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EDITORIAL

As We See It

Few matters are more deeply affected with a public interest than taxation; none are more consistently bedeviled with politics year in and year out. When the Eisenhower Administration came into office it set about a broad and pervasive rewriting of the Federal tax laws. It took the position that until expenditures were more in keeping with receipts no general reduction of taxes was advisable. It was not entirely able to stem the tide that at once set in for tax reduction, but it held out fairly well. Among those who insistently demanded that taxes be cut regardless—and, it seemed at the time, for admittedly political reasons—was Daniel Reed of New York.

For several weeks various Republican political figures have now been hinting at, almost promising, tax reduction next year. A glowing report of reported prospects for substantial budgetary balancing has been issued in Washington. Democratic politicians appear to be chiefly concerned lest the Administration rather than they themselves will get credit for politically appealing tax cuts next year when the voting takes place in the Autumn. Now it is—of all people—Daniel Reed of New York who warns against tax reduction in advance of a better budgetary position.

We think Representative Reed is now on much stronger ground than he was in 1953. "When the economy is operating at record-breaking levels," he said the other day, "the inflationary impact of tax reduction should be carefully appraised. Inflation is a more deadly enemy of the nation's security than taxes will ever be. . . . I know that the American people would not favor placing

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The Nation's Farm Problem

By HON. EZRA TAFT BENSON*
Secretary of Agriculture

Sec'y Benson discusses the farmer's declining share of the consumer's dollar in the light of changing merchandising methods, emphasizing the trend toward more "built-in maid services." Stresses need to reduce marketing and distribution costs and comments on the farm parity ratio as a measure of agriculture's well-being. Points to strength in farm real estate and the comparatively low level of farm debt in relation to assets as indicative of agriculture's soundness.

There appears to be considerable misunderstanding of the current agricultural situation and of the choices confronting us in planning for the future. First, I propose that we take a look at the farm balance sheet. Let us attempt to cut through some of the conflicting facts and fancies and see just where agriculture stands today and what course it may best chart for the future.

Ezra Taft Benson

Probably no other country keeps such elaborate books on agricultural operations as we do in the United States. Not only do farmers maintain individual records but the Department of Agriculture, the State Extension Services, most of the state governments and private industry, also compile volumes of statistics relating to agricultural production, marketing, costs, profits and a variety of other items. Taking all of these calculations and properly relating them, it is possible to make an accurate and detailed analysis of our farm economy at any given time.

I would emphasize, however, the importance of properly relating and evaluating all of this information. Some people seize upon a few isolated figures and attempt to prove that agriculture is in a depression much like that of the 1930's. It is possible to cite other statistics that show farmers are enjoying unparalleled prosperity.

*From an address by Sec'y Benson at "Pantagraph Farm and Soil Day," Bloomington, Ill., Aug. 25, 1955.

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Boom or Stability?

By ROBERT J. McFALL
Consulting Economist

Mr. McFall maintains wealth of available statistics, in forcing some comparisons with discarded past, omit real standard to measure normalcy, boom or depression. Holds our goal should be stability of growth rather than of stagnation. Asserts there is a simple mathematical order in the growth record of our economy, which shows that it has followed a mathematical trend of development over the past 150 years. Concludes evidence shows (1) current business does not manifest a boom, but activity slightly below "the dynamic normal"; (2) the economy will advance cyclically for another year, and (3) over the long-term future it will continue to grow "stabilized" at the rate of an upward line of Normal Expectancy.

A year ago the pundits lamented that our economy was in a depression. Today they warn that it already is in a boom.

By what yardstick were we in a depression a year ago? And by what standard are we in a boom today? We have countless statistics on the state of our economy but have we any standards? Our total economy has advanced by less than 5% in the last year. Does that mean a change from depression to boom? From 1929 to 1933 our economy lost about one-third of its activity; that was a real depression. But even the drop of about 5% from 1953 to 1954 did not mark the economic stability that we might and should enjoy.

Dr. Robert J. McFall

The pundits who see a depression in any mild decline in our economy expect us to assume from their laments that the mild decline is but the start of a real depression. When they warn of a boom they expect us to think that a bust will follow the boom. Is there no way to banish this emotionality — this psychology of fear — from the analyses of the state of business and to give us a dispassionate

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

This Week's Forum Participants and Their Selections

Northern Illinois Gas Company—Charles G. Scheuer, Vice-President, Wm. H. Tegtmeyer & Co., Chicago, Ill. (Page 2).

Life Insurance Company of Virginia—Everett W. Snyder, E. W. Snyder & Co., Syracuse, N. Y. (Page 2.)

CHARLES G. SCHEUER
Vice-President
Wm. H. Tegtmeyer & Co., Chicago, Ill.

Northern Illinois Gas Company

"Let your gas company pay your gas bills. Cash dividend income can pay all or part of your gas bill."


