage debt outstanding at the end of March, 1955, was $117.3 billion as compared to $35.5 in 1945. Of this amount $78.9 billion was owed on one to four family houses and $30 billion was owed on multi-family and commercial properties. Farm mortgage debt was $8.4 billion, end of March, 1955. Federal Government debt is $275 billion and debt guaranteed by the Federal Government is approximately $37 billion, for a total of $312 billion.

What about the income available to people with which they can pay their debts? Our total employed labor force at the end of February this year was just under 60 million people. Personal income from wages and salaries was a little short of $200 billion in 1954 and is running about the same this year. Other personal income included other labor $6.6 billion; rental and proprietorship income $24.7; transfer payments such as social security, insurance, etc., net $11.5 billion. The total of these amounts is about $243 billion which after certain adjustments, is close to the figure commonly quoted of $256 billion for total disposable income. Out of that, total personal savings last year were about $18 billion. In order to contrast debt with income, for the different income groups, table I has been prepared. The basic figures are rounded off with no attempt to be exact and this is as it should be, inasmuch as they are only estimates. While the absolute amounts may be in error, the relationships between them are reasonably accurate.

Let me again warn you that there is always a degree of danger in basing conclusions on averages. But proceeding cautiously, table I shows in the column headed "over-all average" what each wage-earner would have received if all the national income had been divided equally between all the wage earners of the nation; assuming the income of the nation would have been as much under an equal distribution system as it was under a system where each family received what it produced. This is a ridiculous assumption, of course, but it is one constantly made by immature and undeveloped minds including, unfortunately, a number of so-called economists. Actually, no one knows what the total (and the thereby determined average) income would be if every family received an equal share but it takes only common sense and some knowledge of reality to guess that it might well be less than even the lowest one-fifth of the population now receive. Even Russia has been forced to scrap the fiction of equal income in favor of one where *variation* is not greatly different from what it is here. The amounts are far less, of course. The difference is that people here, by and large, get what they produce while in Russia they use their political status to produce what they get.

In order to break down these average figures to some extent, a recent study by Simon Kuznets, President of the American Economic Association,[2] indicates that the lowest two-fifths of families receive about 18% of the income, the next two-fifths receive 38% and the highest one-fifth receives 44%. Within the last group, making up 20% of the number of families, the top one-fourth, or 5%, receive 20% of the income. It goes without saying that in the higher income groups the bulk of the income is derived from savings which are invested in enterprise and it is this factor of savings, current and past, which is responsible for the tremendous advantage in income the nation enjoys in comparison to any other country in the world.

If we take the total disposable income less personal savings as $242.8 billion and assume that the lowest 40% of the wage earners, 24 million of them, receive 18% of that amount as Kuznets estimated, the total amount would be $43.7 billion, equal to $1,821 per wage earner. The next 40% receive 38%, or $3,843 per wage earner. The last one-fifth, or 12 million wage earners, receive 44%, or $8,902 per wage earner. These data are shown in the columns of table I headed "Low Producer Group," "Middle Producer Group" and "High Producer Group." It was estimated by the Department of Commerce in a survey published in March, 1955, that in 1953, the family income, before Federal income tax, of 17% of families, was under $2,000; of 27% of families between $2,000 and $3,999; of 27% of families between $4,000 and $5,999; of 22% between $6,000 and $9,999 and of 7%, $10,000 and over. Note that these estimates of income are before income tax and for families, many of which have more than one wage earner, while the estimates cited earlier were after tax and for individual wage earners. Allowing for these differences the two sets of figures agree fairly well.

2Economic Growth and Income Inequality, Simon Kuznets, American Economic Review, March, 1955.

Bills People Will Have to Pay

So much for income, suppose we turn next to the bills people will have to pay. The figures in table I were derived by assuming that instalment and non-instalment debt, mortgages on homes and even mortgages on multiple units is equally divided among all wage earners. The amounts shown in each column, therefore, are the same. Business debts are not included, only the debts which have to be paid out of consumer income. Now we know that the assumption of equal distribution of consumer debt is incorrect. Debts aren't equal. We know that to a limited extent they are proportional to income but we also know that the lower the income the higher the proportion of debt.

If the assumption is made that consumer and mortgage debt is evenly dividend between all wage earners, and the chances are that such an assumption is near enough to the facts for purposes of our present analysis, we can readily see that the 24 million wage earners of the "Low Producer Group" are in a precarious position. With an average annual income of only $1,821 per wage earner they owe $7,509 including their share of the public debt, or $2,359 excluding it. Their debt is 435% of their annual income. The wage earners in the "Middle Producer Group" are in debt to the extent of almost double their annual income.

Since these two groups save almost nothing with which to reduce their debt there seems no probability that their situation will get any better as time goes on. On the contrary, during recent months it has been getting worse. In 1953, only 8% of the mortgages guaranteed by the VA were made without downpayment, by latter 1954 the proportion was one-third. In 1953 only 40% of VA mortgaes had maturities of 25 to 30 years, against 70% in late 1954. At the end of 1954, 42% of mortgage debt on 1-to-4-family properties was insured by the FHA or guaranteed by the VA. But in the last quarter of 1954 the proportion of dwelling units started with government-under-written mortgages was 56%. Now the time must come, sooner or later, when lenders will call a halt to the number of years of future income that borrowers will be permitted to mortgage.

The effect of this excessive buying on the part of the groups who are spending beyond their current production is to stimulate the demand for goods used predominately by these classes, automobiles and television sets, for example, and curtail the produc-

TABLE I

Income and Debt Per Wage Earner
(Over-all and by Income Groups)

	Over-all Average	Low Producer Group	Middle Producer Group	High Producer Group
Number of Wage Earners	*60,000,000	†24,000,000	‡24,000,000	§12,000,000
Income per Wage Earner:				
Wages and Salaries	$3,333	$1,500	$3,165	$7,333
Other Income	713	321	678	1,569
Total	$4,046	$1,821	$3,843	$8,902
Debt per Wage Earner:				
Consumer Debt, instalment	376	376	376	376
Consumer Debt, non-instalment	90	90	90	90
Mortgage Debt	1,893	1,893	1,893	1,893
Total	$2,359	$2,359	$2,359	$2,359
Pro-rate share in gov't debt	5,150	5,150	5,150	5,150
Total	$7,509	$7,059	$7,509	$7,509
Ratio of Debt to Income per Wage Earner	185%	412%	195%	84%
Annual Savings per Wage Earner	$300	a	b	c

*Equals 100%. †Equals 40%. ‡Equals 40%. §Equals 20%. a Practically none. b Very little. c Nearly all savings.

tion of goods which would appeal to the higher producer and therefore higher income groups.

A bad thing about having people spend their income for next year and the year after during the current year, as they do when they buy on the instalment plan; or a substantial part of their income each year for the next 20 to 30 years, as they do when they buy a house, is that when business is good and the economy fully employed, credit buying adds to inflation and forces up prices. When business and incomes once start down, people have to meet the heavy payments they have contracted and have little left to give business the lift it badly needs. If they can't meet the payments, and their cars and television sets are repossessed, this depresses business further.

Where the point is reached when the low producer groups are no longer able to mortgage their more and more distant future, the buying of automobiles and television sets falls off; the manufacturers of these goods cannot convert to the production of goods which will appeal to people who are in a position to spend; workers must be discharged or their employers go bankrupt and the workers lose their jobs anyway, with the result that a vicious spiral is set into motion.

An Example of Debt Build-up

The way debt builds up may be illustrated by an example. Suppose that in year one people spend their current income. In year two they spend their year two income and by going into debt also spend their year three income. Then in year three they must spend their year four income just to exist and if they try to maintain the rate of expenditure they established in year two they must spend in addition their year five income. If they do, when year four arrives they are two years behind to start and their creditors begin to realize how foolish they have been to extend so much credit.

If the situation isn't too badly maladjusted before a halt is called, if the confidence of key business and financial leaders in the government is maintained, if the confidence of that small percentage of people who have savings is kept high, the downward spiral will soon be terminated and recovery will set in. Perhaps the most important factor is the necessity that no doubt arise with respect to the soundness of government credit — that is to say, there must arise no fear of inflation to the extent that the purchasing power of money will become impaired.

The People Owe the Public Debt

If, on the other hand, the maladjustment has gone too far or if the rules I have enumerated are violated the result will surely be painful and may be disastrous. In many, many cases the lower income families are continuously in debt to the full extent of their ability to borrow. Even a mere wavering in the volume of work, or lessening in the hours of employment, is promptly followed by an upturn in defaults. Note that I am referring now only to the debt owed on account of private obligations, leaving completely out of account the proportion each one owes of the public debt.

For some reason, many people seem to forget that they owe their proportionate share of the public debt, that the liability is just as evenly dividend as the right to vote or the obligation to render military service. But even though people may admit that they have a legal liability for a pro rata share of the Federal debt, they disregard the fact as unimportant, since they will not be called upon individually to pay it. What they fail to realize is that once a government incurs a debt the government is limited in what it can do for the individual citizens. Taxes must be collected to service the debt and the low income citizen may feel that since these are to a large extent paid by the high income groups he is out nothing. But he forgets that if the government were not obliged to pay the debt service it could distribute these funds in various types of benefits to *all* the people, and when the government gives money away the lower income groups usually get more than a full share.

Lower income groups are also harmed by the lessening of incentive which results from high tax rates paid by the higher income groups but it is difficult to make them see it. It is also difficult for the average person to realize that a heavy government debt injures the credit of the government and that it may seriously cut down its ability to help citizens who are so unfortunate as to lose their jobs, who are unable to sell their farm products for enough to live on, or who find their small businesses unprofitable, in a time of general depression. It is by no means certain that the lower income groups are better off under the present arrangement, where the Federal Government takes the responsibility for its debt, then they would be if the debt could be pro rated among wage earners and the Federal Government freed of debt.

Before leaving the analysis of debt it might be well to mention that there are two unfortunate tendencies among writers on the current economic situation. One is to disregard the adverse effects upon individuals in good and bad times resulting from the heavy debt of the government. The other is to compare the aggregate personal debt with present high income levels instead of relating it to the probable income levels of lower income groups in the event of another business recession. In conclusion, it may be worth while to examine table II which shows who are the owners of the Federal debt.

From the way some people talk, one might get the idea that the public debt is *owned* by a small percentage of rich individuals, but the data in table II will reveal the true picture. It will be noted that to a very great extent the owners are institutions upon which the entire economy is dependent for its ability to function. Take the banks and Federal Reserve Banks for example. Without their continued solvency and stability factories and shops would fold in a week, everyone would be out of a job, the nation would be more paralyzed and helpless than if we had a general strike. Many of the other institutions holding government securities are almost as vital. Insurance companies, state and local governments, social security and other pension funds, hospital and college endowments, not to mention individual investors, depend upon the integrity of the government's solemn promise to pay its debts. And that promise is far more than a simple agreement to pay "so many dollars," there is an implied moral agreement that the dollars will buy as much when they are repaid as they would buy when the investor loaned them to the government; insofar as it is within the power of the government to maintain that purchasing power.

The judgment is inescapable that the high degree of prosperity we now enjoy is supported to a dangerous degree upon the rapid increase in the rate at which debt is piling up. Debt creation is justified for productive purposes, when the funds are used to acquire a capital good which will produce enough to pay off the debt but the increase now going on is not of that type. Individuals and families who borrow for the purposes so frequently used today such as vacations, television, automobiles and in many cases, a house better than they can afford, are piling up trouble for themselves and the rest of the economy.

TABLE II

Ownership of U. S. Government Securities Direct and Fully Guaranteed. December, 1954

	(Millions of Dollars)	
Total Gross Dept		278,800
Held by Gov't Agencies & Trust Funds	49,300	
Federal Reserve Banks	24,400	
Commercial Banks	69,900	
Mutual Savings Banks	8,800	
Insurance Companies	15,000	
Other Corporations	19,500	
State and Local Governments	14,600	
Individuals—		
Savings Bonds	49,800	
Other Securities	14,000	
Miscellaneous Investors	13,500	
	278,800	278,800

FHLB Notes on Market

Public offering of $75,000,000 Federal Home Loan Banks 2⅞% series D-1956 non-callable consolidated notes dated Sept. 15, 1955 and due May 15, 1956 was made yesterday (Aug. 31) through Everett Smith, Fiscal agent of the banks. The notes were priced at 100%. A national group of securities dealers is participating in the offering.

Proceeds from the sale of the notes will provide additional funds for making credit available by the banks to their member institutions.

Upon completion of the offering outstanding consolidated note obligations of the banks will amount to $535,000,000.

The notes are the joint and several obligations of the 11 Federal Home Loan Banks and are legal for investment by savings banks, insurance companies, trustees and other fiduciaries under the laws of many states.

Joins State Bond & Mtg.

(Special to The Financial Chronicle)

NEW ULM, Minn.—Howard T. Severson is with State Bond and Mortgage Co., 28 North Minnesota Street.

Two With Smith La Hue

(Special to The Financial Chronicle)

ST. PAUL, Minn.—Raymond C. Stoneman and Eddie O. Voldahl are now with Smith, La Hue & Co., Pioneer Building.

Joins Slayton Staff

(Special to The Financial Chronicle)

ST. LOUIS, Mo. — Nelson S. Jewett is now with Slayton & Company Incorporated, 408 Olive Street.

King Merritt Adds

(Special to The Financial Chronicle)

SPRINGFIELD, Mo.—Walter S. Langston is now with King Merritt & Company, Inc., Woodruff Building.

Securities Salesman's Corner

By JOHN DUTTON

Bond Market Recession — Opportunity To Open New Accounts

The now well publicized decline in the government and high grade bond market, and the causes therefore, are well recognized by professional investors. There are many individuals however, that are not aware of the effects of Federal Reserve policy and the present tightening of credit throughout the economy. As a result there has developed some soft spots in the tax exempt bond market during the past few weeks that has carried through the entire list. This has brought about some substantial recessions from the original offering prices of even some very high yielding tax exempts that were brought out at around par, with interest coupons ranging from 3¼% to 4%. These securities can now be bought at a considerable discount from their prevailing market prices of several weeks ago.

Some Examples

Take a look at the Florida Turnpike 3¼s, the Greater New Orleans Expressway 4s, the Mackinac Bridge 4s and bonds of this calibre. When you can offer tax exempt yields such as these to your individual investor clients at prices under par, or around par, you have something unusual to talk about. A 3½% to a 4% income exempt from Federal income tax is truly attractive today. To anyone in a tax bracket of from $10,000 upward these tax free yields can mean something. It is only the income you can keep after Uncle Sam gets through that is worth anything to you—and you can keep all of it when you buy such bonds as these.

Possibly a Good Time to Advertise a Bit

They say the summer doldrums are not the right time to advertise and possibly it could be so in certain communities. However, a bargain is also worth talking about even during the tag-end of the summer. Some newspaper and direct mail offerings of these attractive high yielding tax exempt bonds that might create some inquiries from people who have not bought tax exempts before. When the public is willing to put billions of dollars into savings accounts of various kinds that only produce from as little as 1½% to 3% of taxable income, it seems possible that some people might be induced to at least take a look at these 3% to 4% **tax free** returns on bonds backed up by some substantial projects, such as toll roads, bridges and causeways valued in millions and millions of dollars and providing a vital transportation artery to growing sections of the country.

What People Don't Know

Millions of people have funds invested in low yielding savings accounts that are subject to the full income tax. They are not familiar with the advantages of owning tax exempt bonds. They don't understand the excellent marketability provided by the vast network of institutional investors and municipal bond dealers throughout the country. They have no idea of how they can decrease their overall tax bill if they are in the taxable income bracket of from ten thousand upward if they will shift over from these low paying savings accounts to higher yielding tax exempt bonds. This takes a bit of educational work but among individual investors the field is so large that the opportunity is exceptional. You can perform a real service for many people who now have too large a percentage of their funds invested in taxable, low paying savings accounts and other low yielding investments, if you will only show them how easy it is to increase their true income by as much as from 50% to several hundred percent (in the higher brackets) if they will only take a look at some of these attractive tax exempt bonds that are available in today's market at substantial price reductions.

Joins Shearson, Hammill

(Special to The Financial Chronicle)

PASADENA, Calif. — Earle B. Smith has become affiliated with Shearson, Hammill & Co., 348 East Green Street.

With Thomson, McKinnon

(Special to The Financial Chronicle)

CHARLOTTE, N. C. — Gene N. King has been added to the staff of Thomson & McKinnon, Liberty Life Building.

Thomson, McKinnon Adds

(Special to The Financial Chronicle)

SHELBY, N. C. — Charles E. Murphy, Jr. has become affiliated with Thomson & McKinnon, Webb Building.

Midwest Exch. Members

CHICAGO, Ill.—The Executive Committee of the Midwest Stock Exchange has elected the following to membership in the Exchange: Laurence H. Norton, La-Salle Securities Company, Chicago, Illinois, and Harry Theis, Albert Theis & Sons, Inc., St. Louis, Missouri.

Combs Adds to Staff

(Special to The Financial Chronicle)

SAN FRANCISCO, Calif.—Alfred J. Thornington has been added to the staff of Coombs and Company, 340 Pine Street.

Continued from first page

As We See It

"infant industries"—that is provide artificial environments for American citizens who wish to enter competition with some foreign product not now made here and not suited to our productive system—but such an issue does not often arise as a practical matter. What would be the wise course were we in a position to start all over again, then, remains in the field of theoretical speculation, and attracts little interest or attention from the practical business man.

But what about American capital already committed to the production of goods which now prove to be more efficiently and more cheaply made abroad? There's the rub. In many instances capital was in the first place invested under the protection of high tariff rates of the past. In some instances, production began in this country under international conditions which precluded importation for long periods of time—war, for example, or other disturbances which cut off foreign supplies. It has happened that in such circumstances substitutes which in the end prove better or cheaper than the original are found, or new methods of production of the old product are developed to a point where importation is no longer economically feasible. In such events, the question of protection either does not arise or becomes a dead letter of little or no interest to business.

But such *denouements* do not by any means always present themselves. Domestic production may not be able to command the capital needed to keep the industry in keeping with the times. Other uses may outbid the affected industry for funds. Or it may be that for one reason or another foreign producers can always under normal conditions supply the American consumer more cheaply than can domestic producers. To business men caught in any of these situations, it has always appeared quite academic to discuss the basic theories of foreign trade. Application of free trade theories or anything approaching them may well mean their ruin. If they are many or if they constitute an important part of total production, the cold blooded treatment dictated by free trade doctrines would inevitably at best entail major adjustments affecting business generally. Yet it is costly business to nurse such a situation along permanently.

Obviously, the various "compromise" doctrines or policies fall short of providing anything in the nature of a solution for such problems as this. It used to be said and widely accepted that the solution was to be found in equalizing costs of production as between foreign and domestic industries. But costs vary widely both among domestic and foreign producers, and in any event in practice it has been found next to impossible to determine costs with any great degree of accuracy at least for any current period—as would be necessary to make such a policy practically effective. Anyhow, the solution merely begs the basic question. At best it merely assures reason rather than absurdity in the application of tariff rates. Whether we want to take advantage of international division of labor and the relative efficiency of various producers the world over, and if so what we are prepared to do, if anything, about domestic producers who are already in the contested fields—sometimes in response to public urgings under exceptional conditions—are questions left quite untouched.

The Present System

The present law, based as it is upon the notion of giving "relief" when any American industry appears to be injured by foreign competition is akin to the equalization of cost idea, but literally construed would seem to intend to keep any existing American industry from harm from foreign competitors. In this sense it seems to embody the idea of fostering production at home more or less regardless of cost. Since no questions are asked about how domestic capital came to enter such an area, the current doctrine seems logically at least to embrace all types of industry in which citizens of the United States decide to enter.

The Republican party has, of course, been traditionally a protectionist party. It has always wanted to "protect" American industry, and has seldom stopped really to ask questions. It conceived these recent so-called solutions as a sort of political compromise. But as the decades have passed, the Democratic party has become protectionist also. Alfred Smith in 1928 was the first to face the issue squarely and to put the party on record as no longer free trade in its leanings. The New Deal swung back somewhat at least in appearances. It conceived the idea of negotiated tariff arrangements which need not go to Congress where, it is said, lobbyists pulled the strings so sedulously and so successfully that nothing of note could be accomplished in this highly controversial field.

But the fact is that not nearly as much as is often claimed has been acomplished by this New Deal technique. Basic conditions which have altered prices and other factors have been much more effective. And now in at least one case which has no bearing on defense the President, acting in response to a mandatory law, has made sure that international competition shall be controlled.

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Automation in the Automobile Industry

line or mass-production principle we have been using for years. In a sense, this is true. Automation actually is not so much an industrial revolution as it is an evolution. But the evolution of automation in recent years has been rapid and the speed with which it is changing our ways of producing, designing, scheduling, and even the marketing of our products has created desires and needs that were undreamed of only 15 years ago.

Automation, as we know it today, has reached us—or more correctly, we have reached it—in the nick of time. Without it, we would not be able to deliver to the American people those increasingly finer products, those entirely new inventions and developments that our past performances have led people to expect and which have made our present standard of living the highest in the history of mankind.

Every individual in our society has benefited by the changes which have taken place already in American industry. Not only are jobs better for everyone, but the results from our efforts have made the lives of all of us easier, cleaner, more interesting, and more full of good things of life.

There is a basic rule of industry that has been proved over and over again: more efficient production means more and better kinds of jobs. But we must be sure that we have enough men and women to do the new jobs and we must be certain that they are properly trained.

The worker in today's factories has an unparalleled opportunity to raise his paycheck by increasing his skill or by learning new trades and new techniques for the automated plants that are blossoming throughout the United States. Young men going into industry now have a greater opportunity than ever before to find employment in the skilled trades. Automation requires more electricians, more millwrights, more toolmakers, more diemakers, and more machine repairmen.

This new world we are facing will doubtless call for many types of skills that are unheard of today. Forward looking companies do not wait for these skills to be developed in sufficient quantities by outside sources. They help their workers through special schools and courses to acquire the skills that the new automated operations require.

There is no doubt that on some operations manpower can be saved through the use of automated equipment. But the overall effect of automation probably will be to increase total employment in manufacturing and in the services.

Prospects of Future Labor Supply

The real danger facing us today is not unemployment, but quite the reverse. In the next 20 years the United States in all probability will face an increasing shortage of labor. I am sure that many of you have read Peter Drucker's illuminating series of articles in "Harpers" magazine on what is going to take place in this country in the next 20 years. Among other things he points out that the men and women who run our industries and our businesses 20 years from now as well as during the years in between are already born. This means not only the people who will comprise our management, but also those who will work in the factories of the future. Thus, the men and women who will do the work of the world for the next 20 years are now alive and we can predict quite accurately what we will have as a nation in the way of human resources. We can predict, too, that the present population of the United States, which is now around 165,000,000 will rise to approximately 190,000,000 in the next 10 years, and that by 1975 our total population will rise to at least 220,000,000.

But while our total population will be rising at this tremendous rate, our total working force will increase very slowly. Our great increase in population will be the result of greater increase in the so-called "nonproductive age groups." While the total population will increase by nearly 30,000,000 in the next 10 years, the number of people between the ages of 20 and 65, the age group from which we draw our working force, will increase by not more than 7,000,000, of whom only about 4,000,000 will be actually available for work. The remaining 3,000,000 will be housewives, invalids, young men and women in colleges, and others withdrawn from the industrial and business sphere. We can expect, however, to have 6,000,000 more people over 65 years of age and 16,000,000 more youngsters under the age of 20 than we now have.

What does this mean in terms of productivity? It means that if our standard of living is to continue to improve at the rate it has moved in the past quarter of a century—and do not forget that in this period we witnessed a major depression and our most devastating war—we must increase our production 40% within the next 10 years.

When we look at these facts, we can all be thankful that, because of our American ingenuity, we are now on the threshold of a new industrial era. The increased productivity which automation promises will give us even higher standards of living and a richer and fuller way of life.

A Key to the Future

Automation is a key to the future, but it must be grasped, it must be used, if we are to swing wide the door to a prosperous, abundant economy. It is not a ready-made solution to our problems. Automation is, in a way, the great creator of problems, many of them so vast and so complex that it will take all of our energy, imagination, and ability to solve them.

In the automobile industry we feel that we have made tremendous strides in automation, but a great deal remains undone and untried. The design and construction of assembly machines, which present four times the problems of manufacturing machines, is still in its infancy. Our industry has already made a brave start in the field of automated assembly operation, but we are still a long way from the automatic assembly of complete cars.

We have also made an excellent beginning in the field of automatic or electronic controls. This is rapidly developing into a separate area of endeavor with controls. This is rapidly developing into a separate area of endeavor with control engineers as the experts. As you know, a magazine called "Control Engineering" has already appeared on the market to act as a clearing house for information in this new profession.

One of the greatest problems, certainly, is the increasing complexity of the kinds of work each of us will be expected to perform. The manager will need to do more detailed planning; the worker must acquire more intricate skills. Both will need a great deal more knowledge than most of us now possess. With the increasing use of automation will come an increase in the number of people in the category which most of us now consider nonproductive labor—that is, maintenance personnel and technical specialists who will concern themselves with the never-ending task of maintaining, improving, and refining mechanical processes.

In terms of job opportunities, a vast horizon opens before men who are willing to learn new trades and new ways of doing things. For the man of ambition, the future is bright. But what if men do not seize the opportunities that are presented to them? What if they place persent job security above promotion and advancement? This might prove to be the greatest stumbling block to automation, and everything that the word implies in terms of greater productivity and ever improving standards of living. Machines cannot be designed, built, installed, operated, maintained, and controlled without skilled and highly trained men.

From a personal standpoint, each of us must be willing to adjust to new ways of doing things and new ways of thinking about production problems in order to prepare ourselves to accept the opportunities that automation offers. We must make our adjustments quickly. If we fall behind, we will find our places taken by others with more foresight and greater adaptability, just as any company—certainly any automobile company—must adapt and change and invent or become a relic.

In view of this situation, every man owes it to himself to develop his own capabilities to their fullest. Beyond this, management owes a duty to its country and to its company to do everything in its power to provide the means by which men can acquire the all important knowledge, skills and logic that will be necessary to successfully operate our factories of tomorrow. Management must also urge its employees and its potential employees to take advantage of all the training and education offered them.

In addition, we must create a favorable climate for learning, a climate which will allow free play to the creative imagination, an atmosphere that will breed the creative geniuses who will design the products of the future and build the machines capable of making them available to everyone.

Thus, in automation lie the promises and the problems that will shape our world of tomorrow in the automotive industry and in the entire economy of the United States. The challenge is a great one, but I personally feel that American industry and the American people will face it with courage and imagination. Automation is one of the tools with which we will build a great tomorrow.

Continued from page 3

Investigation and Buying—Vital Phases of Investment Banking

will also wish to do their future financing through us.

As to companies for which we have not previously done business but which we hope to secure as our clients, we also study what information—financial and otherwise — we can obtain, so that when we call on their officials we will have some knowledge of their financial condition and some idea as to their financing needs. Naturally we cannot keep currently informed on the great host of United States corporations, but we do select a certain number of companies whose affairs we try to follow regularly. In such cases, where capital expansion, maturities, interest savings or other needs or opportunities for financing appear, we will talk to the company's officers about them.

In keeping ourselves informed as to the various companies which we follow we try as far as possible to gather our information from original sources rather than from reprints or summaries. This is not always possible, but where it is possible we use company audits and company listing and registration statements and reports rather than the financial statements which are published or digested in newspapers, magazines, or financial manuals. In addition to the available statistics about the particular company we also try to keep ourselves informed through U. S. Government reports, Federal Reserve Bank bulletins, trade journals and other sources as to the status of the industry as a whole in which the company operates. It is amazing how much good information is available, if you conscientiously set about to get it, on almost any industry.

Now let us turn to:

Preliminary Investigation

When the officials of a company come to us and ask our help in raising money for expansion or refunding purposes, we make a preliminary investigation of the company, of the industry involved, of the company's competitive position in the industry, and of the company's management before we decide that we wish to do financing for them. And—a most important point — we talk with a number of people who know the company and its management to check as to the character and ability of the management and the general standing and reputation of the company in its trade circles.

Some smaller companies may be dependent on one or two men, and it is necessary to determine, if possible, whether there are younger men of ability in the company who will be able to take over in the future. Large companies can often survive extended periods of poor management but a small company can go broke pretty quickly under bad management. This management factor therefore makes it more difficult to appraise smaller companies.

An underwriter takes on a great responsibility when he agrees to sponsor the issuance of a company's securities, for not only does he assume the liabilities under the Securities Act of 1933 but also his reputation and success in business are determined by his ability to maintain investors' confidence, so that the investor will continue to buy the securities which he sells.

Assuming, therefore, that we would be willing to sponsor the securities of the company, the next matter to be considered with the company's officers is a:

Plan of Financing

We would first discuss with the officers of the company whether the money to be raised should be through sale of debt obligations or through sale of stock, or some combination of the two. If it were decided to sell debt obligations, the next decision to be made must be whether they should be by mortgage bonds secured by a lien on all or part of the company's properties, by collateral trust bonds, by straight debenture obligations, or possibly by convertible debentures; also the length of the debt obligations — i.e., whether they should have a maturity in 10, 20, 30 or whatever number of years or whether they should be in serial maturity form. We would also consider whether or not a sinking fund or purchase fund should be provided to retire all or part of the debt prior to maturity and, if so, how large a sinking fund.

If the money were to be raised by the sale of stock, we would discuss whether it should be in the form of straight preferred stock, convertible preferred stock or common stock and, if convertible preferred or common, whether or not the sale should be through preemptive rights issued to the existing common stockholders.

In investigating these matters with the company we would make a study of the company's capitalization and the relation of past and projected earnings to the various proposed issues of capital securities. We would also investigate the capital structures of high-grade companies in the same and other industries, and compare the proposed capitalization plans of our company with those of the others. Although interest charges on debt, particularly under present corporate tax rates, are very much less than the dividend costs on equity securities, we must remember that debt has to be paid off and that when the charge for serial maturities, sinking fund or other amortization of debt is also considered the total financial costs may be particularly burdensome in periods of poor business. We would counsel the company, therefore, to keep its debt at a reasonably low figure. What might be a light proportion of debt for one company or in one industry might be a very heavy proportion of debt in another, so a large degree of judgment is involved. Generally speaking, however, the heavy industries with substantial plant assets—such as utility companies, steel companies, etc.—can afford to carry a much greater proportion of debt than can consumer goods industries, merchandising industries and the like.

We would also point out to the company that, where common stock capital can be raised on historically reasonable terms, common stock should be sold, as there are many times when it is not possible to raise common stock money except at bargain low prices. I might point out, however, that it is often difficult to persuade managements that they should raise common stock money —first because it appears on the surface to be more expensive, secondly, because present tax rates (which recognize interest as a deduction before taxes) make the interest cost of debt borrowings very low, and thirdly, because many managements feel that their own stock is underpriced in the market and will be selling substantially higher in the future. However, principal of a loan must be repaid out of income after taxes.

Any plan of financing should, of course, provide not only for the company's current needs but also for its further needs into the foreseeable future. Thus, financing plans should be designed so that the company will not exhaust its borrowing power, or use up all its crown jewels, in the current operation.

As a good example of the need for conserving borrowing power for a rainy day, I would like to point out the American Telephone and Telegraph Company and its subsidiaries which I will refer to collectively as The Bell System.

Prior to World War II, the System had followed the policy of having about one-third of its capital in the form of debt and two-thirds in stock. With the end of the war, the System was faced with a tremendous demand for expanding its services and facilities which instituted raising a vast and unprecedented amount of money in order to finance the expansion program. As it turned out, the capital of the System increased by over $7¼ billion in the nine years from Jan. 1, 1946 to Jan. 1, 1955 which is an average increase of approximately $800 million a year. Earnings retained in the business contributed approximately $522 million so that practically all this increase was derived from the sale of securities. In order to obtain such vast amounts of needed capital, it was necessary to maintain the integrity of common stock and the ability to sell it, which absolutely precluded excessive borrowing. The System, therefore, decided that a substantial portion of the total program would be obtained by the sale of convertible debenture issues which would carry conversion terms making their early conversion into common stock attractive and probable. As a result, in the nine years, the System has increased its debt by about $2¾ billion and its common stock and surplus by almost $4⅔ billion including the $522 million of retained earnings mentioned previously. It would have been difficult if not impossible for the System to accomplish such a vast financing program if it had started in 1946 with a debt ratio of much more than the 31% which then existed or if it had not, during the period, raised a great deal of common stock capital through the sale of convertible securities which were soon converted into common stock. Actually, of the $2.6 billion of convertible securities issued during this period, all but about $162 million had been either converted or redeemed by Dec. 31, 1954 (currently about $47 million). Despite the large acquisition of common stock capital, the debt ratio has risen slightly over the period so that as of Dec. 31, 1954 it was approximately 34.9%. At the end of 1948, before the attractive conversion features were fully effective, the debt ratio reached a high of 50.5% and since that time has been declining. At June 30, 1955 an additional $110 million had been converted and the ratio then stood at 33.5%.

From the foregoing brief summary of the System's financing program, I trust that you can envisage the difficulties with which it would have been confronted had it started with a materially higher debt ratio or if it had permitted the attractiveness of its common stock to be diminished.

In considering the various classes of securities which may be used for the raising of money, it is also necessary to consider what simplification of the capital structure can be accomplished which will provide the company greater ease, or increased flexibility in raising additional capital in the future. It is also necessary to study the terms which should be included in the mortgage or in the indenture relating to a debenture issue or in amendment to the company's charter in the case of a preferred stock issue, so that the new security may be made readily salable. Certain covenants in mortgages and bond indentures and in preferred stock provisions are desired by the purchasers of securities, and an investigation must be made to determine what convenants are needed for the sale of the security and, on the other hand, what covenants may later cause trouble not only for the issuer but also for the purchaser.

One of the important functions of the investment banker is to help determine bond and stock provisions that are fair for both issuer and purchaser, so as to give protection to the investor who is furnishing the money, and at the same time not to unduly restrict or hamper the company which is raising the new capital. It is the general opinion of my firm that if the company is a good company, and well managed what is best for the company is also best for the holder of its debt or other senior securities and, therefore, that the less restrictive the covenants are, the better the obligation will be for the holder in the long run. There are a number of restrictive provisions, such as those that limit what the owners of the common stock may obtain from the company in the way of dividends or distributions, which will not hamper the company's operation as a whole. On the other hand, provisions such as that the company cannot increase its funded debt unless net current assets amount to a certain dollar figure, or that future bond issues can be sold only if earnings are a certain number of times interest charges, are usually, in my opinion, bad covenants. Their effect is that the company is allowed to incur additional debt in periods of prosperity, when it should probably be selling equity securities, while in periods of adversity, when it cannot raise stock money, it is prohibited from selling bonds — thus preventing the company from raising any new capital to rehabilitate its properties or for working capital at a time when the company may need it most.

One further point to discuss in setting up the proper plan of financing is whether the securities should be sold to the public or sold privately. Here there must be considered the relative prices which would be received by the company, the relative provisions which would be needed in the bond indentures or for the stock, the relative costs and ease of completion of the transaction, and the relative time schedules needed under public versus private sale.

After the financing plan has been decided upon, or in many cases along with the financing decisions which we have been talking about, come the mechanics of preparing the isue for the market.

Preparing the Papers, etc.

If the issue is to be sold publicly under the Securities Act of 1933 it is necessary to prepare a registration statement, including a prospectus, or if the security is a railroad security or if the security is to be sold privately it is necessary to prepare a descriptive circular. In either event a description of the business and property of the company must be furnished and the terms of the security described. Also financial statements and schedules must be prepared.

The managing underwriter usually arranges to visit and inspect the plants of the company. This gives a chance for an on-the-spot investigation of the manufacturing processes, and also an opportunity to talk to officers and plant managers on the job. Conferences with the sales officers and sales managers are arranged. The company generally prepares a first draft of the description of its business and properties, and the managing underwriter reviews these statements with the company officials and makes suggestions as to the presentation of the facts. All underwriters must be extremely careful, since they as well as the company are responsible for the statements made in the registration statement, and must see that the statements are correct and that there are no omissions which might make the statement misleading.

Now, as to:

Pricing the Securities

When the security is registered and the circular prepared, the work of the buying or analytical department is virtually completed, and the job is turned over to the syndicate or selling departments. However, all during the period of study and investigation it is necessary to be in touch with the selling department, as there is no use in preparing a security for the market which may be technically a good security but which is unpopular from a sales viewpoint. Furthermore the analytical or buying department usually makes studies of comparable securities to aid the selling department in the pricing of the securities. These figures are made up comparing the security to be sold with securities that have been sold in the past and for which a market exists. From statistics it is possible to get some idea of what the relative prices of the securities may be when other factors such as growth, stability in times of bad business, popularity of the industry, and management are considered.

I hope that, in this somewhat rambling talk, I have given you some idea of the work which the analytical and buying department of an investment banking firm is called upon to do. As I told you I would, I have touched only lightly on a number of items which actually require days or weeks of research and study. Perhaps the best way to continue the subject is to start now the question period and I shall be glad to try to answer any questions that you may have.

A. C. Allyn Co. Adds

(Special to THE FINANCIAL CHRONICLE)

CHICAGO, Ill. — B. Herbert Wood has become associated with A. C. Allyn & Co., 122 South La Salle Street, members of the New York Stock Exchange. Mr. Wood was formerly an officer of the Moline National Bank.

Join Security Planning

(Special to THE FINANCIAL CHRONICLE)

WEST PALM BEACH, Fla.—Arthur I. Cohen, Mrs. Jane D. Fissell, John F. Foreman, Jr., and Max Schrier have become associated with Security Planning, Inc., Harvey Building.

McCleary Adds to Staff

(Special to THE FINANCIAL CHRONICLE)

ST. PETERSBURG, Fla.—Durwood D. Martin has become connected with McCleary & Co., Inc., 556 Central Avenue, members of the New York Stock Exchange.

With Lamson Bros.

(Special to THE FINANCIAL CHRONICLE)

CHICAGO, Ill. — Russel S. Barnes is now with Lamson Bros. & Co., 14 West Jackson Boulevard, members of the New York and Midwest Stock Exchanges.

Two With Salomon Bros.

(Special to THE FINANCIAL CHRONICLE)

WEST PALM BEACH, Fla.—Mr. Marion J. Fisher and Chester A. Long are now associated with Salomon Bros. & Hutzler, Pan A. Building.

With Reynolds & Co.

(Special to THE FINANCIAL CHRONICLE)

CHICAGO, Ill.—Lester E. Mlaston has been added to the staff of Reynolds & Co., 39 South La Salle Street.

Continued from first page

Life Insurance Investment—Dynamic Ecomomic Force

tiful supplies of government, municipal and railroad bonds and real estate mortgages were available at satisfactory yields (I dare say it was felt at the time that yields were barely adequate although, of course, they were usurious by present-day standards). The steady growth of life insurance assets was continuing unabated; at the end of 1925 they reached $11½ billion, a staggering gain of almost 60% in five years.

Perhaps if we focus our hindsight a little sharper we can actually get a glimpse of a typical investment officer in action exactly 30 years ago today. Our hero, whom we shall call Sylvester J. Throckmorton, first completes his perusal of the morning paper, nodding approval to an editorial condemning the verdict in the Scopes evolution case of a month earlier (after all one had only to look about him to see that there was something to this monkey business) and confidently predicting (and rightly so as it turned out) that it looked like Pittsburgh and Washington in the World Series. (Note: Pittsburgh won the Series four games to three and has apparently not yet recovered from that burst of glory.)

The next order of business is to review his company's portfolio. What percent of total assets do we have in U. S. Government bonds today? 6%; that seems about right, no point in getting too much money tied up at 4%. Let's see now—municipal bonds about 5%; I guess that's enough; pretty hard to get 5% on your money unless you take a chance on Los Angeles or some of those other towns in California — risky though, you know, still almost frontier country. Foreign government bonds—only 1%; well let's take another look here; heard there were some of those 20-year 8% French bonds available and it's a sure thing that we will get our money back. No that won't do — the directors will think I'm trying to work up an excuse to go to Paris.

Now we're getting in business —railroad bonds 19%; here's a chance for some action. Oh, Miss Blodgett, get me J. P. Schmaltz, of Schmaltz & Blaugh please; Hello? J. P.? I understand you're peddling some Western Pacific 5½% Equipment Notes, what's your price? What? 101? Those bonds aren't due for almost four years and that's pretty wild territory, you know. OK, if you say so. I'll take $5,000. What's that? How about some utility bonds? Don't know, we already have 6% of our assets in utilities and I'd just as soon take it a little easy. Oh sure, electricity is here to stay but you can only light so many lamps every night. Detroit Edison 5% Bonds due 1949? Are you kidding? Why by 1949 the auto companies will be practically out of business—everyone will have a car. Do you know there are over 17 million cars on the road right now? Not much room for any more. (Note: There were 49 million in 1949.) Speaking of cars J. P.—and I wouldn't want this to get back to my president, he might think I'm a sport — I just bought a Pierce-Arrow roadster. Supposed to do 70. Some day we'll take a spin out into the country—I know a place where . . . Sure, they get it right off the boat. Well, goodbye, J. P.

Back to the portfolio. What's next? Industrial bonds, 1%. No doubt industry has a great future in this country but until it's really proven itself I think we had better keep our money in sound railroad bonds and real estate mortgages. Maybe I should check to make sure we're not missing something that will give us 6%. Miss Blodgett, Mr. Threshold at A. W. Threshold & Co., please. Good morning A. W. This is Throckmorton. Anything attractive in industrial bonds today? Sorry, no Aluminum Company bonds not even at 7%. You know we insurance companies can't buy anything unless it is adequately secured by real estate or collateral, and those Aluminum bonds are **unsecured Debentures**—and even if we could legally, I wouldn't want to rely on the credit of a company whose product is used for pots, and pans, and Eskimo Pies! No oil companies, either; they're too risky when you stop to think that our proven crude reserves will be pretty well depleted in 10 years or so. Try again. Commercial Credit 6%, 9 years. Say I like that return—but no, I don't think it's right for people to buy cars on credit, they should pay cash for the luxuries of life. Moreover, we don't want to encourage those credit companies or else they'll take away all our policy loan business. Confidentially, A. W., that's the best investment we have, 6% and no risk; good volume, too, over 12% of our assets are in policy loans. Doesn't look as though we're going to do any business today—but maybe you could pick up for my own account a couple of thousand of those Pierce-Arrow 18 year, 8% —I'm a Pierce owner now, you know. Sure, 1943 is a long way off but a real quality car like the Pierce will always be in demand. Thanks and goodbye, A. W.

Well, let's take a look at the mortgage situation today. Oh, Miss Blodgett, will you please ask Mr. Snodgrass of the Real Estate Department to step in for a few minutes. Hello, Pierpont, things still moving ahead on the mortgage front? Almost up to 42% of total assets, eh? That's fine. Say, there are a couple of matters I'd like to get your slant on. I've been thinking that we should consider increasing our mortgage business in some of the Western states, maybe Texas and California. What have we invested in those two now? 6% of our total mortgages —that seems modest enough. What! You think that's too much —it's still frontier country? Someday you'll be sorry you didn't have a little foresight! Never mind, Pierpont, I guess you're right at that. Try this one instead. Let's get a little more liberal with our home mortgages, which as I recall, are only about 7% of our assets. It's pretty hard for the working man without any capital to buy a home, unless he gets second and third mortgages. Now it seems to me if—how's that, Pierpont, you don't believe the working man should own a home if he has to borrow more than 50% of the cost. Well, I daresay it isn't our business to make life easier for anybody. Time for lunch, let's drop across the street for that 75¢ steak blue plate—which reminds me of a scene in a movie I saw last night where Charlie Chaplin boils his boot for dinner. What was the name of that picture—oh, of course, "The Gold Rush."

And so humming a bar of "Yes Sir, That's My Baby" and noting with disapproval that Miss Blodgett's skirt, having paralleled the rise in the stock market, was flapping around her knees, our hero conludes a busy morning.

1955

I may have taken some liberties with the life company investment officer of 30 years ago, but I assure you we all owe him a great debt of gratitude. The policies he followed were attuned with the times, and were the ones that enabled the life insurance companies to ride virtually unscathed through the crest of 1929 and the trough of 1932, and to establish themselves as a firm bulwark of the American economy.

If the 10 years from 1925 to 1935 may be designated as the period in which the fundamental strength of life insurance investment was tested, the years from 1935 to 1955 represent the era in which its flexibility and humanity were put on trial. That it met successfully the new demands of the past two decades is clearly evident from the respected and important position that the industry now holds throughout the nation.

What important changes have taken place in life company investment since 1925? First, there has been a tremendous rise in the amount of funds available for investment as a result of an increase of life company assets from $11½ billion to $84 billion. Many factors, of course, have been responsible for this growth but as I cannot give full justice to the subject, I do not propose to discuss them here. Let it suffice that I express my belief that the one outstanding factor has been the salesmanship of the life insurance underwriter. It is fundamental that our great industry has grown —and will continue to grow—because of the ability, aggressiveness and integrity of the underwriter who through individual, personal effort continuously demonstrates to the American people the real and human values in life insurance.

Diffusion of Insurance Investments

Equaling in importance the growth in the amount of insurance investment funds has been the widespread diffusion of these funds throughout all segments of the economy and throughout all of the 48 states. Insurance dollars have been made available to more people for more purposes, closing the gap between the life insurance purchaser and the user of life insurance funds so that today the mutuality of interests is very real indeed.