Charles G. Scheuer

Our firm has used the above "Ad" to good effect in connection with the stock of **Northern Illinois Gas Co.,** which company is an outgrowth of Commonwealth Edison Co. Northern Illinois Gas Co. is engaged primarily in the purchase, production, distribution and sale of gas to over 600,000 customers in over 232 communities and adjacent areas located in Cook County outside of the City of Chicago and in 16 other counties in Northern Illinois. Other activities include the sale of gas appliances and heating service to a limited number of about 850 premises.

Northern Illinois Gas Co. has an expansion program which is now in operation, and has a liquid reserve of $19,000,000 in cash and U. S. securities towards financing this expansion. Residential sales of gas were 35.7% higher in the first quarter of 1955 over 1954 because of a substantial increase in the number of house-heating customers. There are 131,000 applications on file for permits to use gas, and additional facilities to take care of this demand are being added as fast as possible.

Many of the communities and adjacent areas served are heavily industrialized. Since 1940 there has been substantial increase in manufacturing activity both in number of plants and employment. The three largest industry groups are **machinery, primary metals,** and **food processing.** Major industrial uses of gas in the territories include gas production, oil refining processes, fabrication of metals, heat treating and smelting operations.

Earnings per share for the last 12 months ended March 31, 1955, were $1.17. This compares with 95¢ per share for 1954. Annual dividends are 80¢ per share.

This stock should give the investor excellent results. In my opinion an increase in dividends in the future as well as growth marketwise appears indicated. Again I say:

"Let your gas company pay your gas bills. Cash dividend income can pay all or part of your gas bill."

The stock is traded Over-the-Counter and on the Midwest Stock Exchange. Recent quotation 22⅛.

EVERETT W. SNYDER
E. W. Snyder & Co., Syracuse, N. Y.

Life Insurance Co. of Virginia

If, in 1943, any of us in the securities business had approached a client with the following proposal, he would have been looked upon with a justified degree of skepticism. It would have been presented about like this: "Do you have $16,000 or $17,000 and want a quarter of a million in 10 or 12 years without a single change in your initial investment? It can be done."


Everett W. Snyder

Admitting that no individual would have been gullible or fortunate enough to fall for such a fantastic representation, let's, for the sake of argument, assume that some fictitious Mr. X had given it a try. He would have taken aboard 100 shares each of the stocks of six companies engaged in the business I am about to discuss. This would have involved an outlay of $16,700. That was in 1943. Today he would hold a very much increased number of shares of the same six companies, worth, at the time of this writing, not a quarter of a million, but actually a little over $672,000.

What sort of business is this? First, it is basic to our prosperous American economy and the thrift impulses of our people. It is tied in with growth in population and the falling value of the dollar. It is free from inventory and labor problems. It enjoys tax protection available to no manufacturing enterprise. In 1954 life insurance in force, which represents source of earnings, had attained the amazing total of $339 billion. Thirteen years previously, the total stood at $122 billion. This is nearly a 300% increase over a period of 13 years. As national income rises its growth moves forward unrelentingly. I hesitate to make this statement, but here is a group of stocks from which we probably could have made a blind selection and in a brief 10 to 12 years found ourselves on the threshold of a comfortable retirement. This is the business of life insurance and investment in its stock companies, of which there are relatively few.

What are the six companies whose stocks we hypothetically purchased? One was Continental Assurance,—100 shares for $4,000 in 1943,—now 1,300 shares at 190 bid for a total of $247,000. There is your quarter of a million. Then we took 100 of Jefferson National for $2,100,—now 500 shares worth 115 per share or $57,500. The others were Aetna Life, Connecticut General, Lincoln National and Monumental.

Doubtful that this may continue? No more than I myself was two years ago when the values stood at $220,000. But here we are approaching the three-quarter of a million mark and still moving forward.

What's behind it all? Well, we have a growing population, a higher spendable income, a lowering rate of mortality and, of far greater import than all other factors, the desire for later security imbued in the minds of our people.

The Bureau of Census estimates our population as of July 1954 to be 162,414,000 and by 1975 this figure, according to their calculation, will approach a level of around 206,000,000. As of now, the figures of this same Bureau show some 54,000,000 people less than 18 years of age—a substantial market in itself. Further statistics—beyond my comprehension—reveal that a new baby appears on the scene each seven to 10 seconds throughout the year. So here, in fact, is a business with a biological subsidiary.

On the subject of spendable income, readers of the "Chronicle" know, from the many splendid articles that have appeared in recent issues, of the tremendous rises that have occurred. Yet on a percentage basis, sales of life insurance have not kept pace, which is an added indication of increased business available.