Let us take a look at how insurance investments are distributed today as compared with 30 years ago. Despite an increase in the Federal debt from $21 billion to almost $277 billion, the percentage of assets invested in United States Government securities only rose from 6% to 11%. And should there be any concern as to the life companies taking over a large part of the Federal debt, it might be well to note here that the industry holds but 3% of the debt, the same percentage it held back in 1925. Municipal bonds have declined in relative importance from 5% of the total to 3%. Here, however, there has been an important development that has enabled the life companies to put their funds to work for the direct benefit of millions of people and thousands of localities—and that is the rise of the toll road as a vital transportation artery. The heavy participation of insurance companies in toll road financing has been a key factor in the successful construction of modern, high-speed turnpikes throughout the country. Foreign bond investments have dropped to one-half of 1% of total assets, and consist almost entirely of Canadian Government securities. Alas, like poor Throckmorton, I fear I shall never find a business excuse to see Paris.

If Sylvester J. Throckmorton were with us today he would be quite surprised to learn that his investment favorite — railroad bonds—now accounts for less than 5% of total life assets as compared with 19% in 1925. This substantial drop in relative importance is not the result of a loss in investment merit of railroad securities but rather of the fact that the railroads early in the century achieved a high level of maturity obviating the need for new capital that has characterized most of our other major industries during the past 20 years. Nonetheless, the importance of the railroads to our industrial complex should not be underestimated, nor has it been—the life industry in recent years has furnished hundreds of millions of dollars for Diesel locomotive, freight cars and other equipment designed to provide the country with adequate, efficient transportation service.

You may recall that our Mr. Throckmorton took a rather dim view (no pun intended) of the electric utility industry and regarded it as a lamp lighter. The lamps are still being lit — and undoubtedly many billion more than even he could have visualized—but it would have taken a man with superhuman vision indeed to foresee the astonishing growth in the demand for electric power in the period from 1925 to 1955. The important place in the home of electricity is well understood today—it is a servant that heats, cools, cooks, washes and entertains at the flick of a switch, a servant that anyone can hire. It is, of course, an indispensable element in industrial production. Life insurance funds have played an outstanding part in expanding the capacity of the electric utility industry — and of the gas and telephone industries as well—thereby bringing tangible and direct benefits right into the homes and places of work of the American people. With investment in public utility securities now aggregating almost $14 billion, or 16% of total assets, as compared with $700 million, or 6% of total assets in 1925, it is apparent that the life companies have demonstrated flexibility in meeting the needs of the utility industries.

If Throckmorton would have been surprised by today's life investments in the public utility industries, he would have been absolutely dumfounded by what has taken place in the field of industrial investments. While the extent of the growth in the amount of such investments is staggering, from $97 million to $17 billion, from less than 1% of assets to more than 20%, it is the character and diversity of the industries and companies invested in, which would have convinced Throckmorton that he had visited that "place in the country" once too often. To illustrate this point, I ask your indulgence in permitting me to refer to the experience of the Equitable, since I believe it is representative of the industry—and, moreover, it is an experience with which I have been closely indentified for some 20 years.

In 1925, the Equitable did not acquire a single industrial security, meeting its investment requirements largely through the purchase of railroad and public utility bonds and the making of mortgage loans. The success of this investment procedure is indicated by the fact that the 4.93% net rate of return on all investments represented a small increase over the 4.90% of the previous year. Moreover, this gain was accomplished in the face of —and I quote from the Society's 1925 Annual Report—"conditions which . . . presented great difficulties to the proper investment of the Society's funds" and "arduous competition for first class loans." (Seems to me I've heard those words rather recently!)

At the end of 1925, the Equitable did have an aggregate investment of about $2 million in two steel companies and two coal companies. Today it has an aggregate investment of approximately $2.2 billion in more than 170 different companies engaged in substantially all phases of American industry. In 1954 alone, new industrial investments averaged better than $6 million per week.

Representation of Industries

What are some of these industries and what is the significance of life company investment in them? The major industries are, of course, well represented—steel, oil, chemical, textile, food, paper, rubber, automobile, electrical equipment, etc. Unlike Throckmorton, today's investment manager is not fearful that our crude oil reserves will be depleted in the near future. True, proven domestic reserves are adequate for only 20 years of production at the current rate but the opening up of new areas in this country, in Canada and in various other parts of the world insures plentiful supplies of petroleum well beyond the year 1975—which is as far into the future as I intend to look today. The expansion of exploration and development activities, the increase in refinery output, the growth of pipeline, tanker and other petroleum transportation facilities have all been aided by the flow of very substantial amounts of insurance funds into the petroleum industry. This investment has made an important contribution toward bringing to the automobile owner, the home owner, the farmer and the factory worker the benefits of an adequate supply of petroleum products at reasonable prices. Similarly, investment in the steel industry, enabling its greatly to enlarge its raw material supplies and to increase its productive capacity, has been to the advantage of all—because of the vital part that steel plays in our daily lives. And so it is with those many other industries whose products are the warp and woof of American living.

In addition to providing financing for the expansion and modernization of our basic industries, insurance funds have been instrumental in stimulating the growth of new industries and of new products. Throckmorton spoke rather disparagingly of aluminum, yet in less than a generation it has become one of the indispensable metals. While the Eskimo Pie has faded from the scene, the use of aluminum foil for packaging has become a big tonnage business with annual consumption currently approximating 100,000 tons.

Mrs. Throckmorton would undoubtedly have withered Sylvester with a glance had he suggested the purchase of a dress made of rayon (she would have called it "artificial silk") and even Miss Blodgett wouldn't have been caught dead in rayon stockings. Since heavy wool suits were standard equipment the year round for the executive of 1925, Throckmorton would had no fear that the Mrs. would suggest a rayon suit for him. Yet today rayon, nylon, dacron and other synthetic materials have the widest acceptance for clothing of all types and in all price ranges.

Aluminum and synthetic fibers as well as television, air-conditioning, paper packaging, business machines, plastics, electronic instruments and materials handling are but some of the many new fields, either unknown or undeveloped 30 years ago, that have called upon and received insurance funds to further their development and production.

In the field of consumer services, the insurance dollar has also been most active. In Throckmorton's day, consumer credit was primarily an accommodation for those in the upper income brackets; today it is a great economic tool facilitating the mass distribution of goods to all segments of the economy. The widespread ownership of automobiles, refrigerators, washing machines and other similar products characteristic of the high standard of living in America could not have taken place without the use of instalment credit. Very substantial life company investment in finance companies has made insurance funds available to assist the individual in the acquisition of goods on a sound financial basis.

If someone had mentioned the word "aeroplane" to Throckmorton, his mind would have pictured a flimsy craft made of wood, wires and fabric and maneuvered through the air by a daring young man in helmet and goggles known as an "aviator." To suggest that he, Sylvester J. Throckmorton, should venture into such a contraption would have caused him to shake his head sadly, implying that anyone making such a suggestion must have taken complete leave of his wits. As a matter of fact, Throckmorton could not have flown on a commercial airline for none was in existence carrying passengers on a regular basis. Yet today all America is traveling by air. And the airlines as an established, profitable industry serving a real transportation need employ life company funds for new equipment—bringing faster, better service to all parts of the nation and throughout the free world, at fares within the reach of everyone.

Role of Insurance Funds in Raising Living Standards

An important phase of investment that has literally brought home to the American people the ability of insurance funds to contribute toward the rise in their standard of living is the making of residential mortgages. You may remember that only 7% of life company assets were invested in home mortgages in 1925, representing a total investment of some eight hundred million dollars. Today the proportion is 19%, an investment of $16 billion. These cold statistics, impressive as they are, cannot reveal the tremendous values, tangible and intangible, gained by our nation through the creation of adequate housing. The United States has become a nation of homeowners—a fact of the utmost importance to the stability of our economy. And, need I add, a development extremely favorable toward further vigorous growth of life insurance sales.

I fear I have skipped rather lightly over the past 30 years, but I hope I have conveyed to you that the great responsibilities given to the managers of life company funds have been welcomed—and turned into great opportunities to serve the American people. The economic progress of our country has been the result of the work of no one man nor one group, but of all men and all groups striving together for a better world. I sincerely believe that the life insurance industry because of its flexibility and its recognition of human values can be listed among the leaders of this mutual effort.

1975

And now into the future. Let's all gather around this new-fangled futurascope and with a push of a button project ourselves into 1975. Suppose we twist that third knob from the left and see if we can quietly slip into the office of a life company investment manager. Well, look who is here! If it isn't our old friend Throckmorton — no it can't be, he'd be over a hundred. Guess we'd better adjust the chromogizzmo, he seems a little green. There — that's fine, he looks fifty years younger. Say, how about that sign on the door—Sylvester J. Throckmorton III, Director of National, International and Interplanetary Investments. And there is Miss Blodgett; she must be seventy if she's a day—those Vitapep pills really must work, she sure is attractive in shorts! Shall we kibitz?

Miss Blodgett, will you please arrange a video conference with Mr. Brumph in Rio, Mr. Adelpate in Hong Kong, Mr. Smythe-Smythe in London, Mr. Schmaltz (J. P.'s grandson, you know) in Paris and Mr. Hepplewite in Moscow, and I guess you'd better get young Snodgrass on Satellite No. 5, though how he expects to get any mortgage business out there is beyond me—especially in competition with the Prudential's local Regional Office. Good morning, gentlemen, you're all looking extremely well today. I called this meeting to update you on our situation in the States. Frankly, it's not good — we are facing great difficulty in the proper investment of our funds because of arduous competition. We're lucky to get 3% on our industrial bonds and even our home mortgages are barely averaging 3½%. We are making some nice capital gains on our common stocks but with yields running well below 3% we're probably going to have some squawks from our variable annuity holders.

Of course, we have closed one or two deals recently that might be of interest to you gentlemen. Just last week we made a loan of $50 million to Consolidated Automations, Inc. As you probably know they operate the largest automation plant turning out automation plants. But you probably don't know that the company itself is now so automatic that the personnel consists solely of the president; a grand chap, he's been with the company since 1961 and has been able to hold on to his job because he's such a good salesmen and golfer—no machines in those fields you know. As a matter of fact, Ike and I settled our deal on the 14th green.

And then there was that $500 million life company financing (of which we took $100 million) for the utility-sponsored Project SWIF—that's sea water into fresh, you know; should completely eliminate the dust problem that has been with us for over 40 years. So much for what we've been doing here. Now I'd like to hear what you gentlemen have been up to and what the chances are for boosting our investment volume. How about you, Schmaltz? A mortgage on the Folies Bergere? Fine! Perhaps I had better jet over and inspect the property!

Ooops — there goes the futurascope, and I'm not sure we were in 1975 or 1995. But, in any event, it appears that the problems of the investment manager of the future will vary only in degree from those of his present-day counterpart.

Seriously, what of the future? Great developments lie ahead of us in both known and unknown fields. Atomic power is already here today — and in much less than 20 years will be a major source of energy; first supplementing and later gradually replacing existing energy sources for many purposes. Insurance funds are now being used by companies engaged in atomic development, and as their needs increase, I am quite certain that the life companies will make additional funds available.

Automation? In both the plant and the office the use of machines and the combination of machines to eliminate hand labor can hardly be termed a new development. Yet by the use of a new, fancy word, fears that the machine will replace man have been aroused as they were a century or more ago. True, the electronic brain may reduce the number of investment managers required by the life companies—but I am sure you ladies and gentlemen—or your successors—will be here in 1975, for no machine will ever by invented that can cope with the flood of instructions and sales material that pours out of the home office into the field. Seriously, though, a substantial increase in the mechanization of industry is certain, and as new machines and new equipment are required, insurance funds will be ready to finance their acquisition.

I could continue in this vein for some time—inexpensive color television, gas turbines in automobiles, elimination of our great national water supply problem by purification of sea water, replacement of frozen food by food processed by radioactive means, the use of guided missiles instead of military aricraft, air transport of passengers at supersonic speeds, interstellar satellites—but I would only be repeating what others have already said better.

The volume of life insurance investment must grow for the simple reason that **you** are going to sell more life insurance protection to more people. The Bureau of Census estimates that the population will rise by 40 million persons in the next 20 years, with the total reaching 205 million by 1975—an increase of about 25%.

What that growth will mean to life insurance assets, I can only guess but since I am optimistic about life insurance and about this great country of ours and, above all, about the ability of you ladies and gentlemen to bring insurance and people together, I will predict that life insurance assets will quadruple in 20 years, and I further predict that the investment of those assets will continue to be directed toward the creation of human values for the living.

We have seen how 30 years ago the twin ideas of "real estate security" and "get your money back as soon as possible" prevailed. Since then the life insurance companies have come a long way in liberalizing their investment outlook—have, as I said before, kept attuned to the times. That is not to say that investment prudence has been thrown to the winds but rather that much greater reliance has been put on people, instead of on property. The use to which investment funds would ultimately be put and the effect on the general welfare has been given careful consideration. Perhaps without full realization of what they have been doing, the life companies have added to the sum total of human values—as much through their investment policies as through their insurance practices.

I confidently predict that the next 20 years will witness further humanization of insurance investment. The great problems of employment, housing, and transportation that face us in the years ahead will arise basically from the growth in population. It is the responsibility of the life companies to use their investment dollars to help solve these problems for if we do not do so, the solutions may well come from the Federal Government. This can only mean a loss in individual freedom, a loss in the dignity of man, a loss in the very human values we have all—insurance underwriter and investment manager alike—strived so hard to create.

I also confidently predict that life insurance investment will continue dynamic — changing to meet changing conditions but always moving forward — to bring to all America the benefits of the savings of all Americans.

J. C. Webster Co. Formed

BOSTON, Mass.—J. C. Webster & Co. is conducting a securities business from offices at 12 Court Square. Officers are Harry E. Franks, President; Catherine H. DeVille, Treasurer; and Morton M. Goldfine, clerk.

Continued from page 6

The State of Trade and Industry

suppliers that he sees no possibility of a break in consumer demand for months to come.

The railroads, Johnny-come-latelies in the scramble for steel, are in a bad way for plates. Their ambitious carbuilding program is endangered by the scarcity of plates, which have been a tight steel item for months. They many have to cut back on their building program if the situation doesn't improve. And chances are it won't.

Intramill competition for a share of available raw steel is having a depressing effect on production of some products, notably bars. Mill product managers are fighting each other tooth and nail for the steel necessary to keep their rolling mills operating at top speed. As a result, some are not getting enough to operate at mill capacity.

On top of this, "Iron Age" concludes, producers are still running into maintenance problems. The operating rate has been in the low 90s partly due to downtime for repairs to steelmaking furnaces. The estimate for this week is 94% of capacity, up three points from last week.

Structural sections and plates—two of the steel products in tightest supply—will be even harder to get because of the New England floods, says "Steel," the metalworking weekly.

"Steel" continues: The New England area will need those forms to replace bridges and other structures destroyed by the raging rivers. The New Haven Railroad, for instance, lost 10 bridges, and the Lackawanna Railroad lost a main line bridge. Railroads also lost freight cars and tracks.

Many buildings that will require structurals for replacement were destroyed. Considerable machinery was damaged.

Replacement will be made as quickly as possible, and this will require early delivery of steel. The emergency nature of the needs might give them priority over steel on order.

Mills are allocating steel to their customers to help everyone get enough steel to keep operating. Producers of nickel alloy steel are having a particularly difficult time. They can't get enough nickel for their needs. When a call comes in for a high nickel alloy steel for nondefense uses, producers see whether the customer could use an alloy using little or no nickel. When the order is for a defense use, producers ask the customer for a certification. The certification can be passed back to the government for nickel to cover the order.

Undertone of the markets is steady. "Steel's" arithmetical price composites are unchanged at $127.41 on finished steel, $59.77 on malleable iron, $58.99 on No. 2 foundry iron and $58.49 on basic iron. The scrap price composite holds at a revised figure of $44.33.

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 93.8% of capacity for the week beginning Aug. 29, 1955, equivalent to 2,264,000 tons of ingots and steel for castings as compared with 90.6% (revised) and 2,186,000 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 86.9% and production 2,098,000 tons. A year ago the actual weekly production was placed at 1,525,000 tons. The operating rate is not comparable because capacity was lower than capacity in 1955. The percentage figures for 1954 are based on annual capacity of 124,330,410 tons as of Jan. 1, 1954.

Ward's Reports 5,000,000th New Car of 1955 as Deliveries Forged 37% Ahead of 1954

The 5,000,000th new car of 1955 was sold today as brisk August showroom traffic crowded the July level, pushing dealer deliveries since Jan. 1, 37% ahead of a year ago.

Ward's Automotive Reports said the milestone, reached at the earliest point of any year in history, was not recorded in 1954 until early December.

The statistical agency counted an impressive 212,000 new car sales for Aug. 11-20 (same as July 11-20), compared with 202,000 for Aug. 1-10 and only 155,300 for the second 10 days of August last year. Each of the three periods had nine selling days.

Thus in prospect, Ward's said, are August sales near July's 624,100-unit level, continuing prospects for an orderly model cleanup.

Ward's said domestic dealers retailed 4,888,200 new cars in the Jan. 1-Aug. 20 period this year, with 50.6% going to General Motors Corp., 27.3% to Ford Motor Corp., 17.8% to Chrysler Corp., and 4.3% to other producers.

Meantime, domestic car production this week continued to decline as additional manufacturers prepared for '56 model changeover.

Scheduled for completion in U. S. plants were 129,222 cars and 20,177 trucks, compared with 138,209 and 21,319 last week. The same 1954 week netted only 93,649 and 17,596, also due to model changeovers.

Cut 30% and 100% this week by model changing was Mercury and Packard output, while a strike at International Harvester and a two-day shutdown at Dodge truck slashed commercial vehicle production despite resumption by Willys after a two-week vacation shutdown. Dodge truck will be down for inventory next week.

Canadian output last week was placed at 3,316 cars and 1,372 trucks. In the previous week Dominion plants built 4,030 cars and 1,536 trucks, and for the comparable 1954 week 1,975 cars and 276 trucks.

Electric Output Records Another Adance of 18.2%

The amount of electric energy distributed by the electric light and power industry for the week ended Saturday, Aug. 27, 1955, was estimated at 10,906,000,000 kwh. The previous high level at 10,925,000,000 kwh. was attained week of Aug. 6, according to the Edison Electric Institute.

This week's output increased 94,000,000 kwh. above that of

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Mutual Funds

By ROBERT R. RICH

Happy Old Age Needs Planning, Study Stresses

Hugh W. Long & Co. has prepared a study which shows that if, as the man of the family, you live to age 65, you're very likely—based upon information provided by the National Office of Vital Statistics—to require capital funds sufficient for a minimum 12.4 years of self-support thereafter.

Then, too, if you're married to a woman who is of your age, she'll need providing for, after age 65, for 14 to 15 years. And if your wife is younger than you are, her financial needs are likely to extend over a still longer period following your retirement.

The study's theme is that the financial requirements of a ripe old age are greater than many people imagine — or prepare for. One reason why this is so, the study explains, is that people, on the average, live longer these days. Another is that today's high taxes and high living costs combine to absorb sizable chunks of individual earnings that otherwise would go into savings.

The study features a table reflecting life expectancy figures for age groups 20 through 75, plus corresponding data assuming retirement at 65, showing the time remaining to prepare for such retirement and the estimated years of self-support following such retirement.

Together, these figures demonstrate that the older you get, the longer your likely full life span, and the greater the financial preparation needed to support your lengthening retirement years.

Suppose, for example, that after you retire, you'd like to live on a scale that requires the expenditure of $5,000 per year of today's dollars. For a period of 10 years, that means you'll need $50,000; for a 15-year period, $75,000.

Citing these figures as background for what it terms "an unhappy fact," the study points out that "the majority of people now over 65 have to continue working or find themselves dependent in whole or in part upon relatives or charity for the financial needs of their daily living."

The study explains: "In some cases (these people) did not save, or did not save enough during their most productive years. In others, no real effort was made to seek good income or growth of the capital being accumulated during the years prior to retirement. In still other instances, the rise in living costs made inadequate what might otherwise have been enough capital for later years."

The report indicates, however, that time itself is very much on the side of the prudent person who plans for retirement, adding that "even if money set aside for this purpose is 'banked' and earns but 2% per year, over 20 years—for example—a sum of $1,000 becomes $1,488—with interest compounded semi-annually."

Increasingly, the study maintains, those retirement plans which seek to keep pace with rising costs have come to include systematic investments in mutual funds as a supplement to savings set aside for the future.

The obvious moral, the study states, is that the financial needs of retirement years are substantial, and that the sooner preparation is begun for them, the better.

Total net assets of the National Securities Series of mutual funds have crossed the quarter-billion dollar level for the first time, it was announced today by H. J. Simonson, Jr., President of National Securities & Research Corporation which sponsors and manages the Series.

Total net assets on Aug. 23 were $250,240,201 with 33,998,205 shares of the Series outstanding. At the close of the last fiscal year—April 30, 1955 — total net assets were $233,865,304 with 33,564,356 shares outstanding.

"The sustained growth in assets of the National Securities Series over the 15 years of their existence," Mr. Simonson said, "points up the public's increasing recognition of mutual funds as an investment media."

The net asset value per share of the funds comprising the Series, as of Aug. 23, compared with the respective April 30, 1955 figures, follow: Bond Series, $7.37 compared with $7.38; Balanced Series, $11.15 against $10.85; Preferred Stock Series, $9.40 against $9.21; Income Series, $6.43 against $6.23; Stock Series, $8.24 against $7.67; Speculative Series, $4.93 against $4.79, and Growth Stocks Series, $16.73 against $16.53.

National to Change Speculative's Name

National Speculative Series will change its name on Oct. 5 to National Dividend Series. Present stock certificates will be valid. The fund's annual average return from investment income has exceeded, in every year, the average dividend yield on all New York Stock Exchange dividend paying stocks, the company states, and for that reason the new name is thought more appropriate.

It was also reported that National Growth Stock Series will split three-for-one, effective Oct. 5, and following shareholder approval.

Boston Fund's total net assets increased by $8,722,216 in the second quarter of the present fiscal year to reach a new high of $138,-379,237 on July 31.

Adjusting for the two-for-one split of the shares effective at the close of April, net asset value per share was $16.28 compared with $15.37 on April 30 and $13.625 on July 31 last year.

In addition a capital gains distribution amounting to 33 cents a share on the present shares was paid last February.

During the 12 months, the number of shares outstanding increased from the equivalent of 8,274,770 to a new high of 8,499,168.

In the current quarterly report to shareholders, Henry T. Vance, President of the Fund, notes that on July 31, investment holdings were divided 13.3% in bonds, 13.8% in preferred stocks and 72.9% in common stocks. A year earlier the proportions were 13.3, 16.5 and 70.2% respectively.

By industries, the largest common stockholdings at the end of last month were in public utilities, amounting to 17.27% of net assets, oils 10.27%, life insurance 6.86% and chemicals 5.84%.

The report also includes a table showing that during the last ten years income dividends paid by the fund increased by 69%, more than keeping pace with the increase of 49% in the cost of living during this period.

Scudder, Stevens & Clark Fund Inc. reports total net assets of $53,354,695 on Aug. 29, 1955, equal to $36.78 per share on 1,450,571 shares outstanding on that date. This compares with total net assets of $45,100,591 a year ago, equal to $31.89 per share on 1,414,150 shares then outstanding.

Puritan Fund, Inc., reported a substantial increase in net assets, shares outstanding, and number of shareholders, all attaining new highs for the year ended July 31.

Net assets totaled $15,127,358, compared with $1,887,069 as of July 31, 1954.

The number of shares outstanding increased to 2,234,865 from 341,279, and the number of shareholders to 5,570 from 625.

As of July 31, 1955, net asset value per share was $6.77 compared with $5.53 a year ago.

Dividends

Century Shares Dividend of 12c

The Trustees of Century Shares Trust have declared a quarterly dividend from investment income of 12 cents a share, payable Sept. 24, 1955 to shareholders of record at the cose of business on Sept. 12, 1955. This is the same amount per share as was paid on Sept. 25 of last year and will bring total payments from investment income to 50 cents a share for the latest 12 months against 49 cents a share for the year ended Sept. 30, 1954.

Group Securities Inc. will distribute $999,306.71 in dividends from net investment income for the third quarter of the current fiscal year, according to Herbert R. Anderson, President.

Reports

Bullock Assets Up; Sales Gain Big

Total net assets of Bullock Fund, Ltd., sponsored by Calvin Bullock, reached $26,459,941, or $12.18 a share, on July 31, 1955. This compares with $19,116,978, or $9.58 a share, a year earlier, after adjustment for a 200% stock distribution made in March of this year.

Sales of new shares during the first seven months of 1955 were larger than those for the entire year 1954.

Extensive revisions in the holdings of Bullock Fund, Ltd. during the three months ending July 31, 1955 continue to emphasize ownership of common stocks in various industries offering growth and appreciation opportunities. Largest investments are currently in the chemical, petroleum and steel industries.

Canadian Fund, Inc.: Rising prices of Canadian stocks in recent months have increased total net assets to $36,320,612 or $18.44 a share, on July 31, 1955.

This is an increase of 18.7% in net asset value per share during the first seven months of 1955 compared with a rise of 12.4% in

Personal Progress

NORTH AMERICAN Securities Company, managers and distributors of Commonwealth Investment Company and Commonwealth Stock Fund, has elected E. M. Engwis and Donald F. Grannis as resident Vice-Presidents in Chicago and Los Angeles respectively.

Engwis joined North American in 1953 and since then has been supervising the company's sales activities in the Chicago area.

Grannis' association with the company also began in 1953. Since then he has been the company's wholesale representative in the Southern California territory. Prior to that time he was with F. H. Breen & Co. which formerly represented North American in the Los Angeles area.

SALIK & CO., national underwriter and distributor for Electronics Investment Corporation, announces its appointment as national underwriter and distributor for Shareholders' Trust of Boston, effective Aug. 8. The investment advisor for both funds is John P. Chase, Inc., of Boston.

Salik & Co. is also announcing the appointment of Lawrence M. Kirk as Vice-President and Sales Manager in charge of its Boston office at 75 Federal Street.

Kirk was formerly Sales Manager of Mutual Funds for Harriman Ripley & Co.

Appointed as Midwest Wholesale Representative is Roland E. Richardson, while Ross Whittier will be the representative on the Atlantic Seaboard. The latter two were also formerly associated with Harriman Ripley & Co.

In addition, Peter J. Piper has been appointed Manager of Dealer Relations.

the Toronto Stock Exchange index of 20 industrial stocks during the same period.

During the last three months, stocks of two U. S. corporations, the remainder of the fund's holdings of United States corporation stocks, were eliminated. At July 31, 1955, 93.89% of the fund's assets were invested in Canadian common stocks, the balance comprising other Canadian stock holdings and a small investment in Canadian Government bonds.

Mutual Investment Fund, Inc., reports on Aug. 15 that the number of shares outstanding showed an increase of 19% over Dec. 31, 1954, and an increase of 35% over the past 12 months. Total net assets showed an even greater increase for the same periods—24% and 52% respectively.

At Aug. 15, 1955, Mutual Investment Fund, Inc. was invested approximately 75% in common stocks, 13% in preferred stocks, bonds and notes, and 12% in U. S. Government bonds and net cash.

First Investors Corporation, New York, largest distributor of shares of Mutual Investment Fund, Inc., reports that as of June 30, some 5,000 of its planholders were accumulating shares of Mutual Investment Fund, Inc., and that approximately $4,900,000 of the Fund's assets represented payments already made under plans, with an additional $12,000,000 still to be paid in.

Scudder, Stevens & Clark Common Stock Fund, Inc. reports total net assets of $10,190,427 on Aug. 29, 1955, compared with $6,620,192 a year ago. Per share net asset value is $22.46 on 453,718 outstanding shares, compared with $17.65 per share on 382,608 shares outstanding at that time.

Delaware Fund: Gross sales in July amounted to $2,300,122 and were the largest for any month in the company's 17-year history. They represented an increase of more than 400% over gross sales of $430,516 in the same month last year, and were 71% greater than those of $1,344,541 in June, 1955, the Fund's best previous sales month.

Repurchase of shares amounted to only $117,686, or 5% of sales, in July, the lowest redemptions this year.

Sales in the first seven months also set a new record, amounting to $7,493,181. This compares with sales $2,703,885 in the corresponding period of 1954.

Delaware's total net assets on July 31, 1955 were $33,196,368, up 59% over the $20,877,644 in resources 12 months earlier.

Whitehall Fund reports that the asset value reached a new high of $25.20 on June 30, 1955. This compares with $22.80 at the start of the year and represents a gain of about 24% over the $21.26 reported for June 30, 1954, after adding back the Dec., 1954 distribution of $1.18 from realized net gain on investments.

Net assets totaled $6,445,000 on June 30, 1955, up from $5,572,000 at the start of the year.

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The State of Trade and Industry

the previous week, when the actual output stood at 10,812,000,000 kwh. It increased 1,679,000,000 kwh., or 17.4% above the comparable 1954 week and 2,366,000,000 kwh. over the like week in 1953.

Car Loadings Increased 15.1% for Week Ended Aug. 20, Over 1954 Week

Loading of revenue freight for the week ended Aug. 20, 1955, totaled 780,863 cars, the Association of American Railroads announced. This was an increase of 102,239 cars, or 15.1% above the corresponding week in 1954, but a decrease of 36,583 cars, or 4.5% below the corresponding week in 1953.

Loading of revenue freight for the week ended Aug. 20 increased 5,466 cars, or 7/10ths of 1% above the preceding week.

Carloadings during the week ended Aug. 20 on railroads in the New England, Pennsylvania, New York and New Jersey areas affected by floods and storm damage decreased 6,500 cars, compared to the preceding week, indicating that if it had not been for the storm damage and interruption to service which occurred the night of Aug. 18, carloadings during the week would have been between 6,000 and 7,000 cars higher than actually reported.

Business Failures Dip to 180

Commercial and industrial failures declined to 180 in the week ended Aug. 25 from 216 in the preceding week, reported Dun & Bradstreet, Inc. Failures were slightly fewer than in the similar weeks of 1954 and 1953 when 184 and 182 occurred. Continuing below the prewar level, failures were down 32% from the 264 in the similar week of 1939.

Retailing failures fell to 86 from 99, manufacturing to 37 from 40, construction to 29 from 38 and commercial service to 6 from 18. Failures of wholesalers rose to 22 from 21. Wholesaling and construction failures topped the year-ago levels, while the three other lines had mild declines from 1954.

Wholesale Commodity Price Index Shows a Mild Upward Trend in Commodities in Week

A mild upward trend appeared in the general commodity price level in the past week. The Daily Wholesale Commodity Price Index, compiled by Dun & Bradstreet, Inc., rose to 274.55 on Aug. 23, from 273.02 a week earlier. It compared with 274.31 on the corresponding date a year ago.

Grain prices again finished lower following irregular movements during the week. All deliveries of wheat futures touched new lows for the season under selling and liquidation influenced by liberal offerings of spring wheat in the Northwest as the result of favorable harvesting weather. **Corn** was irregular. After dipping to the lowest levels in six years at mid-week prices staged a moderate recovery. Demand for the yellow cereal was stimulated to a large extent by reports from some sections of the belt that the recent heat wave had inflicted greater damage than was supposed. **Rye** and **oats** prices declined mainly in sympathy with the lower trend in corn. Trading in grain and **soybean** futures on the Chicago Board of Trade increased with sales for the week averaging 59,600,000 bushels per day, against 52,600,000 last week, and 51,300,000 a year ago.

Domestic **flour** business was extremely quiet at the week-end following marked activity in the first half of the period when a heavy volume was consummated in spring wheat flours. Many bakers and jobbers covered their needs to the end of 1955 and beyond with total sales estimated at over 7,000,000 hundredweight. **Coffee** prices were firm and registered a moderate gain for the week. The firmness was attributed to the limited supply of green coffee in the spot market and advices over the week-end indicating that Brazil had not taken any action on devaluation.

Trading in **cocoa** was more active. After early firmness prices trended lower to finish about unchanged for the week. An unofficial estimate placed the main Accra cocoa crop at about 245,000 tons. Warehouse stocks of cocoa were reported at 242,885 bags, against 246,484 the previous week and 108,765 a year ago. Raw **sugar** prices were firmer at the close aided by active purchasing from refiners who reported good demand for their product due to recent high temperatures. Market receipts of **live hogs** were moderate and prices continued to improve, aided by increased packer demand and higher prices in wholesale pork markets.

Spot **cotton** prices were mixed. Strength at mid-week reflected moderate price fixing and short covering and higher Liverpool prices. Trading in new-crop cotton was more active as picking and ginning made generally good progress. Reported sales of the staple in the 14 markets increased sharply to 125,200 bales from 77,900 the previous week, and compared with 139,560 bales in the corresponding week a year ago. Consumption of cotton in the four-week July period, as reported by the Bureau of the Census, totaled 566,640 bales, or a daily average of 29,823 bales. Consumption for the season to July 30 totaled 8,835,149 bales, against 8,576,191 in the previous season.

Retailing Up 1 to 5% Than Year Ago

There was a slight increase in retail trade this week, despite severe floods in several Eastern localities, and excessive heat in other business centers. Downtown sales promotion and active suburban shopping centers maintained a volume of sale slightly higher than last year's level.

The total dollar volume of retail trade in the week ended Aug. 24 was 1 to 5% higher than a year ago, according to estimates by Dun & Bradstreet, Inc. Regional estimates varied from the comparable 1954 levels by the following percentages: New England —5 to —9; East 0 to +4; South +4 to +8; Middlewest and Northwest —1 to +3; Southwest +6 to +10; Pacific Coast +2 to +6.

Refrigerators, air conditioners, and **television sets** increased in sales volume this week. Other popular household furnishings were **upholstered furniture,** domestic **hardware,** and **radios.** There was an increased response to numerous sales promotions of furniture. Most interest was shown in light finished modern bedroom and dining room sets. Retailers reported a considerable rise in the sale of **white goods; towels, sheets** and **pillows** were among the most popular items.

The volume of **apparel** sales expanded moderately this week and continued well above the level of the comparable 1954 week. Although sales in **fall clothing** increased, there was continued heavy buying of women's **lightweight clothing** and **sportswear.** Buying of back-to-school clothing increased, and rising sales were noticed in **men's furnishings** and **sportswear.** Men's suits declined somewhat in sales volume.

Although trading in **textiles** was slow at the beginning, activity increased toward the end of the week. Retailers re-ordered good sized lots of dark cotton prints, gingham plaids, corduroys, and woolens. Manufacturers expect delays in filling woolen orders as a result of flood conditions hampering New England mills. The **cotton gray goods** market decreased in volume, while combed and carded yarn increased somewhat in activity.

Wholesale Food Price Index Continues Mild Downtrend

Continuing the mild drop of the previous week, the Dun & Bradstreet wholesale food price index fell to $6.21 on Aug. 23, from last week's figure of $6.23. The current number compares with $6.89 on the corresponding date a year ago, or a decrease of 9.9%, as reported by Dun & Bradstreet, Inc.

Commodities showing advances during the week included rye, lard, sugar, coffee, and steers. Lower in price were wheat, corn, oats, barley, hams, cottonseed oil, potatoes, rice and lambs.

The Dun & Bradstreet wholesale food price index represents the sum total of the price per pound of 31 raw foodstuffs and meats in general use. It is not a cost-of-living index. Its chief function is to show the general trend of food prices at the wholesale level.

Department Store Sales Off 6% County-Wide

Department stores sales on a country-wide basis as taken from the Federal Reserve Board's index for the week ended Aug. 20, 1955, decreased 6% from the like period of last year. In the preceding week, Aug. 13, 1955, a drop of 3% was registered from that of the similar period of 1954, while for the four weeks ended Aug. 20, 1955, an increase of 7% was recorded. For the period Jan. 1, 1955, to Aug. 20, 1955, a gain of 6% 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. 20, 1955, dropped 1% below that of the like period of last year.

The New York "Times" is authority for the statement that department store sales in New York and Brooklyn last week increased modestly by comparison with the like week last year.

Store executives estimated that the gain would be about 4% on a store-for-store basis. Comparing the nine major stores' sales against those of the ten big stores in operation a year ago, the volume figure showed no percentage changes.

Home furnishings continued to post the largest gains, with domestics notably strong owing to heavy promotions. Apparel volume picked up markedly after several weeks of poor sales, thanks largely to cooler weather in the latter part of the week.

With King Merritt

(Special to THE FINANCIAL CHRONICLE)

SPRINGFIELD, Mo.—Mildred O. Laurenson has joined King Merritt & Company, Inc., Woodruff Building.

Now on Staff of Thomson & McKinnon

(Special to THE FINANCIAL CHRONICLE)

WINSTON SALEM, N. C. — Jimmie W. Westbrook is now with Thomson & McKinnon, Reynolds Building.

Joins Interstate Secs.

(Special to THE FINANCIAL CHRONICLE)

CHARLOTTE, N. C.—John W. Sexton, Jr. is with Interstate Securities Corporation, Commercial Bank Building, members of the Midwest Stock Exchange.

With Merrill Lynch

(Special to THE FINANCIAL CHRONICLE)

AKRON, Ohio — Ludwell G. Gaines III has been added to the staff of Merrill Lynch, Pierce, Fenner & Beane, First National Tower.

Gallagher Roach Adds

(Special to THE FINANCIAL CHRONICLE)

COLUMBUS, Ohio — Leo R. Gulick has become affiliated with Gallagher-Roach & Co., Lincoln-Le Veque Tower.

Charles Thompson With White, Weld & Co.

(Special to THE FINANCIAL CHRONICLE)

CHICAGO, Ill. — Charles M. Thompson has become associated with White, Weld & Co., 231 South La Salle Street. Mr. Thompson was formerly with W. T. Grimm & Co. and prior thereto with Rodman & Linn.

With Denver Secs.

(Special to THE FINANCIAL CHRONICLE)

DENVER, Colo. — Maurice L. Snider has been added to the staff of Denver Securities, Inc., 711 Seventeenth Street.

Founders Mutual Adds

(Special to THE FINANCIAL CHRONICLE)

DENVER, Colo. —Mary K. Nelson has joined the staff of Founders Mutual Depositor Corp., First National Bank Building.

Indications of Current Business Activity

The following statistical tabulations cover production and other figures for the latest week or month available. Dates shown in first column are either for the week or month ended on that date, or, in cases of quotations, are as of that date:

		Latest Week	Previous Week	Month Ago	Year Ago
AMERICAN IRON AND STEEL INSTITUTE:					
Indicated steel operations (percent of capacity)	Sept. 4	§93.8	*90.6	86.9	64.0
Equivalent to—					
Steel ingots and castings (net tons)	Sept. 4	§2,264,000	*2,186,000	2,098,000	1,525,000
AMERICAN PETROLEUM INSTITUTE:					
Crude oil and condensate output—daily average (bbls. of 42 gallons each)	Aug. 19	6,700,550	6,635,400	6,650,250	6,155,750
Crude runs to stills—daily average (bbls.)	Aug. 19	¶7,505,000	*7,670,000	7,620,000	6,936,000
Gasoline output (bbls.)	Aug. 19	26,711,000	26,546,000	25,964,000	23,826,000
Kerosene output (bbls.)	Aug. 19	2,179,000	2,067,000	1,921,000	2,171,000
Distillate fuel oil output (bbls.)	Aug. 19	10,953,000	11,363,000	10,871,000	10,261,000
Residual fuel oil output (bbls.)	Aug. 19	7,814,000	7,990,000	7,857,000	7,917,000
Stocks at refineries, bulk terminals, in transit, in pipe lines—					
Finished and unfinished gasoline (bbls.) at	Aug. 19	155,563,000	154,983,000	157,678,000	155,017,000
Kerosene (bbls.) at	Aug. 19	33,431,000	32,811,000	31,206,000	33,830,000
Distillate fuel oil (bbls.) at	Aug. 19	124,979,000	122,214,000	112,392,000	111,444,000
Residual fuel oil (bbls.) at	Aug. 19	46,349,000	45,705,000	45,260,000	55,848,000
ASSOCIATION OF AMERICAN RAILROADS:					
Revenue freight loaded (number of cars)	Aug. 20	780,863	775,397	786,433	678,624
Revenue freight received from connections (no. of cars)	Aug. 20	630,924	634,292	644,871	577,967
CIVIL ENGINEERING CONSTRUCTION — ENGINEERING NEWS-RECORD:					
Total U. S. construction	Aug. 25	$265,312,000	$322,205,000	$366,197,000	$224,168,000
Private construction	Aug. 25	174,147,000	188,081,000	225,944,000	125,766,000
Public construction	Aug. 25	91,165,000	134,124,000	140,253,000	98,402,000
State and municipal	Aug. 25	80,027,000	116,446,000	126,253,000	88,567,000
Federal	Aug. 25	11,138,000	17,678,000	14,000,000	9,835,000
COAL OUTPUT (U. S. BUREAU OF MINES):					
Bituminous coal and lignite (tons)	Aug. 20	9,475,000	9,320,000	9,490,000	7,649,000
Pennsylvania anthracite (tons)	Aug. 20	365,000	440,000	406,000	490,000
DEPARTMENT STORE SALES INDEX—FEDERAL RESERVE SYSTEM—1947-49 AVERAGE = 100	Aug. 20	106	100	94	100
EDISON ELECTRIC INSTITUTE:					
Electric output (in 000 kwh.)	Aug. 27	10,906,000	10,812,000	10,727,000	9,227,000
FAILURES (COMMERCIAL AND INDUSTRIAL) — DUN & BRADSTREET, INC.	Aug. 25	180	216	201	184
IRON AGE COMPOSITE PRICES:					
Finished steel (per lb.)	Aug. 23	5.174c	5.174c	5.174c	4.801c
Pig iron (per gross ton)	Aug. 23	$59.09	$59.09	$59.09	$56.59
Scrap steel (per gross ton)	Aug. 23	$43.83	$43.83	$41.50	$28.67
METAL PRICES (E. & M. J. QUOTATIONS):					
Electrolytic copper—					
Domestic refinery at	Aug. 24	41.425c	37.050c	35.700c	29.700c
Export refinery at	Aug. 24	41.800c	39.225c	36.400c	29.475c
Straits tin (New York) at	Aug. 24	96.250c	96.750c	98.500c	93.250c
Lead (New York) at	Aug. 24	15.000c	15.000c	15.000c	14.000c
Lead (St. Louis) at	Aug. 24	14.800c	14.800c	14.800c	13.800c
Zinc (East St. Louis) at	Aug. 24	12.500c	12.500c	12.500c	11.000c
MOODY'S BOND PRICES DAILY AVERAGES:					
U. S. Government Bonds	Aug. 30	94.52	94.71	94.07	99.91
Average corporate	Aug. 30	107.44	107.62	108.34	110.70
Aaa	Aug. 30	110.70	110.88	111.44	115.43
Aa	Aug. 30	109.06	109.24	110.15	112.56
A	Aug. 30	107.44	107.80	108.70	110.88
Baa	Aug. 30	102.80	102.96	103.47	104.66
Railroad Group	Aug. 30	106.21	106.39	106.92	109.42
Public Utilities Group	Aug. 30	107.80	108.16	108.88	110.88
Industrials Group	Aug. 30	108.16	108.34	109.24	112.19
MOODY'S BOND YIELD DAILY AVERAGES:					
U. S. Government Bonds	Aug. 30	2.91	2.89	2.93	2.51
Average corporate	Aug. 30	3.31	3.30	3.26	3.13
Aaa	Aug. 30	3.13	3.12	3.09	2.88
Aa	Aug. 30	3.22	3.21	3.16	3.03
A	Aug. 30	3.31	3.29	3.24	3.12
Baa	Aug. 30	3.58	3.57	3.54	3.47
Railroad Group	Aug. 30	3.38	3.37	3.34	3.20
Public Utilities Group	Aug. 30	3.29	3.27	3.23	3.12
Industrials Group	Aug. 30	3.29	3.26	3.21	3.05
MOODY'S COMMODITY INDEX	Aug. 30	403.9	403.8	402.2	410.4
NATIONAL PAPERBOARD ASSOCIATION:					
Orders received (tons)	Aug. 20	237,378	259,523	233,721	214,012
Production (tons)	Aug. 20	282,969	274,078	264,622	251,722
Percentage of activity	Aug. 20	100	98	94	92
Unfilled orders (tons) at end of period	Aug. 20	619,331	671,986	607,016	364,174
OIL, PAINT AND DRUG REPORTER PRICE INDEX—1949 AVERAGE = 100	Aug. 26	106.68	106.72	106.75	106.76
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	Aug. 6	1,133,728	1,215,755	*1,401,818	1,317,792
Dollar value	Aug. 6	$62,463,360	$68,976,036	*$86,358,075	$59,341,836
Odd-lot purchases by dealers (customers' sales)—					
Number of orders—Customers' total sales	Aug. 6	887,576	983,511	*1,063,867	1,361,562
Customers' short sales	Aug. 6	5,984	8,875	*8,584	11,4[illegible]1
Customers' other sales	Aug. 6	881,592	974,636	*1,055,283	1,350,071
Dollar value	Aug. 6	$46,293,057	$51,589,752	*$59,879,953	$59,164,651
Round-lot sales by dealers—					
Number of shares—Total sales	Aug. 6	230,940	268,990	241,010	461,380
Short sales	Aug. 6	------	------	------	------
Other sales	Aug. 6	230,940	268,990	241,010	461,380
Round-lot purchases by dealers—					
Number of shares	Aug. 6	450,540	460,770	578,240	397,580
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	Aug. 6	445,800	4[illegible]7,970	321,230	608,240
Other sales	Aug. 6	10,719,800	12,306,020	11,951,880	16,008,990
Total sales	Aug. 6	11,165,600	12,803,990	12,273,110	16,617,230
ROUND-LOT TRANSACTIONS FOR ACCOUNT OF MEMBERS, EXCEPT ODD-LOT DEALERS AND SPECIALISTS:					
Transactions of specialists in stocks in which registered—					
Total purchases	Aug. 6	1,339,440	1,395,580	1,587,850	2,091,510
Short sales	Aug. 6	211,310	255,790	258,810	351,220
Other sales	Aug. 6	1,177,900	1,189,580	1,327,250	1,666,160
Total sales	Aug. 6	1,389,210	1,445,370	1,586,060	2,017,380
Other transactions initiated on the floor—					
Total purchases	Aug. 6	305,400	258,040	295,040	571,280
Short sales	Aug. 6	25,300	29,700	46,300	41,300
Other sales	Aug. 6	330,810	285,700	286,890	545,070
Total sales	Aug. 6	356,110	315,400	333,190	586,370
Other transactions initiated off the floor—					
Total purchases	Aug. 6	507,904	482,432	476,335	560,660
Short sales	Aug. 6	91,720	80,800	79,710	69,480
Other sales	Aug. 6	602,467	612,854	610,482	701,374
Total sales	Aug. 6	694,187	693,654	690,192	770,854
Total round-lot transactions for account of members—					
Total purchases	Aug. 6	2,152,744	2,136,052	2,359,225	3,223,450
Short sales	Aug. 6	328,330	366,290	384,820	462,000
Other sales	Aug. 6	2,111,177	2,088,134	2,224,622	2,912,604
Total sales	Aug. 6	2,439,507	2,454,424	2,609,442	3,374,604
WHOLESALE PRICES, NEW SERIES — U. S. DEPT. OF LABOR — (1947-49 = 100):					
Commodity Group—					
All commodities	Aug. 23	110.5	110.3	109.9	110.0
Farm products	Aug. 23	88.3	87.9	87.6	93.9
Processed foods	Aug. 23	101.4	101.5	101.2	105.5
Meats	Aug. 23	84.5	83.4	82.2	89.1
All commodities other than farm and foods	Aug. 23	117.0	116.8	116.3	114.4

*Revised figure. ¶Includes 761,000 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.