As an above average medium of participation in the life insurance group, I have confined my interest largely to the stock of one of the relatively smaller companies, although tenth in size in point of insurance in force and assets. I use the term "smaller" in the sense of insurance in force totalling one and three-quarter billion compared to Travelers' 15 or more million—assets of a quarter of a billion against the two and a half billion reported by Travelers and Aetna Life. The company I like, nevertheless has a highly satisfactory record and looking toward its future I envision ample expectation for continued gain for the stockholder. This opinion appears to be fully supported by the fact that while he has enjoyed the thrill of no less than eight stock dividends or splits since 1920, there still are no signs of capital dilution with but 600,000 shares currently owning the company.

Five years have passed since the last stock distribution. Participating insurance is practically nil and earnings year in and year out have been impressive. Of a little under $30 per share earned in the past five years, $11 have been paid out in cash dividends; the remainder plowed back in investment reserves. This is the source of funds for cash dividends. The frequency of stock dividends and splits, the last of which—a 100% distribution—took place in 1950, has effected phenomenal growth in principal value to the benefit of this company's stockholders. (One hundred shares purchased and held since 1920 have grown to over 6,000 shares which, at today's market, have a total value of over $900,000.)

This is the record of the Life Insurance Co. of Virginia. I favor it on the basis of its past record as well as for its continued future growth potentials. The stock is traded in the Over-the-Counter Market and is currently quoted at approximately $150 per share.

The Unwanted Censor

SEC's proposed extended censorship of proxy material is against the public interest. Violates freedom of speech and of the press. Existing safeguards adequate. Commission's current related powers should be revoked.

In its Release No. 5212 the Securities and Exchange Commission offers a "proposed amendment of proxy rules" under the Securities Exchange Act of 1934.

This release and the accompanying notice is contained on some 12 single spaced typewritten sheets.

The Commission would make it mandatory with respect to listed companies that there be set forth on the outside front cover page of every proxy statement the following legend in bold type:

"THE SECURITIES AND EXCHANGE COMMISSION HAS NOT IN ANY WAY PASSED UPON THE MERITS OF, OR GIVEN APPROVAL TO, ANY MATTER DESCRIBED HEREIN, NOR HAS THE COMMISSION PASSED UPON THE ACCURACY OR ADEQUACY OF THIS PROXY STATEMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE."

Here is an addled-pated concept. When we consider that proxy material is addressed to the owners of securities enjoying the right to vote for the purpose of having them exercise that right as it relates to certain corporate affairs including, at annual meetings, the retention or ejection of current management, who cares what the SEC thinks about the contents of proxy material?

Isn't the legend itself a deception, for doesn't it imply that the SEC has the power to pass upon the merits of and give approval to matter described in proxy material when in fact it does not have, and never did have such power.

This release would fix how, when and by whom proxy material should be furnished.

Among other things it would condemn as misleading:

(1) Predictions of specific future business and financial results.

(2) Irrelevant statements which confuse or mislead. Of course with the Commission as the sole judge of relevancy.

(3) Material which directly or indirectly impugns character, unless factual data supporting such assertions are filed with the Commission. Who is to be sole judge of whether the data is factual? The SEC of course!

The stupidity of all of this becomes quite apparent when we consider that thousands of corporate annual meetings are called on no more than 10 days' notice, and that the proposed machinery which the SEC contemplates setting up is a poor, ineffective, cumbersome and altogether unnecessary addition, to the remedies already existing in our courts.

In subtle extension of its powers the Commission aspires to define what constitutes a proxy solicitation, and thus to place itself at the pinnacle of judgment so that it may judge of what material may or may not be used in connection therewith.

We shall spare you the complexity and multiplicity of definitions of the term "solicitation" as enumerated by the SEC; however we must give you the following part:

"Without limiting the scope of this definition, the term 'solicitation' shall include the dissemination, distribution or publication by or on behalf of a participant . . . of letters, releases, advertisements, scripts, speeches, addresses and reprints of other materials whether such material was originally prepared or issued by a participant in a solicitation or otherwise."

When carefully considered the enormity of this projected master censorship is staggering. For example, if I were a member of management and came across a news-

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American Gas and Electric Co.

By IRA U. COBLEIGH

Enterprise Economist

A current look at one of the lowest cost, and best managed producers of electric current in the United States.

Twenty-five years ago the number one equity, the top blue chip holding in the Electric Bond and Share portfolio, was American Gas and Electric common. The passage of years, the Public Utility Holding Company Act, and the vicissitudes of the security markets of the past quarter century have done nothing to disturb the absolutely top drawer rating of AGC. True, in the meanwhile, it has moved out of the Electric Bond and Share controlling orbit; true, it now trades on the NYSE instead of the Curb (pardon me, American Stock Exchange); true, it has divested certain, then held, operating companies; true, the "Gas" has almost completely escaped from operations (though not from the corporate title). Still in all, here stands a company regarded by many as the best electric utility in America, whose common graces the portfolios of the most conservative financial institutions, trusts and endowments in America; and whose certificates are found among the personal holdings of the financial elite. Quite a company, American Gas and Electric. Let's look at it.