	Latest Month	Previous Month	Year Ago
BANK DEBITS—BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM—Month of July (in thousands)	$161,741,000	$177,908,000	$154,843,000
BUSINESS FAILURES—DUN & BRADSTREET, INC.—Month of July:			
Manufacturing number	179	200	165
Wholesale number	89	79	9[illegible]
Retail number	423	446	417
Construction number	102	114	95
Commercial service number	68	75	80
Total number	861	914	856
Manufacturers liabilities	$11,865,000	$13,888,000	$9,986,000
Wholesale liabilities	4,282,000	3,254,000	5,140,000
Retail liabilities	8,605,000	9,564,000	9,622,000
Construction liabilities	6,28[illegible],000	4,702,000	4,958,000
Commercial service liabilities	1,502,000	5,259,000	2,524,000
Total liabilities	$32,543,000	$36,667,000	$32,230,000
BUSINESS INVENTORIES — DEPT. OF COMMERCE NEW SERIES — Month of June (millions of dollars):			
Manufacturing	$43,790	*$43,549	$44,185
Wholesale	11,800	11,800	11,900
Retail	33,200	23,000	22,600
Total	$78,790	*$78,400	$78,685
CASH DIVIDENDS—PUBLICLY REPORTED BY U. S. CORPORATIONS — U. S. DEPT. OF COMMERCE — Month of June (000's omitted)	$1,390,300	$251,300	*$1,250,400
CONSUMER CREDIT OUTSTANDING—BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM—REVISED SERIES—Estimated short and intermediate term credit in millions as of June 30:			
Total consumer credit	$32,471	$31,508	$28,666
Instalment credit	24,914	24,149	21,717
Automobile	12,561	11,985	10,168
Other consumer goods	5,639	6,5[illegible]5	5,367
Repair and modernization loans	1,562	1,546	1,635
Personal loans	5,152	5,063	4,547
Non-instalment credit	7,557	7,419	6,949
Single payment loans	2,686	2,589	2,334
Charge accounts	3,040	3,011	2,819
Service credit	1,831	1,819	1,796
COTTON AND LINTERS — DEPT. OF COMMERCE—RUNNING BALES:			
Consumed month of July	566,640	849,116	541,553
In consuming establishments as of July 31	1,398,862	1,509,199	1,217,453
In public storage as of July 31	9,501,877	9,737,3[illegible]9	8,255,439
Linters—Consumed month of July	127,213	128,823	95,512
Stocks July 31	1,504,880	1,630,454	1,532,723
Cotton spindles active as of July 31	19,147,000	18,257,000	19,299,000
COTTON GINNING (DEPT. OF COMMERCE)— As of Aug. 16 (running bales)	616,273	------	848,320
DEPARTMENT STORE SALES—SECOND FEDERAL RESERVE DISTRICT, FEDERAL RESERVE BANK OF N. Y. — 1947-49 Average=100—Month of July:			
Sales (average monthly), unadjusted	76	*102	*75
Sales (average daily), unadjusted	77	*100	*74
Sales (average daily), seasonally adjusted	108	*104	*103
Stocks, unadjusted	105	*108	*105
Stocks, seasonally adjusted	116	*115	*116
EMPOLYMENT AND PAYROLLS—U. S. DEPT. OF LABOR—REVISED SERIES—Month of July:			
All manufacturing (production workers)	13,046,000	*13,084,000	12,179,000
Durable goods	7,559,000	*7,631,000	6,876,000
Nondurable goods	5,487,000	*5,453,000	5,303,000
Employment Indexes (1947-49 Avge.=100)—			
All manufacturing	105.5	*105.8	98.5
Payroll Indexes (1947-49 Average = 100)—			
All manufacturing	150.9	*152.1	131.9
Estimated number of employees in manufacturing industries—			
All manufacturing	16,557,000	16,563,000	15,584,000
Durable goods	9,557,000	9,615,000	8,811,000
Nondurable goods	7,000,000	6,948,000	6,773,000
LIFE INSURANCE PURCHASES — INSTITUTE OF LIFE INSURANCE — Month of June (000's omitted):			
Ordinary	$2,714,000	$2,553,000	$2,151,000
Industrial	570,000	607,000	555,000
Group	711,000	452,000	431,000
Total	$3,995,000	$3,612,000	$3,137,000
MANUFACTURERS' INVENTORIES AND SALES (DEPT. OF COMMERCE) NEW SERIES— Month of June (millions of dollars):			
Inventories—			
Durables	$24,471	*$24,304	$24,617
Non-durables	19,319	*19,245	19,568
Total	$43,790	*$43,549	$44,185
Sales	27,152	*26,051	23,349
MONEY IN CIRCULATION—TREASURY DEPT. As of July 31 (000's omitted)	$30,237	$30,229	$29,922
PERSONAL INCOME IN THE UNITED STATES (DEPARTMENT OF COMMERCE)—Month of June (in billions):			
Total personal income	$301.2	*$301.4	$286.7
Wage and salary, receipts, total	207.7	*207.3	195.8
Commodity producing industries	90.6	90.6	84.2
Distributing industries	54.9	54.5	52.1
Service industries	27.4	*27.4	25.8
Government	34.8	*34.8	33.7
Less employees contribution for social insurance	5.2	5.2	4.5
Other labor income	6.9	6.9	6.6
Proprietors and rental income	48.3	*48.8	48.2
Personal interest income and dividends	26.3	*26.1	24.6
Total transfer payments	17.2	*17.5	16.0
Total nonagricultural income	286.8	286.6	272.1
PRICES RECEIVED BY FARMERS — INDEX NUMBER — U. S. DEPT. OF AGRICULTURE—1910-14=100—As of July 15:			
Unadjusted—			
All farm products	237	243	247
Crops	238	244	243
Food grain	222	232	216
Feed grain and hay	190	196	205
Tobacco	435	435	445
Cotton	271	266	274
Fruit	235	239	236
Truck crops	223	230	197
Oil-bearing crops	257	256	283
Livestock and products	237	242	249
Meat animals	261	276	296
Dairy products	242	2[illegible]5	229
Poultry eggs	178	176	169

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.**
Aug. 10 filed $3,662,600 of convertible subordinated debentures due Sept. 1, 1970, being offered first for subscription by common stockholders in the ratio of $100 principal amount of debentures for each 16 shares of stock held as of Aug. 30; rights to expire on Sept. 15. **Price** — 102% of principal amount. **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 filed 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.

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 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 Service Publishing Co., Inc.
Aug. 8 (letter of notification) 40,000 shares of class A common stock (par $1). **Price**—$5 per share. **Proceeds** — For equipment and working capital. **Office** — 400 Walker Bldg., Washington, D. C. **Underwriter**—Landrum S. Allen & Co., Inc., same city.

American Telephone & Telegraph Co. (9/2)
Aug. 2 filed up to $640,000,000 of 12-year 3⅞% convertible debentures due Oct. 13, 1967, 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.

★ **American Title & Insurance Co., Miami, Fla. (9/15)**
Aug. 26 filed 300,000 shares of common stock (par $2), of which 200,000 shares are to be sold for the account of the company and 100,000 shares for the account of a selling stockholder. **Price**—To be supplied by amendment. **Proceeds**—To redeem the outstanding $300,000 4½% first preferred stock (par $100); to purchase stock of Reliable Fire Insurance Co. of Dayton, Ohio; and for working capital, etc. **Underwriter**—Merrill Lynch, Pierce, Fenner & Beane, New York.

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 Producing & Refining Co., Phoenix, Ariz.**
Aug. 11 (letter of notification) 225,000 shares of common stock of which 125,000 shares are to be offered to public and 100,000 shares for lease rights. **Price**—$1 per share. **Proceeds**—For expenses incident to producing & refining oil. **Office** — 619 Title & Trust Bldg., Phoenix, Ariz. **Underwriter**—None.

● **Atlantic Casualty Insurance Co.**
Aug. 15 (letter of notification) 4,992½ shares of capital stock being offered for subscription by minority stockholders of record Aug. 24, 1955 on a share-for-share basis; rights to expire on Sept. 9. Automobile Association of New Jersey will subscribe for an additional 45,007⅔ shares. **Price**—$10 per share. **Proceeds**—For working capital. **Office**—484 Central Avenue, Newark 7, N. J. **Underwriter**—None. **Change in Name**—Stockholders on Aug. 24 were to vote to change company's name to Automobile Association Insurance Co., effective on or after Jan. 1, 1956.

★ **Atlas Sewing Centers, Inc., Miami, Fla. (9/6-7)**
Aug. 23 (letter of notification) 80,000 shares of common stock (par $1). **Price**—$3.75 per share. **Proceeds**—For general corporate purposes. **Office**—Pan American Bank Bldg., Miami, Fla. **Underwriter**—R. S. Dickson & Co., Inc., Charlotte, N. C.

★ **Automation-Engineering Corp., Los Angeles, California.**
Aug. 16 (letter of notification) 200,000 shares of nonassessable common stock. **Price** — At par ($1.50 per share). **Proceeds**—For general funds of the company. **Office**—1127 Wilshire Boulevard, Los Angeles, Calif. **Underwriter**—Daniel D. Weston & Co., Beverly Hills, Calif.

★ **Avalon Investors Corp.**
Aug. 17 (letter of notification) 1,000 shares of common stock. **Price**—At par ($100 per share). **Proceeds**—To purchase 20 small housing units for rental income. **Office**

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NEW ISSUE CALENDAR

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) $246,950

September 6 (Tuesday)
Atlas Sewing Centers, Inc.___Common
(R. S. Dickson & Co.) $300,000
Corning Natural Gas Co.___Common
(Offering to stockholders—no underwriting) 11,000 shares
Cromwell Uranium & Development Co., Inc.___Common
(James Anthony Securities Corp.) $300,000
Cuba (Republic of)___Bonds
(Allen & Co.) $3,000,000
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.
Gob Shops of America, Inc.___Common
(Weill, Blauner & Co. Inc.) $297,000
St. Regis Uranium Corp.___Common
(M. J. Reiter Co.) $300,000

September 7 (Wednesday)
Maloney (M. E.) & Co., Inc.___Common
(A. C. Champlain & Co.) $289,000
Splendora Film Corp.___Common
(J. H. Lederer Co., Inc. and McGrath Securities Corp.) $600,000

September 8 (Thursday)
Day-Brite Lighting, Inc.___Common
(Scherck, Richter Co.) 259,419 shares
Food Fair Properties, Inc.___Debs. & Common
(Offering to stockholders of Food Fair Stores, Inc.—underwritten by Eastman, Dillon & Co.) $7,691,250
New York Central RR.___Equip. Trust Ctfs.
(Bids noon EDT) $7,500,000
Tel-A-Sign, Inc.___Common
(Vickers Brothers) $300,000

September 9 (Friday)
Yale & Towne Manufacturing Co.___Common
(Offering to stockholders—underwritten by Morgan Stanley & Co.) 106,931 shares

September 12 (Monday)
Boren Oil & Gas Corp.___Debentures
(Offering to stockholders—underwritten by Burt, Hamilton & Co., Inc. and N. R. Real & Co.) $600,000

September 13 (Tuesday)
Bank of California, N. A.___Common
(Offering to stockholders—underwritten by Blyth & Co., Inc.) $3,654,000
Massachusetts Indemnity Insurance Co.___Common
(Estabrook & Co.) 60,000 shares
Utah Power & Light Co.___Bonds
(Bids noon EDT) $15,000,000
Utah Power & Light Co.___Common
(Bids noon EDT) 177,500 shares

September 14 (Wednesday)
Reading Co.___Equip. Trust Ctfs.
(Bids noon EDT) $4,200,000
Tennessee Gas Transmission Co.___Bonds
(Stone & Webster Securities Corp.; White, Weld & Co.; and Halsey, Stuart & Co. Inc.) $50,000,000
Tennessee Gas Transmission Co.___Common
(Stone & Webster Securities Corp. and White, Weld & Co.) 400,000 shares
Vendo Co.___Common
(Kidder, Peabody & Co.) 174,540 shares

September 15 (Thursday)
American Title & Insurance Co.___Common
(Merrill Lynch, Pierce, Fenner & Beane) 300,000 shares
Colohoma Uranium, Inc.___Common
(General Investing Corp. and Shaiman & Co.) $1,250,000

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
Rio de Oro Uranium Mines, Inc.___Common
(Tellier & Co.) $450,000
Tampa Electric Co.___Common
(Offering to stockholders—Goldman, Sachs & Co. will be dealer-manager) 197,532 shares

September 27 (Tuesday)
Pacific Power & Light Co.___Bonds
(Bids noon EDT) $10,000,000

September 28 (Wednesday)
Sulphur, Inc.___Common
(J. H. Lederer Co.) $400,000

October 1 (Saturday)
Mountain States Telephone & Telegraph Co.___Common
(Offering to stockholders—no underwriting) $48,688,100

October 3 (Monday)
Clad (Victor V.) Co.___Common
(Barrett Herrick & Co., Inc.) $300,000

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 17 (Monday)
Fort Pitt Packaging International, Inc. Common
(Barrett Herrick & Co., Inc.) $900,000
Southern Bell Tel. & Tel. Co.___Debentures
(Bids to be invited) $30,000,000

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

November 1 (Tuesday)
Southern Co.___Common
(Offering to stockholders—bids 11 a.m. EDT) 1,507,303 shares

November 29 (Tuesday)
San Diego Gas & Electric Co.___Bonds
(Bids 11:30 a.m. EDT) $13,000,000

December 6 (Tuesday)
Virginia Electric & Power Co.___Preferred
(Bids to be invited) $12,500,000

Continued from page 31

—2686 Hempstead Turnpike, Levittown, L. I., N. Y. Underwriter—None.

Bank-It-Company, Denver, Colo.
Aug. 12 (letter of notification) $100,000 of 6% second series debentures dated Aug. 1, 1955 and due serially from 1958 to 1961. **Price**—At par (in denominations of $100 each). **Proceeds**—To help pay in part the cost of a new plant. **Office**—2590 Walnut Street, Denver, Colo. **Underwriters**—Peters, Writer & Christensen, Inc. and Garrett-Bromfield & Co., both of Denver, Colo.

★ **Banner Fibreboard Co., Wellsburg, W. Va.**
Aug. 17 (letter of notification) 50,000 shares of common stock, to stockholders of Hammond Bag & Paper Co. **Price**—At par ($5 per share). **Proceeds**—For expenses incident to a paper mill. **Underwriter**—None.

★ **Bassons Industries Corp.**
Aug. 24 (letter of notification) 124,000 shares of common stock (par 50 cents). **Price**—$2 per share. **Proceeds**—For working capital, etc. **Office** — 1424 East Farms Road, New York City. **Underwriter**—Jay W. Kaufman & Co., New York.

★ **Beacon Associates, Inc., Providence, R. I.**
Aug. 18 (letter of notification) 2,175 shares of common stock (par $10). **Price**—At market (estimated at about $22.75 per share). **Proceeds** — For advances to subsidiaries. **Office**—216 Turks Head Bldg., Providence, R. I. **Underwriter**—None.

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."

★ **Black Sivalls & Bryson, Inc.**
Aug. 17 (letter of notification) 200,000 units of interest in the Salaried Employees' Thrift and Profit-Sharing Plan and 5,400 shares of common stock (par $1). **Price**—Of units, $1 each; and of stock, $18.50 per share. **Proceeds**—None. **Underwriter**—None.

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. (9/12)
July 26 filed $600,000 of 6% convertible debentures due July 15, 1975, to be initially offered for subscription by stockholders 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. **Office**—Wichita Falls, Tex. **Underwriters**—Burt, Hamilton & Co., Inc., Dallas, Tex.; and N. R. Real & Co., Jersey City, N. J.

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.

Cedar Springs Uranium Co., Moab, Utah
June 8 (letter of notification) 300,000 shares of common stock (par five cents). **Price**—$1 per share. **Proceeds**—For mining expenses. **Underwriter**—Universal Investment Corp., Washington, D. C.

★ **Central Electric & Gas Co., Lincoln, Neb.**
Aug. 19 (letter of notification) 15,000 shares of common stock (par $3.50). **Price**—At market ($3 per share below average market price for the month). **Proceeds**—For working capital. **Office**—144 South 12th St., Lincoln, Neb. **Underwriter**—None.

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.

★ **Chemical Fund, Inc., New York**
Aug. 29 filed (by amendment) an additional 500,000 shares of capital stock. **Price**—At market. **Proceeds**—For investment.

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.

★ **C.I.T. Financial Corp.**
Aug. 31 filed $100,000,000 of 15-year debentures due 1970. **Price**—To be supplied by amendment. **Proceeds**—To furnish working funds to the corporation's subsidiaries for the purchase of receivables and for other corporate purposes. **Underwriters**—Dillon, Read & Co. Inc., Kuhn, Loeb & Co. and Lehman Brothers, all of New York City. **Offering**—Expected about the middle of September.

● **Clad (Victor V.) Co., Philadelphia, Pa. (10/3)**
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.**
Aug. 24 filed 400,000 shares of common stock (par 10 cents). **Price**—$1.25 per share. **Proceeds**—To repay short-term obligations, etc. and for working capital. **Underwriter** — Mountain States Securities Co., Denver, Colorado.

Colohoma Uranium, Inc., Montrose, Colo. (9/15)
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.

★ **Columbia Gas System, Inc., New York (9/21)**
Aug. 25 filed $40,000,000 of debentures, series E, due 1980. **Proceeds**—To repay $20,000,000 of bank loans and for construction program. **Underwriter** — To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Morgan Stanley & Co. **Bids**—Expected to be received on Sept. 21.

Colzona Oil & Uranium Corp., Denver, Colo.
April 29 (letter of notification) 3,000,000 shares of common stock (par five cents). **Price**—10 cents per share. **Proceeds**—For mining expenses. **Office**—1300 Larimer St., Denver, Colo. **Underwriter**—Peters, Writer & Christensen, Inc., Denver, Colo.

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 Life Insurance Co., Tulsa, Okla.**
Aug. 22 (letter of notification) 60,000 shares of common stock (par $1). **Price**—$5 per share. **Proceeds**—To be credited to capital stock, unassigned surplus and reserve for business development and for expansion and life reserves. **Office**—616 South Main St., Tulsa, Okla. **Underwriter**—Eastman, Dillon & Co., New York, N. Y.

★ **Commonwealth Telephone Co., Dallas, Pa.**
Aug. 15 (letter of notification) 20,663 shares of common stock (par $10). **Price**—$14.50 per share. **Proceeds**—To reduction of bank loan. **Office** — 100 Lake Street, Dallas, Pa. **Underwriter**—Eastman, Dillon & Co., Philadelphia, Pa. **Offering**—Now being made.

Community Credit Co., Omaha, Neb.
June 6 (letter of notification) 1,000 shares of 5½% cumulative preferred stock. **Price**—At par ($100 per share). **Proceeds**—For working capital. **Office**—3023 Farnam St., Omaha, Neb. **Underwriter**—Wachob-Bender Corp., same city.

Confidential Finance Corp., Omaha, Neb
March 11 (letter of notification) 150,000 shares of 7% cumulative preferred stock (par 95 cents) and 15,000 shares of common stock (par one cent) to be offered in units of 10 shares of preferred stock and one share of common stock. **Price** — $10 per unit. **Proceeds** — For working capital. **Underwriter**—J. J. Riordan & Co., Inc., 42 Broadway, New York City.

Conjecture Mines, Inc., Coeur d'Alene, Idaho
May 5 (letter of notification) 200,000 shares of common stock (par 10 cents). **Price**—25 cents per share. **Proceeds**—For mining expenses. **Office**—326 Wiggett Bldg., Coeur d'Alene, Idaho. **Underwriter**—M. A. Cleek, Spokane, Wash.

Consolidated 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.

★ **Continental Production Corp., Las Vegas, Nev.**
Aug. 29 filed $3,700,000 of 15-year 5½% income debentures due Sept. 1, 1970 and 870,000 shares of common stock (par 10 cents) to be offered in units off $50 of debentures and five shares of stock. **Price**—$50.50 per unit. **Proceeds**—For acquisition of production payments. **Underwriter**—First California Co., Inc., San Francisco, Calif.

★ **Contract Uranium Mining & Exploration Corp.**
Aug. 24 (letter of notification) 600,000 shares of non-assessable common stock (par five cents). **Price**—50 cents per share. **Proceeds** — For expenses incident to mining activities. **Office**—128 N. Front Ave., Phoenix, Ariz. **Underwriter**—None, shares to be offered through officers directors and employees.