Ira U. Cobleigh

Though electric holding companies are a restricted genus, AGC is such, owning six integrated operating companies serving a population of almost five million in 2,300 communities covering 46,000 square miles in the seven states of Kentucky, West Virginia, Tennessee, Ohio, Michigan, Indiana and Virginia.

Ten major power plants supply electric energy to this rich, thriving, growing, highly industrialized, agricultural and residential belt in the Mid-West and Semi-South; and with generating capacity of about 4,000,000 kw make it the largest privately owned electric utility in the U. S. As an index of magnitude, note that its installed electric power capacity could supply about two and a half times the needs of New York City.

The cities included are quite well known — South Bend, Fort Wayne and Muncie, Ind.; Benton Harbor, Mich.; Canton, Lima, Steubenville and Zanesville, Ohio; Roanoke and Lynchburg, Va.; and Huntington and Charleston, W. Va. There's a lot of real heavy industry here that's been rolling along in high gear during the postwar years; yet the revenue picture is pretty well balanced, running (for 1954) 38.6% industrial, 34.3% residential, 14.6% commercial, and 8.3% miscellaneous.

Something should be said too about the cost of production. AGC has, for years, ranked as one of the lowest cost producers of electric current. This has been due to a number of factors starting off with one of the best technical managements in the industry headed by Mr. Philip Sporn, President. Other items include vast postwar plant and improvement expenditures ($875 million) in big ultra-modern generating plants of the most efficient design. Moreover, because generating plants are, in certain instances, almost at the coal mines, extraordinarily low cost of the basic generating fuel—soft coal—is made possible. No wonder AGC can show costs of below three mills per kw of generation at some plants; no wonder it's able to join with other utilities in delivering power to the Atomic Energy Commission at 3.8 mills per kw. If you want to learn how to deliver volume electricity cheap, ask the top engineering brass at AGC.

Let's carry this point a bit farther. Much hue and cry is now rampant about the threat of atomic energy as a fuel in electric power generation. Well, the AGC management is as aware as any of the potential worth of nuclear energy; in fact, it's out in front with the development (with other companies) of a generating reactor to serve the Chicago area. But it is also keenly aware that its own production techniques, based on steam generation with soft coal, are getting more and more efficient. If atomic generation of electricity in due course prevails, it will only be because it can undercut the present efficiency of such as AGC. And that may take a bit of doing!

So much for production. How is this outfit on sales and public relations? These are pretty important in a utility and have a pervasive influence on earning power. Let's examine that phase of operations, too. Well, they must be doing a pretty swell job since their average residential customer used 2,745 kwh in 1954 (the national average is 2,549). Not only that, but the price to the householder (1954) was 2.51 cents per kwh against 2.69 for the nation. Their customers won't hate 'em for that; and they shouldn't be too rough on the company if the time comes for a rate increase. Not only has the AGC brass gone down the line to promote wide use of all electric appliances but it has pioneered the research on Heat Pumps—to heat in winter and cool in summer. Actual sales here have not loomed large, but if this Heat Pump really catches on, AGC stands in line to prosper handsomely from it.

Now let's look at a little history. The AGC gross has advanced majestically year by year. For example, total operating revenues were $103.9 million in 1946 and expanded steadily (almost $15 million a year on the average) to a 1954 total of $230 million. Another king-size gain in gross is due this year. Viewing the matter in a different light, $100 invested in AGC common on Dec. 31, 1946, would (without dividends or reinvestment of same) now have a market value of $225. Surely this is no cause for shareholder repining!

Fact is AGC has paid uninterrupted dividends since 1909—cash, plus a 54% stock dividend in 1929, 4% in 1930, 24% in 1931, 4% per year 1932/34, 5% in 1951, 2½% in 1953, topped by a two-for-one split in 1953. In addition, there have been fractional share distributions of a divested equity—Atlantic City Electric.

This all makes sweet reading and brings us up to the present. How should we view this elegant electric equity at the exalted level of 48? Where can it go from there?

Well, by any standard, or the use of any slide rule, it's still good. The $1.80 dividend presently vouchsafed, is as dependable as almost any you might cite among the 1,200 odd issues on N.Y.S.E. Moreover, AGC is in for a big year. Common should earn upwards of $3 per share on the 12,853,059 shares outstanding. Then, too, three of AGC operating units together hold a ⅜ interest in Ohio Valley Electric Corp., a company formed to deliver around 2 million kw a year to Atomic Energy Commission for a quarter century beginning 1956. This will deliver some profit, and puts a little reverse English on production of electricity nucleonically!

If AGC increases its dividend to $2, the yield at 48 is above 4%. Does that generate any enthusiasm for you?