● **Cook Industries, Inc., Dallas, Texas**
Aug. 1 (letter of notification) 199,999 shares of common stock (par $1), of which 107,915 shares are to be sold by company and 92,084 shares by a selling stockholder. **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.

★ **Corning Natural Gas Co. (9/6)**
Aug. 26 (letter of notification) 11,000 shares of common stock (no par) to be offered to stockholders of record Sept. 6 on a 1-for-8 basis (with an oversubscription privilege); rights to expire on Sept. 26. **Price**—To be supplied by amendment. **Proceeds** — For construction program. **Office**—27-29 Denison Parkway East, Corning, N. Y. **Underwriter**—None.

★ **Coronado Uranium Corp., Salt Lake City, Utah**
Aug. 16 (letter of notification) 2,400,000 shares of common stock. **Price**—At par (10 cents per share). **Proceeds**—For expenses incident to mining activities. **Office**—343 South State St., Room 211, Salt Lake City, Utah. **Underwriter**—Mountain States Securities Corp., Denver, Colorado.

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.

★ **Courtney-Adams Sky-Rides, Inc., Tampa, Fla.**
Aug. 23 (letter of notification) 50,000 shares of class A common stock. **Price** — $1 per share. **Proceeds** — For construction of plant, tools and equipment, materials, and working capital. **Address**—P. O. Box 3009, Tampa, Fla. **Underwriter**—None.

Cromwell Uranium & Development Co., Inc. (9/6)
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) (9/6-9)**
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.

★ **Dakamont Exploration Corp., Houston, Texas**
Aug. 24 (letter of notification) 291,000 shares of class A stock, to be offered to common stockholders of record Sept. 2, 1955, on the basis of three shares of class A stock for each five shares of common held; rights to expire on Sept. 14. **Price**—At par ($1 per share). **Proceeds**—For expenses incident to oil and gas activities. **Office**—1077 San Jacinto Bldg., Houston, Texas. **Underwriter**—Lehman Brothers, New York, N. Y.

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.

★ **Detroit Steel Corp.**
Aug. 30 filed $30,000,000 of first mortgage sinking fund bonds due 1970. **Price**—To be supplied by amendment. **Proceeds**—Together with other funds and issuance of $6,000,000 in 6% cumulative preferred stock at par ($100 per share) to retire RFC note amounting to $38,180,000. **Underwriter**—Halsey, Stuart & Co. Inc., Chicago and New York. **Meeting**—Stockholders to vote on approving financing on Sept. 16.

★ **Detroit Steel Corp.**
Aug. 30 filed 503,155 shares of common stock (par $1), to be offered for subscription by common stockholders on the basis of one new share for each five shares held (with an oversubscription privilege). **Price**—To be not more than 80% of the market price immediately prior to the offering. **Proceeds** — To help retire RFC note. **Underwriter** — None (see also proposed bond financing above).

Dinosaur Uranium Corp., Salt Lake City, Utah
Aug. 15 (letter of notification) 15,000,000 shares of common stock. **Price**—At par (one cent per share). **Proceeds**—For expenses incident to mining activities. **Office**—15 Exchange Place, Salt Lake City, Utah. **Underwriter**—Western States Investment Co., same city.

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.

Dow Chemical Co., Midland, Mich.
Aug. 5 filled 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.

★ **Drexel Furniture Co., Drexel, N. C.**
Aug. 16 (letter of notification) 14,000 shares of common stock (par $2.50). **Price**—$20 per share. **Proceeds**—For the account of selling stockholder. **Underwriters** — Powell & Co., Fayetteville, N. C. and McCarley & Co., Inc., Ashville, N. C.

★ **Eastern Interior Oil Corp., St. Louis, Mo.**
Aug. 16 (letter of notification) 300,000 shares of common stock (par 10 cents). **Price**—$1 per share. **Proceeds**—For expenses incident to drilling and development of oil. **Office**—1809 Arcade Bldg., St. Louis, Mo. **Underwriter**—None.

Eastern Lime Corp., Kutztown, Pa. (9/6-7)
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.

Empire Southern Gas Co., Fort Worth, Tex.
Aug. 4 (letter of notification) 12,000 shares of common stock (par $5) to be offered for subscription by stockholders. **Price**—To stockholders, $21 per share; and to public, at market (estimated at $25 per share). **Proceeds**—For construction of pipeline. **Office**—2509 West Berry Street, Fort Worth, Texas. **Underwriter**—None.

Erie County Investment Co., Sandusky, Ohio
Aug. 10 (letter of notification) 7,500 shares of cumulative preferred stock (par $20) and 7,500 shares of common stock (par $10), to be offered in units of one share of each. **Price**—$35 per unit. **Proceeds**—For working capital to finance general expansion. **Office**—169 East Washington Row, Sandusky, Ohio. **Underwriter** — The First Cleveland Corp., Cleveland, Ohio.

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.

★ **Florida State Utilities Corp., Ft. Lauderdale, Fla.**
Aug. 24 (letter of notification) 285,000 shares of class A common stock. **Price**—At par ($1 per share). **Proceeds**—For construction of sewage treatment plant, installation of sewage collection system, fees, and reserve for contingencies. **Office**—916 E. Sunrise Lane, Fort Lauderdale, Fla. **Underwriter**—None.

Food Fair Properties, Inc. (9/8)
Aug. 17 filled $7,691,250 of 20-year debentures due Sept. 1, 1975, and an aggregate of 2,342,075 shares of common stock (par one cent), of which the deebntures and 1,692,075 shares of stock are to be offered for subscription by common stockholders of Food Fair Stores, Inc. of record Sept. 8 on the basis of $50 of debentures and 11 shares of stock for each 20 shares of Food Fair Stores common stock held; rights to expire on or about Sept. 27. The remaining 650,000 shares of common stock are to be placed privately. **Price**—$50 per unit; and $1 each for the 650,000 shares. **Proceeds** — To purchase from Food Fair Stores two tracts of land and for improvements thereon. **Underwriter** — Eastman, Dillon & Co., New York.

★ **Ford Rock Mine, Inc., Post Falls, Idaho**
Aug. 19 (letter of notification) 10,100 shares of assessable common stock. **Price**—At par ($1 per share). **Proceeds** — For expenses incident to mining activities. **Address**—P. O. Box 382, Post Falls, Idaho. **Underwriter**—None.

Foremost Dairies, Inc.
Aug. 18 filed 202,925 shares of common stock (par $2) to be offered in exchange for 43,807 shares of second preferred and 3,349 shares of common stock of Philadelphia Dairy Products Co., Inc., on the basis of 4¼ shares of Foremost common for each Philadelphia preferred share and five shares of Foremost common for one Philadelphia common share. **Underwriter**—None.

● **Fort Pitt Packaging International, Inc. (10/17)**
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.

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.

★ **Frontier Exploration & Mining Corp.**
Aug. 15 (letter of notification) 160,000 shares of non-assessable capital stock. **Price**—At par ($1 per share). **Proceeds**—For expenses incident to mining activities. **Address**—P. O. Box 254, Miles City, Mont. **Underwriter**—None.

GAD Enterprises, Inc., Alexandria, Va.
March 15 (letter of notification) 260,000 shares of common stock (par 10 cents). **Price**—$1 per share. **Proceeds**—For purchase of factory and working capital. **Office**—1710 Mount Vernon Avenue, Alexandria, Va. **Underwriter**—T. J. O'Connor and Associates, Washington, D. C.

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 Capsule Corp., Fraser, Mich.
Aug. 9 (letter of notification) 285,000 shares of class A common stock (par 10 cents). **Price**—$1 per share. **Proceeds**—For equipment and engineering; inventory, promotion and sales and working capital. **Office** — 31425 Fraser Drive, Fraser, Mich. **Underwriter**—General Investing Corp., New York, N. Y.

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.

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.

Gob Shops of America, Inc. (9/6)
July 27 (letter of notification) 99,000 shares of common stock (par $1). **Price**—$3 per share. Proceeds—For general corporate purposes. **Office**—Pawtucket, R. I. **Underwriter**—Weill, Blauner & Co., Inc., New York.

Great Eastern Mutual Life Insurance Co.
June 23 (letter of notification) 45,583 shares of common stock (par $1) to be offered for subscription by stockholders of record June 10 in the ratio of one new share for each three shares held; stock not subscribed for by Sept. 10, 1955 will be offered to public. **Price**—To stockholders, $3 per share; and to public, $5 per share. **Proceeds**—To increase capital and surplus accounts. **Office**—210 Boston Bldg., Denver, Colo. **Underwriter**—None.

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.

★ **Hancock Oil Co., Long Beach, Calif.**
Aug. 15 (letter of notification) 412 shares of class A common stock. **Price**—At market (estimated at $33 per share). **Proceeds**—To be deposited in the Security-First Nat'l Bank of Los Angeles for disbursement to holders of outstanding scrip certificates pro-rate, upon surrender of fractional scrip certificates held by them. **Office**—2828 Junipero Ave., Long Beach, Calif. **Underwriter**—None.

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.

Housatonic Public Service Corp. (9/5)
Aug. 15 (letter of notification) 11,225 shares of common stock (par $15) to be offered for subscription by common stockholders of record Aug. 23 on the basis of one new share for each 33 shares held; rights to expire on Sept. 26. **Price**—$22 per share. **Proceeds**—For construction expenditures. **Office**—33 Elizabeth St., Derby, Conn. **Underwriter**—None.

★ **Hunt Uranium Corp., Green River, Utah**
Aug. 22 (letter of notification) 1,200,000 shares of common stock. **Price**—At par (25 cents per share). **Proceeds**—For expenses incident to mining activities. **Underwriter** — Elmer K. Aagaard, 323 Newhouse Bldg., Salt Lake City, Utah.

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.

★ **International Investors Inc., New York**
Aug. 23 filed 200,000 shares of capital stock (par $1). **Price**—At market. **Proceeds**—For investment. **Business**—To invest in foreign securities of the free world outside of the United States. **Underwriter**—I. I. I. Securities Corp., 76 Beaver St., New York, N. Y.

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.

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★ Irby Bros. Machine & Iron Works
Aug. 22 (letter of notification) 75,000 shares of common stock (par $1). **Price** — $2 per share. **Proceeds** — For field erection equipment, to increase steel inventory and working capital. **Underwriter**—Gates Carter & Co., Inc., Hatten Bldg., Gulfport, Miss.

★ J-A Uranium, Inc., Salt Lake City, Utah
Aug. 19 (letter of notification) 10,000,000 shares of capital stock (par one cent), **Price**—Three cents per share. **Proceeds**—For expenses incident to mining activities. **Office**—711-12 Continental Bank Bldg., Salt Lake City, Utah. **Underwriter** — Ackerson-Hackett Investment Co., Salt Lake City, Utah.

★ Jurassic Minerals, Inc., Cortez, Colo.
Aug. 26 (letter of notification) 2,855,000 shares of non-assessable common stock (par one cent). **Price**—10 cents per share. **Proceeds**—For expenses incident to mining activities. **Office** — 326 West Montezuma St., Cortez, Colo. **Underwriter** — Bay Securities Corp., New York, New York.

Kachina Uranium Corp., Reno, Nev.
May 12 (letter of notification) 600,000 shares of common stock (par 10 cents). **Price**—50 cents per share. **Proceeds**—For mining expenses. **Office**—206 N. Virginia St., Reno, Nev. **Underwriter**—Whitney, Cranmer & Schulder, Inc., Denver, Colo.

Kirby Oil & Gas Co.
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.

★ Lamson & Sessions Co., Cleveland, O., (9/19-23)
Aug. 29 filed 62,500 shares of cumulative convertible preferred stock, series A (par $50), of which 2,500 shares are to be offered to holders of outstanding cumulative preferred stock on a share-for-share exchange and 60,000 shares will be offered publicly. **Price**—To be supplied by amendment. **Proceeds** — Together with other funds, for construction of new plants in Brooklyn, Ohio, and in Bedford Park, Ill. **Underwriter**—McDonald & Co., Cleveland, Ohio.

★ Landa Oil Co., Dallas, Texas
Aug. 19 (letter of notification) 70,000 shares of common stock (par 10 cents) to be first offered for subscription by stockholders. **Price** — To stockholders, $3.50 per share; and to public $4.25 per share. **Proceeds**—For expenses incident to oil and gas activities. **Office** — 5738 North Central Expressway, Dallas 6, Tex. **Underwriter**—Central Securities Co., Dallas, Tex.

Lander Valley Uranium & Oil Corp.
Aug. 15 (letter of notification) 3,000,000 shares of common stock (par two cents). **Price**—10 cents per share. **Proceeds**—For expenses incident to mining activities. **Office**—c/o Warren E. Morgan, President, 1705 East First South, Salt Lake City, Utah. **Underwriter**—Empire Securities Corp., Las Vegas, Nev.

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.

★ LeCuno Oil Corp., Jefferson, Texas
Aug. 29 filed 450,000 shares of capital stock (par 10 cents). **Price**—To be supplied by amendment. **Proceeds**—For payment of liabilities and expenses incident to oil and gas and mineral activities. **Underwriter**—First California Co., Inc., San Francisco, Calif.

★ Lewis-Clark Uranium Co., Inc., Kamiah, Idaho
Aug. 22 (letter of notification) 3,000,000 shares of common stock. **Price**—At par (one cent per share). **Proceeds**—For expenses incident to mining activities. **Underwriter**—None.

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.

Lyman-Farnsworth Corp.
May 6 (letter of notification as amended) 3,000,000 shares of capital stock (par one cent). **Price**—10 cents per share. **Proceeds**—For mining operations. **Office**—201 No. Main St., Salt Lake City, Utah. **Underwriter**—Pioneer Investments, Las Vegas, Nev.

Mackey Airlines, Inc., Ft. Lauderdale, Fla.
July 29 filed 333,334 shares of common stock (par 33⅓ cents), part of which are to be offered for subscription by common stockholders and part to Joseph C. Mackey, President of company. **Price**—To be supplied by amendment. **Proceeds** — For purchase of equipment and for general corporate purposes. **Underwriters**—Atwill & Co., Miami Beach, Fla., and Emerson Cook Co., Palm Beach, Fla.

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. (9/7)
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) being 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 held as of Aug. 19. The offer is subject to acceptance by holders of not less than 80% (8,000 shares) of Citizens stock and will expire Sept. 9.

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.

Massachusetts Indemnity Insurance Co. (9/13)
Aug. 19 filed 60,000 shares of capital stock (par $5). **Price** — To be supplied by amendment. **Proceeds** — To certain selling stockholders. **Underwriter**—Estabrook & Co., Boston, Mass.

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.

★ Merchant Marine Realty Corp., Richmond, Calif.
Aug. 15 (letter of notification) 1,200 shares of non-assessable capital stock (no par). **Price**—$25 per share. **Proceeds**—For expenses in purchase of rental property for the corporation. **Office** — 987-23rd St., Richmond, Calif. **Underwriter**—None.

Merritt-Chapman & Scott Corp., New York
June 28 filed 314,718 shares of common stock (par $12.50) being offered in exchange as follows: 102,250 shares to class A stockholders of Devoe & Raynolds & Co., Inc. on basis of 1⅔ shares for each Devoe share; 6,621 shares to class B common stockholders of Devoe on 1⅓-for-1 basis; 127,623 shares to common stockholders of New York Shipbuilding Corp. on a share-for-share basis; 53,324 shares to common stockholders of Tennessee Products & Chemical Corp. on a 1¼-for-1 basis; 13,453 shares to common stockholders of Newport Steel Corp. on a 1-for-2.1 basis; 10,899 shares to common stockholders of Marion Power Shovel Co. on a 1½-for-1 basis; and 548 shares of class B common stockholders of The Osgood Co. on a 1-for-1½ basis. Offer will expire on Sept. 30. **Underwriter**—None.

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.

★ Mia Nina Mining Corp., Salt Lake City, Utah
Aug. 11 (letter of notification) 1,196,000 shares of non-assessable common stock (par five cents). **Price**—25 cents per share. **Proceeds** — For expenses incident to mining activities. **Office**—535 Atlas Bldg., Salt Lake City, Utah. **Underwriter**—First Securities of Denver, Denver, Colo.

● Mississippi Valley Gas Co.
July 28 filed $2,000,000 of 4¼% convertible subordinate debentures due 1975, being 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.

★ Mobile Uranium & Oil Co., Salt Lake City, Utah
Aug. 22 (letter of notification) 5,500,000 shares of non-assessable capital stock (par one cent). **Price** — Five cents per share. **Proceeds** — For expenses incident to mining activities. **Office**—605 Judge Bldg., Salt Lake City, Utah. **Underwriter**—Skyline Securities, Inc., Denver, Colo.

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.

Monte Cristo Uranium Corp.
Aug. 19 filled 2,000,000 shares of common stock (par one cent). **Price**—$1 per share. **Proceeds**—For purchase of certain claims designated "Lower Claims Group." **Office**—Salt Lake City, Utah. **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. **Underwriter**—None.

Navajo Cliffs Uranium Corp., Provo, Utah
July 6 (letter of notification) 6,000,000 shares of common stock (par one cent). **Price**—Five cents per share. **Proceeds**—For mining expenses. **Office**—156 No. University Ave., Provo, Utah. **Underwriter** — Lindquist Securities, Salt Lake City, Utah.

Neva-U-Tex Uranium, Inc., Goldfield, Nev.
July 15 (letter of notification) 4,000,000 shares of capital stock. **Price**—Five cents per share. **Proceeds**—For mining expenses, etc. **Office**—312 East Crook St., Goldfield, Nev. **Underwriter** — Utah Uranium Brokers, Salt Lake City, Utah.

New Mexico Oil & Gas Co.
July 27 (letter of notification) 2,500,000 shares of common stock (par one cent). **Price**—Three cents per share. **Proceeds** — For general corporate purposes. **Office** — Bethesda, Md. **Underwriter**—Lewellen-Bybee Co., Washington, D. C.

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.

Ohio Power Co. (9/20)
Aug. 17 filled $17,000,000 of first mortgage bonds due Sept. 1, 1985. **Proceeds**—To repay bank loans and for new construction. **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. **Bids**—To be received up to 11 a.m. (EDT) on Sept. 20.

Ohio Power Co. (9/20)
Aug. 17 filed 60,000 shares of cumulative preferred stock (par $100). **Proceeds**—For construction program. **Underwriter**—To be determined by competitive bidding. Probable bidders: Blyth & Co., Inc.; Lehman Brothers; Kuhn, Loeb & Co.; Harriman Ripley & Co., Inc. and Stone & Webster Securities Corp. (jointly); The First Boston Corp.; Union Securities Corp. and Salomon Bros & Hutzler (jointly). **Bids**—To be received up to 11 a.m. (EDT) on Sept. 20.

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.

★ Ottilia Villa, Inc., Las Vegas, Nev.
Aug. 16 (letter of notification) 3,000 shares of capital stock. **Price**—At par ($100 per share). **Proceeds**—For construction of additional units to a motel. **Office**—4703 South 5th St., Las Vegas, Nev. **Underwriter**—Hennon & Roberts, Las Vegas, Nev.

Pacific International Metals & Uranium, Inc.
Aug. 12 (letter of notification) 12,000,000 shares of common stock. **Price**—At par (one cent per share). **Proceeds**—For expenses incident to mining activities. **Office**—419 Judge Bldg., Salt Lake City, Utah. **Underwriter**—Guss Securities Co., Salt Lake City, Utah.

★ Pacific Power & Light Co. (9/27)
Aug. 30 filed $10,000,000 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 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.

Pacific Telephone & Telegraph Co.
July 29 filed 1,339,196 shares of common stock (par $100) to be offered for subscription by preferred and 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 & 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 prin-

cipal 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.

★ **Petaca Mining Co., Santa Fe, N. Mex.**
Aug. 25 filed 450,000 shares of common stock (par 10 cents). **Price**—$1.75 per share. **Proceeds**—For repayment of loan and liquidation of purchase obligations; to buy equipment; and for working capital. **Underwriter**— Barrett Herrick & Co., Inc., New York.

★ **Pikes Peak Uranium Corp., Colorado Springs, Colorado**
Aug. 24 (letter of notification) 3,000,000 shares of common stock (par 1½ cents). **Price**—10 cents per share. **Proceeds** — For expenses incident to mining activities. **Office** — 317 Mining Exchange Bldg., Colorado Springs, Colo. **Underwriter**—None.

Pioneer Mortgage & Development Corp.
April 27 filed 300,000 shares of common stock (par $1) with warrants attached entitling the holder to purchase one additional share at prices ranging from $13 to $20 depending upon the exercise date. **Price**—$10 per share "as a speculation." **Proceeds**—For working capital and general corporate purposes. **Office**—Houston, Tex. **Underwriter**—None. Statement effective July 14.

Plastic Wire & Cable Corp., Jewett City, Conn.
Aug. 11 (letter of notification) 1,036 shares off common stock (par $5), to be offered to stockholders through warrants. **Price**—$9 per share. **Proceeds**—For additional working capital and to finance current plant expansion. **Office**—East Main St., Jewett City, Conn. **Underwriter**—Putnam & Co., Hartford, Conn.

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.

★ **Radar-Electronics, Inc.**
Aug. 29 (letter of notification) 75,000 shares of common stock (par one cent). **Price**—At market (estimated at 2 cents to 3½ cents). **Proceeds**—To Morton Kronengold, Vice-President. **Office**—129 So. State St., Dover, Del. and 229 West 28th St., New York, N. Y.

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.
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**—Expected today (Sept. 1). May be placed privately.

Revere Realty, Inc., Cincinnati, Ohio
March 8 filed $1,000,000 of 5½% cumulative convertible debentures due Jan. 1, 1980 and 25,000 shares of common stock (no par). **Price**—Par for debentures and $100 per share for stock. **Proceeds** — To purchase real estate or interest therein. **Underwriter**—Stanley Cooper Co., Inc., Cincinnati, O.

● **Rio de Oro Uranium Mines, Inc. (9/21-22)**
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 Uranium Corp.
May 26 (letter of notification) 200,000 shares of common stock (par five cents). **Price**—At market (total not to exceed $150,000). **Proceeds**—For working capital. **Office** —Walker Bank Bldg., Salt Lake City, Utah. **Underwriter** —Whitney & Co., same city. No general offer planned.

Saint Anne's Oil Production Co.
May 9 (letter of notification) 20,000 shares of common stock (par $1) to be first offered to stockholders. **Price** —$6.25 per share. **Proceeds** — For oil and mineral and related activities. **Office**—Northwood, Iowa. **Underwriter** —None.

St. Regis Uranium Corp., Denver, Colo. (9/6)
Aug. 15 (letter of notification) 1,500,000 shares of common stock (par one cent). **Price**—20 cents per share. **Proceeds** — For expenses incident to mining activities. **Office**—2285 South Jackson, Denver, Colo. **Underwriter** —M. J. Reiter Co., New York, N. Y.

★ **San Juan Uranium Exploration, Inc., Denver, Colorado**
Aug. 19 (letter of notification) 925,000 shares of non-assessable common stock (par one cent). **Price**—12 cents per share. **Proceeds**—For expenses incident to mining activities. **Office** — 718 Kittredge Bldg., Denver, Colo. **Underwriter**—Shelley-Roberts & Co., Denver, Colo.

Sanitary Products Corp., Chicago, Ill.
June 27 (letter of notification) 15,000 shares of common stock (par $1). **Price**—At market (estimated at $1.62½ to $2 per share). **Proceeds**—To selling stockholder. **Office**—10 So. LaSalle St., Chicago, Ill. **Underwriter**— Cruttenden & Co., Chicago, Ill.

Santa Fe Uranium & Oil Co., Inc.
May 26 (letter of notification) 2,959,500 shares of common stock (par one cent). **Price** — 10 cents per share. **Proceeds**—For mining operations. **Office**—416 Independence Bldg., Colorado Springs, Colo. **Underwriter**—Columbia Securities Co., Denver, Colo.

● **Savoy Oil Co., Inc., Tulsa, Okla.**
July 8 (letter of notification) 20,000 shares of common stock (par 25 cents) to be offered for subscription by stockholders of record Aug. 29 on a 1-for-13 basis (subject to clearance); rights to expire on Sept. 15, 1955. **Price**—$7 per share. **Proceeds**—For exploration, development and acquisition of properties. **Office**—417 McBurney Bldg., Tulsa, Okla. **Underwriter**—None.

★ **Servo Corp. of America, Long Island, N. Y.**
Aug. 26 filed $600,000 shares of 6% convertible subordinated debentures due 1975 (initially convertible into common stock at $6 per share) and 110,000 shares of common stock (par $1), of which 30,000 shares are to be offered for the account of Henry Blackstone, President. **Price** — To be supplied by amendment. **Proceeds**—For plant expansion, working capital, etc. **Underwriter**— Ira Haupt & Co., New York. **Offering**—Expected late in September.

★ **Shacron Oil Corp., Washington, D. C.**
Aug. 15 (letter of notification) 150,000 shares of class A common stock (par $1) and 75,000 shares of class B common stock (par $1), to be sold in units of two shares of class A and one share of class B. **Price** — $3 per unit. **Proceeds**—For expenses incident to oil activities. **Office** —1500 Massachusetts Ave., N. W., Washington, D. C. **Underwriter**—None.

Shoni Uranium Corp., Riverton, Wyo.
April 21 (letter of notification) 2,000,000 shares of common stock (par one cent). **Price** — 15 cents per share. **Proceeds** — For mining expenses. **Address** — Box 489, Riverton, Wyo. **Underwriter** — Melvin F. Schroeder, Denver, Colo.

Shumway Uranium, Inc., Moab, Utah
June 20 (letter of notification) 1,200,000 shares of common stock (par one cent). **Price**—25 cents per share. **Proceeds**—For mining expenses. **Office** — 6 Kirby St., Moab, Utah. **Underwriter**—Skyline Securities Inc., Denver, Colo.

Silvaire Aircraft & Uranium Co.
June 17 (letter of notification) 3,000,000 shares of common stock (par one cent). **Price** — 10 cents per share). **Proceeds**—For mining operations. **Office**—Fort Collins, Colo. **Underwriter**—Carroll, Kirchner & Jaquith, Inc., Denver, Colo.

★ **Socorro Uranium Corp., Wichita Falls, Texas**
Aug. 18 (letter of notification) 200,000 shares of common stock (par one cent). **Price**—25 cents per share. **Proceeds** —For expenses incident to mining activities. **Office**—920 Oil & Gas Bldg., Wichita Falls, Texas. **Underwriter**— None.

Sonoma Quicksilver Mines, Inc.
April 27 filed 800,000 shares of capital stock (par 10 cents), of which 80,000 shares are to be initially offered to public. **Price**—To be fixed on the basis of the market value at the time of their first sale or $1 per share, which ever is lower. **Purpose** — To increase facilities and invest in other quicksilver properties; and for working capital. **Office**—San Francisco, Calif. **Underwriter** —Norman R. Whittall, Ltd., Vancouver, B. C., Canada.

Southwestern Investment Co., Amarillo, Texas
Aug. 22 filed $2,500,000 of 5% sinking fund capital debentures, series A, dated Sept. 1, 1955. Holders of presently outstanding 5% and 5½% capital debentures will be offered the opportunity to exchange their debentures for the new debentures. **Price** —100% of principal amount. **Proceeds**—To retire debt and increase working capital. **Underwriter**—The First Trust Co. of Lincoln, Neb.

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 (9/7)**
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.

★ **Starfire Uranium & Development Corp., Tooele, Utah**
Aug. 24 (letter of notification) 13,000,000 shares of non-assessable capital stock. **Price**—At par (two cents per share). **Proceeds**—For expenses incident to mining activities. **Office**—11 South Main St., Tooele, Utah. **Underwriter**—None.

★ **Stavid Engineering, Inc.**
Aug. 26 (letter of notification) 21,536 shares of common stock (no par). **Price** — $6 per share. **Proceeds** — For working capital. **Business**—Electronic equ'pment. **Office** —U. S. Highway 22, Watchung, N. J. **Underwriter**—None.

★ **Sulphur, Inc., Houston, Texas (9/28)**
Aug. 24 filed 400,000 shares of common stock (par one cent). **Price** — $1 per share. **Proceeds** — To purchase lease; to drill three exploratory wells; for exploration in the Isthmus of Tehuantepec, Vera Cruz, Mexico; and for general corporate purposes. **Underwriter** — J. H. Lederer Co., New York.

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. **Offering**—Postponed.

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.

★ **Swank Uranium Drilling & Exploration Co., Moab, Utah**
Aug. 17 (letter of notification) 3,000,000 shares of common stock. **Price**—At par (10 cents per share). **Proceeds** —For expenses incident to mining activities. **Underwriter** —Honnold & Co., Inc., Salt Lake City, Utah.

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.

Tel-A-Sign, Inc., Chicago, Ill. (9/8)
Aug. 10 (letter of notification) 150,000 shares of common stock (par 20 cents). **Price**—$2 per share. **Proceeds**—To retire debt; and for new plant and equipment. **Underwriter**—Vickers Brothers, New York.

★ **Tennessee Gas Transmission Co. (9/14)**
Aug. 25 filed 400,000 shares of common stock (par $5). **Price** — To be supplied by amendment. **Proceeds**—For property and additions. **Underwriters**—Stone & Webster Securities Corp., and White, Weld & Co., both of New York.

★ **Tennessee Gas Transmission Co. (9/14)**
Aug. 25 filed $50,000,000 of first mortgage pipe line bonds due 1976. **Price**—To be supplied by amendment. **Proceeds**—To repay short-term loans and for property additions. **Underwriters**—Stone & Webster Securities Corp., White, Weld & Co. and Halsey, Stuart & Co. Inc., all of New York.

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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 Adams Oil Co., Inc., New York, N. Y.
Aug. 11 (letter of notification) 66,600 shares of common stock (par 10 cents). **Price**—75 cents per share. **Proceeds**—To selling stockholders. **Office**—39 Broadway, New York, N. Y. **Underwriter**—Philip Gordon & Co., Inc., New York, N. Y.

● **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. Up to Aug. 29 tenders for the minimum number of shares stipulated had been received.

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.

★ **Theatre Associates, Inc.**
Aug. 26 (letter of notification) up to 25,000 memberships. **Price**—$10 each. **Proceeds**—For working capital. **Business**—To make investments in theatrical products, etc. **Office**—20 East 53rd St., New York 22, N. Y. **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.

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.

★ **Tunacraft, Inc., Kansas City, Mo.**
Aug. 22 (letter of notification) $295,000 principal amount of 6% 12-year registered subordinated sinking fund debentures, dated Sept. 1, 1955 (with stock purchase warrants). **Price**—At par (in denominations of $100 each or multiples thereof). **Proceeds**—To refinance and discharge secured obligation. **Underwriter** — McDonald, Evans & Co., Kansas City, Mo.

Tungsten Mountain Mining Co., Fallon, Nev.
June 8 (letter of notification) 149,800 shares of common stock (par $1). **Price**—$1.50 per share. **Proceeds**—For mining operations. **Address** — P. O. Box 456, Fallon, Churchill County, Nev. **Underwriter**—H. P. Pratt & Co., Seattle, Wash.

Two Jay Uranium Co., Salt Lake City, Utah
May 16 (letter of notification) 3,000,000 shares of common stock (par three cents). **Price**—10 cents per share. **Proceeds**—For mining expenses. **Office**—32 Exchange Place, Salt Lake City, Utah. **Underwriter** — Western States Investment Co., Tulsa, Okla.

Ucon Uranium Corp., Salt Lake City, Utah
June 2 (letter of notification) 5,000,000 shares of common stock (par one cent). **Price**—Five cents per share. **Proceeds**—For mining costs. **Office**—406 Judge Building, Salt Lake City, Utah. **Underwriter**—Empire Securities Corp., Las Vegas, Nev.

U-Kan Uranium & Oil Co., Salt Lake City, Utah
May 5 (letter of notification) 260,000 shares of common stock (par 10 cents). **Price**—$1 per share. **Proceeds**—For mining expenses. **Office** — Judge Bldg., Salt Lake City, Utah. **Underwriter** — Northern Securities, Inc., Seattle, Wash.

Union of Texas Oil Co., Houston, Texas
July 12 (letter of notification) 61,393 shares of common stock (no par). **Price**—$1.25 per share. **Proceeds**—To reduce bank loans, and for development costs and other corporate purposes. **Underwriter**—Mickle & Co., Houston, Texas.

United American Investment Co., Atlanta, Ga.
July 19 filed 3,500,000 shares of common stock no par. **Price**—$2 per share. **Proceeds**—For organization of two wholly-owned insurance compaies, to be named United American Life Insurance Co. and Tourists Indemnity Co.; balance to be used to engage in mortgage loan business and related fields. **Underwriter**—None.

United States Thorium Corp.
July 21 (letter of notification) 250,000 shares of capital stock. **Price**—At par ($1 per share). **Proceeds**—For general corporate purposes. **Underwriter**—Doxey-Merkley & Co., Salt Lake City, Utah.

★ **Universal Beverages, Inc., Denver, Colo.**
Aug. 26 (letter of notification) 139,800 shares of non-assessable common stock (par $1). **Price**—$2 per share. **Proceeds**—For production of product, advertising, promotion and administration expenses; technical consulting, plants and reserve for contingencies. **Office** — 510 Farmers Bldg., Denver, Colo. **Underwriter**—None.

Universal Oil & Uranium Corp.
July 26 (letter of notification) 5,998,000 shares of common stock (par one cent). **Price**—Five cents per share. **Proceeds** — For mining operations. **Office** — 7900 West Colfax Avenue, Denver, Colo. **Underwriter** — Columbia Securities Co., Denver, Colo.

Universal Service Corp., Inc., Houston, Texas
July 8 filed 500,000 shares of common stock (par two mills). **Price**—$2.50 per share. **Proceeds**—For equipment, mining costs, oil and gas development, and other corporate purposes. **Underwriter** — None. **Offering** — Postponed.

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.

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 Grank, Inc., Reno, Nev.
Aug. 15 (letter of notification) 270,000 shares of capital stock. **Price**—At par ($1 per share). **Proceeds**—For expenses incident to mining activities. **Office**—312 Byington Bldg., Reno, Nev. **Underwriter**—Lester L. LaFortune, Las Vegas, Nev.

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.

★ **Vendo Co., Kansas City, Mo. (9/14)**
Aug. 24 filed 174,540 shares of common stock (par $2.50), of which 53,200 shares are to be sold for account of company and 121,340 shares for selling stockholders. **Price**—To be supplied by amendment. **Proceeds**—For working capital and general corporate purposes. **Underwriter**—Kidder, Peabody & Co., New York.

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.

★ **Wallace (William) Co., Belmont, Calif.**
Aug. 22 (letter of notification) 1,000 shares of capital stock (par $10). **Price**—$30 per share for the first 100 shares, offer to increase one half point for each additional 100 shares sold. **Proceeds**—For the account of W. R. Ames Co. **Underwriter**—Dean Witter & Co., San Francisco, Calif.

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 Financial Corp.**
Aug. 24 (letter of notification) 50,000 shares of common stock (par one cent). **Price** — $1 per share. **Proceeds**—For working capital, etc. **Business** — Purchases and sell commodities. **Office** — 430 Park Ave., New York. **Underwriter**—J. H. Lederer Co. Inc., New York.

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 Development Co., Missoula, Mont.**
Aug. 15 (letter of notification) 1,700,000 shares of common stock (par one cent). **Price** — 10 cents per share. **Proceeds** — For expenses incident to mining activities. **Office**—221 Dixon Bldg., Missoula, Mont. **Underwriter**—None.

White Horse Uranium, Inc., Salt Lake City, Utah
June 9 (letter of notification) 2,900,000 shares of capital stock (par 2½ cents). **Price**—10 cents per share. **Proceeds**—For mining expenses. **Office**—1030 South Sixth West St., Salt Lake City, Utah. **Underwriter**—J. W. Hicks & Co., Inc., Denver, Colo.

Wicker-Baldwin Uranium Mining Co.
May 26 (letter of notification) 900,000 shares of common stock. **Price**—At par (25 cents per share). **Proceeds**—For mining expenses. **Office**—616 Sixth St., Rapid City, S. D. **Underwriter**—Driscoll-Hanson, Inc., same city.

Wonder Mountain Uranium, Inc., Denver, Colo.
Aug. 12 (letter of notification) 2,380,000 shares of common stock (par one cent). **Price**—10 cents per share. **Proceeds** — For expenses incident to mining activities. **Office**—414 Denver Nat'l Bldg., Denver, Colo. **Underwriter**—Floyd Koster & Co., Denver, Colo.

★ **Woods Oil & Gas Co., New Orleans, La.**
Aug. 29 filed 250,000 shares of common stock (par $5). **Price**—$8 per share. **Proceeds**—For retirement of debt; revision of corporate structure, etc. **Underwriter** — Straus, Blosser & McDowell, Chicago, Ill.

Yale & Towne Manufacturing Co. (9/9)
Aug. 19 filled 106,931 shares of capital stock (par $25) to be offered for subscription by stockholders of record Sept. 9 on the basis of one new share for each six shares held; rights to expire on Sept. 26. **Price**—To be supplied by amendment. **Proceeds**—To repay $1,000,000 bank loans and for working capital and general corporate purposes. **Underwriter**—Morgan Stanley & Co., New York.

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.

Yellowknife Uranium Corp., Toronto, Canada
Aug. 19 filed 1,000,000 shares of common stock (par one cent), of which 700,000 shares are to be sold for account of company and 300,000 shares for account of Stancan Uranium Corp. **Price**—$1.50 per share. **Proceeds**—For payments under purchase and option agreements for claims; for working capital and reserve funds; and for other general corporate purposes. **Underwriters**—Gearhart & Otis, Inc. and F. H. Crerie & Co., Inc., both of New York 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.
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. **Offering**—Originally planned for Oct. 25, has been postponed.

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.

● **Baltimore & Ohio RR.**
Aug. 30 the railroad offered for exchange and sale $280,000,000 of first consolidated mortgage bonds, in three series, viz: $80,000,000 of series A 3⅞s, due Aug. 1, 1970; $80,000,000 of series B 4s due Sept. 1, 1980; and $120,000,000 of series C 4¼s due Oct. 1, 1995. Through Sept. 9, 1955, holders of refundable bonds will have the right to exchange them, par-for-par, for not more than $60,000,000 of series A bonds, $40,000,000 of series B bonds and $20,000,000 of series C bonds. The new bonds will be allotted for sales and exchanges up to Sept. 19 in order of receipt of acceptances. **Prices**—Of series A, 99%; of series B, 98¾%, and series C, 100%; with accrued interest in each case. **Proceeds**—To refund and consolidate all mortgage indebtedness under one mortgage. **Underwriters**—Glore, Forgan & Co.; Halsey, Stuart & Co. Inc.; and Alex. Brown & Sons.

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. (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.

Camco Corp.
Aug. 22 it was reported early registration is expected of 100,000 shares of common stock, of which 75,000 shares are to be sold by the company and 25,000 shares for the account of selling stockholders. **Price** — Expected to be about $10 per share. **Underwriter**—Lee Higginson Corp., New York.

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 three or four 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.

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. Stockholders on Sept. 7 will vote on approving a proposal for additional financing. **Underwriter**—Van Alstyne, Noel & Co., New York.

Continental Can Co., Inc.
April 18, preferred stockholders approved creation of not to exceed an additional $25,000,000 of debentures or other indebtedness maturing later than one year after the date thereof. The company has no present plans for making any additional borrowings. **Underwriters**—Goldman, Sachs & Co. and Lehman Brothers, both of New York.

Daitch Crystal Dairies, Inc.
April 28 stockholders approved a proposal to increase the authorized common stock (par $1) from 500,000 shares to 1,000,000 shares to provide for future financing and expansion. **Underwriter**—Hirsch & Co., New York.

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 (which may be first offered to stockholders)—W. C. Langley & Co. and Union Securities Corp. (jointly); Kidder, Peabody & Co. and Merrill Lynch, Pierce, Fenner & Beane (jointly); Carl M. Loeb, Rhoades & Co.; Blyth & Co., Inc. and The First Boston Corp. (jointly); White, Weld & Co. and Shields & Co. (jointly); Lehman Brothers. (3) On preferred stock—Blyth & Co., Inc. and The First Boston Corp. (jointly); White, Weld & Co. and Shields & Co. (jointly); Lehman Brothers; W. C. Langley & Co. and Union Securities Corp. (jointly); Morgan Stanley & Co.

● **Denver National Bank, Denver, Colo.**
July 28, stockholders of record that date were given the right to subscribe on or before Sept. 7 for 50,000 additional shares of capital stock (par $10) on the basis of one new share for each four shares held. **Price**—$30 per share. **Proceeds**—To increase capital and surplus. **Underwriters**—Bosworth, Sullivan & Co. and Boettcher & Company.

Detroit Edison Co.
May 2 stockholders approved a proposal authorizing about $60,000,000 of convertible debentures. Previous offer of convertible debentures was made to stockholders without underwriting.

Doman Helicopters, Inc.
Feb. 17 Donald S. B. Waters, President, announced stockholders voted to increase authorized capital stock from 1,000,000 shares to 3,000,000 shares in anticipation of expansion of the company's activities. **Underwriter**—Previous financing handled by Greene & Co., New York.

Du Mont Broadcasting Corp.
Aug. 10 it was announced that corporation, following issuance to stockholders of Allen B. Du Mont Laboratories, Inc. of 1,000,000 shares of common stock as a dividend, contemplates that additional shares will be offered to its stockholders. This offering will be underwritten. Kuhn, Loeb & Co. and Van Alstyne, Noel & Co. handled Du Mont Laboratories class A stock financing 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.

Fischer & Porter Co., Hatboro, Pa.
Aug. 18, Kermit Fischer, President, announced that the company expects to offer additional common shares to the public in the near future. **Underwriters**—Offering of participating preference shares in October, 1954, was underwritten by Hallowell, Sulzberger & Co.; Boenning & Co.; and Suplee, Yeatman & Co., Inc.; all of Philadelphia, Pa.

Florida Power Corp.
April 14 it was announced company may issue and sell between $10,000,000 and $12,000,000 of first mortgage bonds. **Underwriters**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Kidder, Peabody & Co. and Merrill Lynch, Pierce, Fenner & Beane (jointly); Lehman Brothers and Blyth & Co., Inc. (jointly); Glore, Forgan & Co.; and The First Boston Corp. **Offering**—Expected late in 1955 or early 1956.

Ford Motor Co., Detroit, Mich.
March 15 it was reported that following a probable 10-for-1 stock split, an offering of approximately 4,000,000 new shares will be made to the public. **Price**—Expected to be around $60 per share. **Proceeds** — To the Ford Foundation. **Offering**—Probably not until "latter part of 1955, if then."

Gulf States Utilities Co.
May 16 it was reported company may issue and sell $10,000,000 first mortgage bonds if market conditions permit. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Lehman Brothers; Merrill Lynch, Pierce, Fenner & Beane and White, Weld & Co. (jointly); Salomon Bros. & Hutzler and Union Securities Corp. (jointly); Kuhn, Loeb & Co. and A. C. Allyn & Co., Inc. (jointly); Lee Higginson Corp. and Carl M. Loeb, Rhoades & Co. (jointly); Stone & Webster Securities Corp.

Hammermill Paper Co.
May 10 stockholders approved a proposal on increasing the debt authority to $20,000,000. **Underwriter**—A. G. Becker & Co. (Inc.), Chicago, Ill.

Heller (Walter E.) & Co.
July 18 it was reported that the company may be considering some new financing. **Underwriter**—F. Eberstadt & Co. Inc., New York.

Hupp Corp.
May 13 stockholders approved a proposal increasing the authorized capital stock from 3,000,000 to 4,200,000 shares (200,000 of such increased shares shall be (new) serial preferred stock, $50 par value) and 1,000,000 shares shall be common stock, $1 par value); also waiving of preemptive rights to such increased shares.

International Bank, Washington, D. C.
April 25 it was announced company, in addition to placing privately an issue of $500,000 convertible debentures, will offer additional convertible debentures to shareholders, the latter probably sometime in the Autumn of this year. **Office** — 726 Jackson Place, N. W., Washington, D. C. **Business**—Industrial merchant bankers.

International Oil & Metals Corp., Seattle, Wash.
May 23 it was reported company may do some financing some time in the future. William D. Bost of Whitcomb & Co., New York, is Chairman of the Board.

International Resources Fund, Inc.
July 20 it was announced this company will be formed to specialize in worldwide investment in the field of natural resources companies. An offering of $15,000,000 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 undertermined number of common shares. **Underwriters**—L. D. Sherman & Co., New York, and Garrett & Co., Dallas, Tex.; and others.

Kaiser Aluminum & Chemical Corp.
July 11 it was reported that company is understood to be contemplating the sale to the public of 700,000 shares of sinking fund preferred stock this Fall and private debt financing of about $40,000,000. Stockholders will vote Aug. 12 on approving an increase in the authorized preferred stock from 700,000 to 1,500,000 shares. **Proceeds**—For expansion program and working capital. **Underwriters**—The First Boston Corp., New York; and Dean Witter & Co., San Francisco, Calif.

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 Securities Corp.; Blair & Co. Incorporated. **Bids**—Probably this fall.

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. **Proceeds**—For general corporate purposes. **Underwriter**—George A. Searight, New York, will head group.