The State of Trade and Industry

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

Total industrial output declined slightly this week, but remained substantially above the year-ago level. Although copper and brass inventories were not as plentiful, there were no noticeable shortages of materials. Despite a rise in unemployment insurance claims in the New England flood areas, total unemployment was lower than a year ago.

There was a slight decrease in steel output this week. Mills set production at 90.6% of capacity. Output declined about 1%, but production was 43% ahead of last year's level. Increased shipments of iron ore arrived at many mills in an attempt to keep pace with the rising backlog of steel orders. The demand for steel from the flooded regions of the Northeast, and mounting orders from automobile manufacturers increased the backlog considerably.

Although this week's level exceeded the comparable 1954 level by 28%, automobile production declined almost 9%. This decrease was attributed to shutdowns for model change-overs.

A marked rise in heavy construction contract awards was noticed this week. Although private housing declined somewhat, the step up in commercial and industrial building was responsible for the increase. This week's level surpassed that of last year by a considerable margin.

The paperboard industry continued at the same level of production this week, and maintained a lead of 17% over the level of the corresponding 1954 week. There was a moderate decrease in unfilled orders, and new orders rose 5%. Lumber output rose 3%, and new orders increased moderately.

Current and Prospective Demand for Steel

"Iron Age," is authority for the statement that: "The steel market is moving from the frying pan into the fire." The summer "lull" that wasn't there is giving way to the seasonal fall upsurge that promises to be the strongest in the postwar period.

Neither producers nor consumers have much to look forward to. On their part, the mills have been forced to slash fourth quarter allotments in an effort to beat down order carryovers. But with it all, they are resigned to heavy backlogs going into 1956.

The automotive industry is going through its model changeover period with scarcely any easing in its steel requirements. Furthermore, the car makers probably will be looking for heavier tonnages when their production lines get moving at high speed again.

There has been no hint from any major consuming industry that anything like a significant letdown is in the cards. Just the opposite. They're not only pressing for delivery but also pushing and shoving to place advance orders. Some would like to get commitments for first quarter '56 delivery but the mills are fighting them off.

Maintenance shutdowns are still a big problem with producers. The lagging ingot rate reflects this and other complications, including tail end of the vacation season.

Plates and structurals are real problem products at both mill and warehouse levels. This is due to a combination of continuing strong demand and emergency requirements for rehabilitation of flood-stricken areas. It's a dog-eat-dog outlook for months to come.

Some fly-by-night operators are trying to take advantage of the flood emergency to bam-bozzle the mills into shipping steel that would eventually find its way into other channels. But the producers are not falling for it. Every flood emergency appeal is being checked for authenticity.

Meanwhile, steel inventories of many consumers are at low ebb, although generally speaking instances of slowdowns for lack

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Observations . . .

By A. WILFRED MAY

FROM END-OF-SUMMER READING

I. Divergent Views on the Outlook

Under the caption "Leveling-Off Indicated," the First National City Bank's *Monthly Letter* reports a one-eighth drop in July's starts of nonfarm homes from the April-May peak of 132,000 Further reductions in home-building are anticipated.

* * * * *

A. Wilfred May

The Research Institute of America, whose spokesman is Leo Cherne, while not foreseeing a "major depression," likewise points out some soft spots. It expects that unemployment will increase by at least one million during the next three years as a result of unabsorbed additions to the work force. Consumer spending will increase in the next ten years, but not sufficiently to bring about the growth projected in the optimistic reports by the Staff of the Joint Congressional Committee on the Economic Report and some leading private economists.

The same source notes that while the Congressional Report's anticipation of a 47% increase in gross national output depends on skyrocketing consumer spending and a dip in savings, actually rising incomes may well bring increased spending and a dip in savings. Also the assumption is questioned that the Government can increase its spending and still lower taxes.

* * * * *

From the stock market-business front comes this *bullish* verdict.—"Underlying potencies in the American economy are evidenced by the ability of business to overcome the adjustments of 1953-1954 and expand output to new all-time highs. How great has been this accomplishment is further realized when it is considered that this has resulted in a period when the economy was not stimulated by artificial measures of war or subsbtantial increases in defense needs. . . . Economic and stock market skies are rarely without some clouds. The present is no exception. But, on the basis of the foreseeable factors as well as the long-term imports, including population growth, with its increasing wants and demands, and technological progress, there is confidence by both the businessman and the share owner of American industry as we enter this new business year." From *Market Microscope* of Francis I. duPont & Co.

II. "Investment Facts"

Among the investment facts contained in the current 20th edition of *Investment Facts* published by the members and member firms of the New York Stock Exchange, is a tabulation of common stocks on the Exchange that have paid a cash dividend in every year for 25 to 107 years. A composite of 298 such stocks would have shown, as of August 1 last, 43 years of sustained dividend payment, a dividend of $2.41, market price of $56.05, and a rate of return of 4.3%.