Long Island Lighting Co.
April 23 it was announced company plans to sell an issue of $15,000,000 first mortgage bonds, series H, due 1985. **Proceeds**—For construction program. **Underwriter**—To be determined by competitive bidding. Probable bidders—Halsey, Stuart & Co. Inc.; The First Boston Corp. and Blyth & Co., Inc. (jointly); W. C. Langley & Co.; Smith, Barney & Co.; Baxter, Williams & Co. **Offering**—Expected late in 1955.

Lucky Stores, Inc.
April 20 stockholders approved a proposal to increase the authorized common stock (par $1.25) from 1,000,000 shares to 2,000,000 shares (there are 804,063 shares outstanding). It was reported previously that the company proposed to raise approximately $1,500,000 through the sale of 150,000 shares. However, no immediate financing is planned. **Underwriter**—Probably Blair & Co. Incorporated, New York.

Maine Central RR.
Feb. 14, E. Spencer Miller, President, said company has not given up the idea of refunding the $17,000,000 5⅛% first mortgage and collateral trust bonds due 1978. Probable bidders for new bonds may include Halsey, Stuart & Co. Inc.; Kidder, Peabody & Co.; W. C. Langley & Co.; Coffin & Burr, Inc.; The First Boston Corp.; Merrill Lynch, Pierce, Fenner & Beane; Blyth & Co., Inc.; Glore, Forgan & Co.

Majestic Auto Club, Inc.
Aug. 25 it was announced company plans to offer 500,000 shares (par five cents) to the motorist and general public shortly after completion of the current offering of 100,000 shares to service station owners and operators. **Office**—Room 717, 141 Broadway, New York 6, N. Y.

Marquette Cement Manufacturing Co.
Aug. 12 directors approved a $16,000,000 plant expansion program. Certain details of financing and engineering remain to be completed. **Underwriter**—A. G. Becker & Co. Inc., Chicago, Ill.

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Michigan Consolidated Gas Co.
Aug. 15 it was reported company may issue and sell this fall $27,000,000 of first mortgage bonds due 1985. **Proceeds**—To repay bank loans and for new construction. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; White, Weld & Co. and Lehman Brothers (jointly); Smith, Barney & Co. and Blyth & Co., Inc. (jointly); Harriman Ripley & Co. Inc. and Union Securities Corp. (jointly).

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**—American Telephone & Telegraph Co. owns about 86.7% of the presently outstanding common stock. **Underwriter** — None.

★ **National Bank of Washington**
Aug. 27 it was announced Bank plans to offer to its stockholders the privilege to subscribe for an additional 205,000 shares of capital stock (par $10) on the basis of one new share for each two shares held. **Price**—$30 per share. **Proceeds**—To increase capital and surplus. **Underwriter**—Johnston, Lemon & Co., Washington, D. C. **Meeting**—Stockholders to vote on Sept. 12 on approving the financing.

National Fuel Gas Co.
Aug. 23 company filed with the SEC an application to offer its common stock in exchange for shares of Pennsylvania Gas Co., a principal subsidiary, on a basis of 1.45 National shares for each Pennsylvania Gas share.

New Haven Clock & Watch Co.
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 Reynolds & Co., New York.

New Orleans Public Service Inc.
Feb. 4 it was announced that company plans this year to issue some first mortgage bonds due 1985. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; White, Weld & Co.; Blair & Co. Incorporated; The First Boston Corp.; Equitable Securities Corp. and Union Securities Corp (jointly); Kuhn, Loeb & Co. and A. C. Allyn & Co. Inc. (jointly); Kidder, Peabody & Co. and Stone & Webster Securities Corp. (jointly); and Lehman Brothers.

New York Central RR. (9/8)
Bids will be received up to noon (EDT) on Sept. 8 for the purchase from the company of $7,500,000 equipment trust certificates to mature annually to and including 1970. Probable bidders: Halsey, Stuart & Co., Inc.; Salomon Bros. & Hutzler.

New York State Electric & Gas Corp. (10/19)
July 8 it was announced company plans to issue and sell $25,000,000 of first mortgage bonds due 1985. **Proceeds**—To repay bank loans and for new construction. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Kidder, Peabody & Co.; Harriman Ripley & Co. Inc.; The First Boston Corp. and Glore, Forgan & Co. (jointly); Blyth & Co., Inc. and Smith, Barney & Co. (jointly); **Bids**—Expected to be received on Oct. 19.

New York Telephone Co.
Jan. 17, Keith S. McHugh, President, announced that the company will have to raise more than $100,000,000 of new capital money to aid in carrying out its expansion and improvement program which will cost approximately $200,000,000. **Underwriter**—For any bonds, to be determined by competitive bidding. Probable bidders: Morgan Stanley & Co.; Halsey, Stuart & Co. Inc.

Northern Illinois Gas Co.
June 14, Marvin Chandler, President, announced that the company plans to spend $60,000,000 on new construction through 1958, and that about $25,000,000 would be raised through the sale of bonds in the period. **Underwriters**—The First Boston Corp., Halsey, Stuart & Co. Inc. and Glore, Forgan & Co.

Northern States Power Co. (Minn.)
March 29 it was announced that new capital requirements for 1955 will approximate $31,000,000. Present plans contemplate these funds will be obtained temporarily from short-term bank loans to be repaid from proceeds of the sale of additional bonds late in 1955 or early 1956. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Blyth & Co., Inc. and The First Boston Corp. (jointly); Merrill Lynch, Pierce, Fenner & Beane, Kidder, Peabody & Co. and White, Weld & Co. (jointly); Equitable Securities Corp. and Union Securities Corp. (jointly); Smith, Barney & Co.; Lehman Brothers and Riter & Co. (jointly); Glore, Forgan & Co.

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. 25 stockholders of record Aug. 23 were given the right to subscribe for 35,770 shares of additional capital stock on basis of one new share for each four shares held; rights to expire on Sept. 13. **Price**—$35 per share. **Underwriters**—Elworthy & Co.; Schwabacher & Co.; Davis Skaggs & Co.; Pfluger & Baerwald; and J. Barth & Co.; all of San Francisco, Calif.

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.

Portland Trust Bank, Portland, Ore.
Aug. 15 the Bank offered to its stockholders of record Aug. 11 the right to subscribe on or before Sept 12 for 10,000 additional shares of capital stock (par $20) at the rate of one new share for each four shares held. **Price**—$35 per share to stockholders; $37 per share to public. **Proceeds**—To increase capital and surplus. **Underwriter**—Blyth & Co., Inc., San Francisco, Calif.

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 $79,000,000 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 for approximately $25,000,000 of bonds.

Pure Oil Co.
April 9 stockholders approved the possible issuance of a convertible debenture issue. This would not exceed $50,000,000 and would be issued at the discretion of the directors any time within the next 12 months. **Underwriter**—Probably Smith, Barney & Co., New York.

★ **Reading Co. (9/14)**
Bids will be received by the company at Room 428, Reading Terminal, Philadelphia 7, Pa., up to noon (EDT) on Sept. 14 for the purchase from it of $4,200,000 of equipment trust certificates, series X, to be dated Oct. 1, 1955, and to mature serially in semi-annual instalments of $140,000 each from April 1, 1956 to and including Oct. 1, 1970. Probable bidders: Halsey, Stuart & Co. Inc.; Salomon Bros. & Hutzler; Kidder, Peabody & Co.; Blair & Co. Incorporated; R. W. Pressprich & 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.

★ **Rye National Bank, Rye, N. Y.**
Aug. 30 it was announced stockholders will vote Sept. 22 on approving a proposal to issue 52,300 shares of common stock (par $2). **Price**—$8 per share. **Proceeds**—To further the building program and for general corporate purposes. **Underwriters**—Auchincloss, Parker & Redpath and G. H. Walker & Co.

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.

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.

● **South Texas Oil & Gas Co.**
Aug. 30 stockholders authorized issuance of 110,000 shares of cumulative convertible preferred stock (par $10). **Proceeds**—For exploration and drilling program, etc. **Underwriter**—Previous common stock financing was handled by Hunter Securities Corp., New York, it is stated, will not underwrite the new preferred issue.

Southern Bell Telephone & Telegraph Co. (10/17)
Aug. 22 it was announced the directors have authorized the issuance and sale of $30,000,000 40-year debentures to be dated Oct. 15, 1955. **Proceeds**—To be applied to construtcion program. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Morgan Stanley & Co. **Bids**—Expected to be received on Oct. 17. **Registration**—Planned for on or about Sept. 28.

● **Southern Co. (11/1)**
Aug. 29 it was announced company plans to offer first to common stockholders 1,507,303 additional shares of common stock (par $5) on a basis of one new share for each 12 shares held about Nov. 1; rights to expire on Nov. 22. Warrants to be mailed on Nov. 2. **Price**—To be named by company on Oct. 31. **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 Nov. 1. **Registration**—Not expected until Sept. 30.

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 mailed on Sept. 21. **Price**—Expected to be set by the directors on Sept. 20. **Proceeds**—To repay bank loans and for new construction. **Dealer-Manager**—Goldman, Sachs & Co., New York.

Texas Gas Transmission Co.
March 15 it was reported company plans to sell additional first mortgage bonds later to finance cost of new construction, which is estimated at about $17,500,000. **Underwriter**—Dillon, Read & Co. Inc., New York.

Union Electric Co. of Missouri
Jan. 24 it was reported company expects to sell about $30,000,000 30-year first mortgage bonds late in 1955. **Proceeds**—To repay bank loans and for new construction. **Underwriter** — To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Blyth & Co., Inc. and Union Securities Corp. (jointly); The First Boston Corp.; Lehman Brothers and Bear, Stearns & Co. (jointly); White, Weld & Co. and Shields & Co. (jointly). **Offering**—Deferred until next spring.

● **United Gas Corp.**
Feb. 24, N. C. McGowen, President, announced that corporation plans to raise $35,000,000 to $40,000,000 through the sale of additional common stock to stockholders. **Proceeds**—For construction program of company and of United Gas Pipe Line Co., a subsidiary. **Underwriter**—None. **Offering**—Postponed. It was announced on Aug. 26 that equity financing had been deferred.

● **United Gas Corp.**
Feb. 24, N. C. McGowen, President, stated that company might be doing some debt financing. On Aug. 26 it was announced that "such additional funds as may be needed will be obtained by bank loans and if conditions warrant some form of debt security." **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.

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 4¾% first mortgage bonds due 1978. **Underwriter**—May be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; A. C. Allyn & Co. Inc.; White, Weld & Co. and Shields & Co. (jointly). It is also possible that issue may be placed privately.

General Minerals Stock at $2 a Share

A syndicate jointly managed by Sanders & Newsom; Rauscher, Pierce & Co., Inc. and Laird and Company, is offering 1,850,000 shares of General Minerals Corp. common stock at a price of $2 per share.

Of the net proceeds from the sale of the stock, the company plans to use approximately $1,000,000 to purchase the production payments to which its oil properties are now subject, and to repay certain obligations. The balance of the proceeds will be added to the company's general funds and will be used for various corporate purposes, including the acquisition of additional uranium properties and the exploration, development and mining of the uranium properties already acquired.

General Minerals Corp. was organized for the purpose of acquiring, exploring and developing uranium and oil properties. Uranium properties acquired since the organization of the company are located in South Dakota, Colorado, New Mexico and Utah. Oil properties are located in Texas. Through Research, Inc., a wholly-owned subsidiary, General Minerals Corp. will have available scientific, engineering and laboratory services and facilities. The company also holds a substantial stock interest in Minerals Refining Co., a Nevada corporation, which conducts an analytical and evaluation laboratory in Salt Lake City, Utah, and is concerned with basic minerals, vanadium, uranium and rare earths. According to an engineer's report, it is estimated that as of June 1, 1955, the developed crude oil reserves of the company's properties were 12,927,500 barrels.

Upon completion of the current financing, outstanding capitalization of General Minerals Corp. will consist of 3,981,800 shares of common stock.

Other members of the offering group include: Carl M. Loeb, Rhoades & Co.; Bacon, Whipple & Co.; Hayden, Stone & Co.; E. F. Hutton & Company; Goodbody & Co.; Gregory & Sons.

With San Jose Inv. Co.

(Special to The Financial Chronicle)

SAN JOSE, Calif. — Alvin W. Wendt is with San Jose Investment Co., Inc., 476 Park Avenue.

Estabrook Co. Adds

(Special to The Financial Chronicle)

BOSTON, Mass. — John C. Mathis, Jr. is now associated with Estabrook & Co., 15 State Street, members of the New York and Boston Stock Exchanges. Mr. Mathis was formerly with American Securities Corporation.

Hornblower & Weeks Add

(Special to The Financial Chronicle)

CLEVELAND, Ohio—Treagh R. Martin is with Hornblower & Weeks, Union Commerce Bldg.

Taylor Adds to Staff

(Special to The Financial Chronicle)

CHICAGO, Ill.—Forbes S. Eastman is now connected with Taylor & Co., 105 South La Salle Street, members of the Midwest Stock Exchange.

Washington . . . And You

Behind-the-Scene Interpretations from the Nation's Capital

WASHINGTON, D. C. — In a little while a chill will come into the evening air and the World Series wil be just around the corner. But along with these developments will come a fierce effort of the Congressional Joint Committee on the Economic Report to figure out how can we—meaning the great and glorious government—better plan for the always better life.

This great committee which is officially charged with economic planning is going to search carefully into economic planning on several fronts. It is going to go from automation to taxes. It is going to study statistics and the problems of the underprivileged. It seems that there are a number of persons in the United States whose income is below the average. How to get those people up nearer to the levels of men of brains, ability, stamina, and a capacity for sustained hard work is the problem the committee will tackle.

There will be a lot of professors. Professors like to come to Washington and testify. Professors like to talk, period. But they also like to impress the young of the land who sit at their feet how important it is that the government is calling upon them for advice. The Congressional Joint Economic committee is the one Federal instrumentality which, whatever else it does, is devoted to providing casual extra employment for university professors, especially for those "liberal economists," and which is also devoted to building up these professional egos and reputations.

Along with the professors there will also be a sprinkling of conservative economists from business and—yes—an odd conservative economist from a university.

It is desirable to sprinkle an occasional conservative thinker among these "forward-looking" sounders-off. It is sort of the same principle of a medium-looking gal teaming herself up occasionally with a homely lass. It shows her up better. These conservatives by being a defensive minority crying in the wilderness make the "forward-looking" gentlemen look better. The committee also likes to have them around so that the "liberals" can gang up on them in open hearing and talk them down.

What Will Not Study

Of one thing there is a certainty. Nobody in the Congressional Joint Committee on the Economic Report will study this subject — this problem of great dimensions:

To what extent has government action itself created so many of the problems government currently is trying to solve?

For instance, to what extent is a low interest rate policy and a high tax policy responsible for the financial problems of the colleges, into which the government would like to interject itself, and already is modestly helping to solve with a half-billion dollars of college housing loans?

Or in primary education. Is the Federal Government stealing so much of the total tax take that local government cannot raise the money to build school buildings? Or is the relative pay of teachers low because the government through backing unionism, has built up the bricklayer, the carpenter, and the unskilled laborer to a relatively higher economic level regardless of fundamental supply and demand? Is the same true of the shortage of nurses? Would there be a sufficient supply of teachers and nurses if the government had not made life more prosperous for the unskilled or the relatively uneducated craft worker?

The Holy Grail

You can be sure that the Joint Economic Committee will not question the Holy Grail of official planned Federal policy of the United States, both Democratic and Republican: The idea that the economy must always expand, that standards of living must always rise, and that all Federal policy should be directed to this end.

Is there any connection between a constantly-rising economy (induced by governmental inflation by one Administration, privately expanding debt and debt disguised as private debt, by another) and the high birth rate and the shortage of classrooms and the surplus of cars on the highways and the need for $30 billions for roads?

That there is any connection between the alleged shortage of water resources, the problem of agricultural surpluses, or the purported upcoming shortage of metals and the ever-expanding economy, is something which will not be brought out. It is as much to expect as that a true follower of Islam would deny Allah.

Humphrey Spots Co-Op Tax Problem

How cooperatives have neatly got amound a provision of the 1951 revenue law, has been called to the attention of Congress by George Humphrey, Treasury Secretary.

A study of the legislative history of the pertinent sections of the law relating to this subject, explained Humphrey, "shows that it has the clearly-intended objective of taxing all cooperatives' income in the year earned, either to the cooperative or to the individual member.

"Prior law had permitted cooperatives to accumulate necessary reserves tax free. In the 1951 law the Congress removed the allowance for tax free reserves and provided that cooperatives were to be taxed on earnings at the regular corporate rates.

"However, in computing taxable income they were allowed deductions not only for cash distributions to their patrons but also for allocations made to patrons of their proportionate shares of the income of the cooperative."

In other words, the theory upon which the farm cooperatives have fought off corporation income taxation has been: "Well, you get it from our customers, why should you take it from us, too?" This avoided the point that the shareholders of a non-cooperative corporation operated for profit have also to pay a tax on their dividends after the corporation has at first paid the corporation rate.

Under standing Internal Revenue rulings at the time, it was assumed, Humphrey observed, that patronage refunds were taxable to the individual, and the law intended to make cooperative income taxable under corporation rates if it were not distributed.

How The Dodge Works

Mr. Humphrey did not list a specific example of how cooperatives manage to retain their earnings tax free whilst apparently also "distributing" said income to avoid Federal taxes. However, this correspondent has an example, supplied by the Maryland Tobacco Growers Association.

This "patronage refund" is entitled a "certificate of indebtedness." It certifies that (the person's name) has furnished (an amount) dollars to this association as capital, subject to the following conditions:

"(1) This and other certificates of indebtedness in the same series are retirable in the sole discretion of the board of directors," etc.

"(2) The amount stated in this certificate shall bear only such rate of interest, if any, as the board of directors may fix, from time to time, in no event to exceed six percentum per annum.

"(3) This certificate is transferable only on the books of the association.

"(4) Purport of the fourth condition specifies that these 'certificates of indebtedness' are 'junior and subordinate to all debts of the association, both secured and unsecured'."

In other words, the "indebtedness" may or may not be paid if or whenever the association wants to pay it. It will earn or not earn interest as the association feels like it. Finally, even if a holder were to find a person gullible enough to pay good money for this certificate, it cannot be sold.

In brief, it is a thing of no tangible present value, only a speculative future value.

Finally, it becomes a tax and possibly interest free reserve of the cooperative.

Says Can't Tax

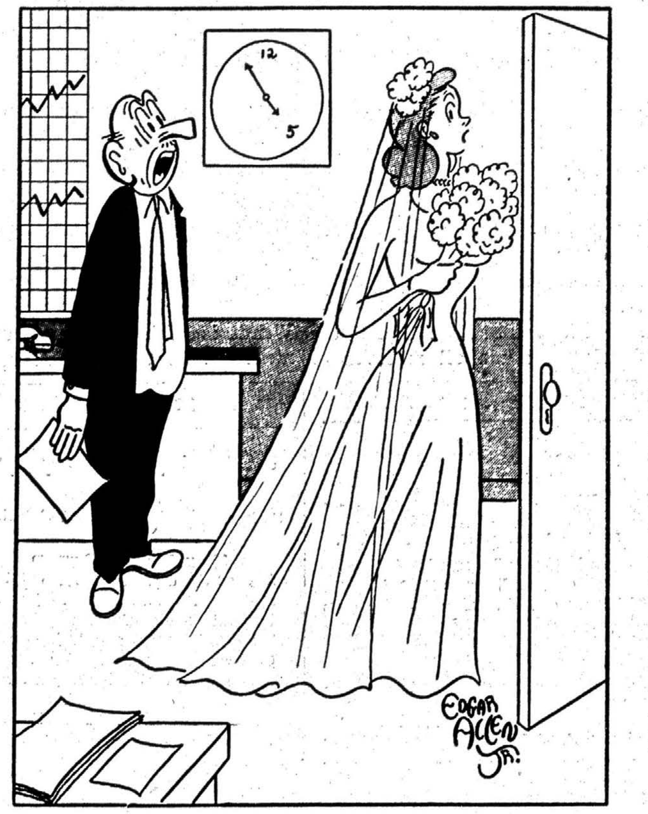
Mr. Humphrey pointed out that several courts have ruled that where certficates like the above "have no fair market value," they can't be counted as income to individuals.

The Secretary of the Treasury has a solution. It is not to take the politically sacred farm cooperatives to court and jail them for tax evasion. It is not to compel them to be honest and pay patronage refunds or income taxes as Humphrey said the law was intended.

Mr. Humphrey's solution would be to amend the tax laws so that 20% of these "patronage refunds" would be withheld and the money be transferred to the Treasury as taxes. In other words, the tax discrimination in favor of cooperatives would be retained historically except for a 20% Treasury cut, and the cooperatives would not be compelled to actually distribute their dividends even though the special preference of such a right gives them a bid edge over a private tax-paying business corporation.

(This column is intended to reflect the "behind the scene" interpretation from the nation's Capital and may or may not coincide with the "Chronicle's own views.)

BUSINESS BUZZ



"Leaving the office early again, eh, Miss Bloop?— what's your excuse this time?"

Business Man's Bookshelf

Automation: A New Dimension to Old Problems—George P. Shultz and George B. Baldwin—Public Affairs Press, 2162 Florida Avenue, Washington 8, D. C. (paper) $1.

Controlling Government Corporations—Tax Foundation, Inc., 30 Rockefeller Plaza, New York 20, N. Y. (paper) single copies free; quantity prices on request.

Corporation Accounts and Statements—William A. Paton—The MacMillan Company, 60 Fifth Avenue, New York 11, N. Y. (cloth) $6.75.

Gas Facts: A Statistical Record of Gas Utility Industry in 1954—American Gas Association, 420 Lexington Avenue, New York 17, N. Y. (paper) $2 per copy for the first five copies; $1.50 per copy for additional copies.

Health of Earnings of the Corporation—Its Meaning—Its Evaluation — American Institute of Management, 125 East 38th St., New York 16, N. Y.—$12.

Natural Gas Construction Data—Marketing & Statistical Department, Gas Appliance Manufacturers Association, Inc., 60 East 42nd Street, New York 17, N. Y. (paper) $2.

Overseas Economic Operations—Task Force Report for the Commission on Organization of the Executive Branch of the Government — Superintendent of Documents, U. S. Government Printing Office, Washington 25, D. C. (paper) $2.25.

The National Association of Manufacturers and Irredeemable Currency—Walter E. Spahr—Economists' National Committee on Monetary Policy, One Madison Avenue, New York 10, N. Y. (paper), on request.

Twilight of the Profit Motive—Theodore Levitt—Public Affairs Press, 2162 Florida Avenue, Washington 8, D. C. (paper) $1.

Water Resources and Power—Commission on Organization of the Executive Branch of the Government—Reprinted by Citizens Committee for the Hoover Report, 441 Lexington Avenue, New York 17, N. Y. (paper), 45¢.