It seems to this observer that such frequently-made compilation of dividend longevity calls for care in the conclusions drawn therefrom. It highlights the *investment* rather than *speculative* features of common stock, as in the greater yield available than from bonds (if with hindsight), particularly since many of the prime dividend-payment performers (as Pennsylvania for 107 years, Westinghouse Airbrake for 75 years, American

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New Developments in the Investment Company Industry

By ROBERT E. CLARK*

Chairman, Public Information Committee, National Association of Investment Companies
Vice-President, Calvin Bullock, New York City

Mr. Clark calls attention both to the amazing growth of the investment company industry and the progress made within the industry itself toward cooperation in matters affecting the public interest. Finds there has been enlightened regulation and enlightened industrial leadership on both Federal and state levels. Describes some recent developments in the investment company business, chief among which is the Public Information Program. Notes "some disturbing similarities to some 1929 events."

An amazing change has taken place in the investment company industry in an extremely short period of time. I do not refer to the substantial growth to $8½ billion in assets and to 2,000,000 in shareholder accounts — with which you are familiar—but to the opertions of and cooperation within the industry itself. For I believe that the investment companies may be the only institution which, during the lifetime and under the leadership of its pioneers, has achieved substantial maturity, the ability to maintain the most vigorous competition and yet to cooperate in all industry matters affecting the public interest. The change is especially noticeable to one who, like myself, has been in this business since 1929.

Robert E. Clark

In part this rapid metamorphosis is a product of the economic-political atmosphere that has existed in recent years. Certainly it stems in part from enlightened regulation at both the Federal level and the state level. This remarkable move to maturity is also partly in response to public demand. I believe you will agree that it resulted in large part, too, from the foresight of its industry leaders.

At least two of these factors—enlightened regulation and enlightened industry leadership, go hand in hand. On both the Federal level and the state level the past 15 years have seen the development of a remarkable rapport between the regulatory authorities and those who are regulated. Here, again, I think that the investment company business has been unusual. For I believe you will agree that this industry, recognizing its public responsibilities, has responded promptly—not without expressed misgivings in some cases, however,—to sensibly conceived regulatory proposals.

The investment companies reacted quite differently, in fact, from the lady whose chief diversion at parties was to corner any doctor among the guests and to reel off a lengthy list of symptoms, seeking a sympathetic audience and free medical advice. On one occasion, and the last so far as her questioning of doctors at parties was concerned, she nailed a young physician and reeled off a most formidable description of aches, pains, nausea and dizziness. Overcome with the array of symptoms, and realizing his desperate position, the young medico responded, enthusiastically and loudly, "Very interesting, Madam. Take off your clothes and we'll have a look!"

The investment company business, in response to precisely the same proposal — full public disclosure—has reacted very differently. We took off our clothes—everyone has been able to have a look.

And, we in the investment company business have found that the waters of full disclosure are not nearly so deep nor so chilly as we feared when first we contemplated them some years ago. We've learned that there is no substantial difference between techniques of business management which best serve the public interest and those which best serve the interests of business itself.

By this I do not mean to imply that regulation is desirable for the sake of regulation. Nor do I feel that unilateral regulatory action and planning can be entirely effective or in the public interest. And I think that changing times, new conditions and experience require frequent reappraisal and willingness to modify regulatory provisions which are no longer necessary or workable. But I do mean that the type of regulation we have been developing on a cooperative basis between the investment companies and the Blue Sky Commissioners is a desirable, sensible, and generally necessary approach to a matter of public interest.

The fact that I, and many other investment company people, have been invited to share with you each year the deliberations of your national meeting is, I think, eloquent testimony to the well-reasoned approach you have taken to your responsibilities as administrators. Cold logic clearly dictates that the public interest is best served when those regulated and those regulating give joint study to matters affecting the public interest.

Cooperation—team work, if you will — is vitally important in countless areas other than regulatory. It means give as well as take, it means appreciation of the needs and well-being of the other fellow. It is not like the rugged individualist in a small New England town (I believe, Mr. Chairman, it was in New Hampshire) who was bothered by his wife's demands for money. As he explained it, the situation was growing intolerable. "Havin' trouble with my wife, Walter," he told his friend. "Gosh, Elmer, that's too bad. What's the trouble?" "Well, Walter, she keeps asking for money. Monday she asked me for two dollars, Tuesday for three dollars, Wednesday she didn't ask for nothin', but on Thursday she asked me for three dollars agin!" "My garry, Elmer, what's she doin' with all that money?" "I don't know. I didn't give her none."

I'm very happy to record that our cooperative efforts—the regulated and regulators — seldom reach such an uncompromising conclusion. If we ask for $3 we may well get $2. Sometimes, in

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*An address by Mr. Clark at the National Association of Securities Administrators Annual Meeting, Vancouver, B. C., Aug. 29, 1955.

Former SEC Attorney Expresses Opposition To Proposed Regulation "A" Amendments

Alec J. Keller, in letter to SEC, cites inequities and hardships that the proposed revision of Regulation A, relating to security issues amounting to $300,000 or less, would impose on security dealers and others interested in such issues.

The "Chronicle" has received a copy of a letter sent underdate of Aug. 11 by Mr. Alec J. Keller to the Securities and Exchange Commission, in which Mr. Keller, former SEC attorney, points out some objections to the proposed changes in "Regulation A" — the regulation which relates to new securities issues in amounts of $300,000 and less.

The text of Mr. Keller's letter follows:

Securities and Exch. Commission
425 Second Street, N. W.
Washington 25, D. C.

Re: Securities Act Release No. 3555, Proposed Revision and Consolidation of Regulation A and Regulation D.

Gentlemen:

In the closing paragraph of the above mentioned release which was issued in preface to the July 18, 1955 draft of the proposed revision of Regulation A, it was stated that all interested persons are invited to submit data, views and comments on the proposed Regulation in writing to the Commission on or before Aug. 15, 1955. This letter of data, views and comments is submitted pursuant to that invitation. [*Ed Note:* The date for filing of comments has been extended by the Commission to Sept. 15.]

My comments are prompted by a general familiarity with Regulation A in its several forms from the time it was first adopted by the Commission, at which time it embodied Rules 200 to 210, through the "Letter of Notification" stage, and finally with the Regulation in its present form. Through a large part of this period, I was employed as an attorney on the staff of the Denver Regional Office of the Commission, and for the last year I have prepared numerous filings under Regulation A in its present form for both promotional and seasoned companies. In this time I have also had opportunity to work on a number of full registration statements and thus have had an opportunity to correlate the requirements of Regulation A in its present form, of Regulation A in the proposed revised form and of full registration.

It is my general impression that the Commission is to be commended on the general way in which it has administered Regulation A except to the extent, particularly within the last year, that it has attempted to bring the requirements of the Regulation closer and closed to the requirements of full registration by administrative interpretations which are not included in the Regulation in its present form and have not been included in the Regulation in its proposed form. The reviewing staffs of the Regional Offices and the Regulation A unit in the Washington office have continued to add interpretations or suggestions, as they are sometimes called, to the extent that if a filing were to be made in strict compliance with the written Regulation, it would be totally unacceptable. It is believed that this procedure is unfair to the lawyer in "Podunk," who, however careful he may be and whatever pride he may take in his work in the best interests of his client, finds his efforts rejected while the larger city lawyer, whose practice brings him into contact with the changing scene more frequently, can ordinarily have his efforts accepted more quickly. I believe too that the procedure is unfair to the reviewing crews in the regional offices who are required to spend long hours citing the deficiencies based on administrative interpretations to uninitiated issuers or their attorneys, which of course would not be necessary if the requirements would be embodied in the Regulation proper.

The foregoing is cited merely in passing as an illustration of the apparent necessity for including in the Regulation all of the requirements which the staff of the Commission may wish to assert in reviewing notifications and offering circulars submitted therewith in the future.

Basic proposed revisions of Regulation A, particularly with reference to promotional companies, are outlined in the paragraphs designated a., b., c. and d. on the facing page of Release No. 3555. These will be considered separately.

Paragraph a. reads as follows:

"The securities to be offered would have to be qualified for sale in the State or Province in which the issuer has its principal business operations, and offered for sale in such State or Province concurrently with the offering in other jurisdictions."

Adoption of this provision in the proposed new regulation would make the regulation difficult to comply with in certain areas and would make it comparatively easy to comply with in other areas. For example, the California securities law requires that promoters or incorporators of a wasting asset corporation must escrow their securities until such time as the corporation has paid a dividend or dividends equal to or exceeding the public offering price. The present Securities Commissioner of the State of Utah has adopted regulations, which some observers believe to be invalid because of lack of statutory authority for their adoption, providing that mining claims transferred to a corporation by incorporators or promoters cannot be valued in excess of $500 if they are not subject to royalty, or $300 if they are subject to royalty. The promotional stock issued in exchange to the promoters must be valued at the public offering price in determining the amount thereof to which promoters are entitled. The completely arbitrary nature of this regulation has been demonstrated in a number of instances in the past. Persons who have claims of considerable merit for which they would reasonably be entitled to a substantial number of shares of stock are faced with the necessity of conducting sufficient exploratory and development work on the claims to justify an evaluation report establishing greater values before the claims can be transferred to the corporation for any real amount of stock. On the other hand, persons who are desirous of getting around the regulation, as some of them are, provide themselves with the needed arbitrary value by staking out a number of claims on worthless ground so that these claims can be transferred to the corporation along with the few worthwhile claims in order to justify the issuance of an appropriate number of shares to the incorporators. The Utah Commission also has provided by regulation that commissions to be paid on any securities offerings sold in Utah are not to exceed 12½% unless three-fourths of the offering is sold outside of Utah in which event the total amount that may be paid as commissions may be increased to 20%. The protection afforded to investors in Utah should be uniform regardless of the percentage sold in Utah and to this extent the rule lacks logic.

Although a number of the uranium promotions have been based on properties located in Wyoming, Colorado, New Mexico and Arizona as well as on scattered properties in other states, I believe that statistics will show that a majority of all of the uranium exploratory companies that have sold securities in public offerings have their principal properties located in Utah. At least to the extent that such promotional companies may be located in Utah, the Commission would, be adopting the proposed regulation, subordinate its will to the arbitrary and possibly illegal regulations of the Utah Securities Commission. It would adopt for its own these arbitrary standards which would not be universally applicable to all persons attempting to use the regulation.

I recall particularly Rule 221(h) as it was contained in Regulation A prior to the most recent revision. Although I do not have a copy of that Regulation before me at this time, I do recall that it in general provided that if any state should issue a cease and desist order denying an issuer the right to sell in that particular jurisdiction then the exemption of Regulation A would be automatically lost to that issuer while such cease and desist order was in effect. A considerable amount of pressure was brought on the Commission by the Northwest Mining Association to eliminate that provision from Regulation A as it was then in effect. I recall the arguments which were then made to the effect that the Commission was allowing the state securities commissions to determine when securities could be exempted under Regulation A. Rule 221(h) was eliminated from Regulation A several years before the adoption of the present Regulation. To this extent the Commission has already been over the ground that it now seeks to traverse. From a standpoint of clear logic it would appear that under the free enterprise system of America people owning property in one state should be free to select a market for securities which they propose to sell in order to develop those properties. The adoption of the Regulation, with the provision in question contained therein, would in my opinion seriously interfere with basic American rights and moreover would place the Commission in the position of being subservient to men and to standards which it is in no position to control. Since the Commission cannot control the state securities commissioners, it would appear to be folly to give these agencies *carte blanche* authority to bind the Commission by the proposed Regulation to accept such capricious and arbitrary rules as the imaginations of state commissioners may devise in the future.

Subparagraph b. of Securities Act Release 3555 reads as follows:

"No Securities could be offered except for the account of the issuer; secondary offering, 'bail-outs,' and offerings of underwriters' shares or options, would not be permitted under the exemption."

It is not disputed that some secondary offerings, "bail-outs," and offerings of underwriters' shares or options may in certain instances be termed "bail-outs." In many instances well-intentioned incorporators put real and serious effort into their corporations without substantial reward. After many years of such effort at a time when securities enjoy a favorable market due to the seasoning of the company into a producer or due to other factors too numerous to mention, if they should seek to reward themselves by selling some or all of their stock, there should be a method, short of registration, available to them. Most stockholders who are required to register or obtain an exemption from registration for secondary sales cannot afford to effect full registration and in many instances they are not in a position to require the corporation to register. It is my personal view that Rule 154 of the Rules and Regulations under the Securities Act of 1933 makes possible the sale of not to exceed 1% of the outstanding stock of a corporation through brokers who do not solicit the buying interest in any six-month period. I am informed that the attorney in charge of the interpretive work in the Washington office does not share this view. If it should be the desire of the Commission to restrict secondary offerings that may be classed as "bail-outs," a more elastic rule that is not so all-inclusive may be considered.

The paragraph marked (c.) of the Release reads as follows:

"Provision would have to be made, by escrow or otherwise, to assure the return to subscribers of the money paid in unless at least 85% of the total offering is sold and paid for within six months after the commencement of the offering."

It is believed that this provision if adopted would effectively eliminate any financing by promotional companies under Regulation A. It would appear to be impossible to cause best efforts underwriters to assume the attendant risk of failure to sell at least 85% of an offering within a six-month period. Most underwriters feel obligated not only to the company for which they are acting but also to the customers who purchase the securities in the initial stages of an offering to continue the sales effort with a view toward filling out the offering as quickly as possible. With this in mind, expensive advertisements are inserted in newspapers and other periodicals, salesmen are paid commissions that are not recoverable and numerous other costs and expenses are incurred. Foreseeing the possibility of the accumulation of all such expenses and the possible occurrence of a condition subsequent which would require the underwriter to return all of the money expended for commissions and other expenses to the purchasers of securities, it would of course not be practical for it to participate in the offering at all. Another factor which must be considered is the frequent necessity for use of funds to exercise purchase options on property before any substantial portion of the offering is sold. If this provision in its present form were to be incorporated in a revised regulation, issuers hoping to exercise property purchase options could not take the chance of fiinancing under Regulation A.

The ironical situation for consideration is the hypothesis of one issuer needing $325,000 for the accomplishment of its objective of acquiring and exploring properties located in Utah. Let us assume that it hopes to acquire the properties under a purchase option necessitating the payment of $125,000. Because of the amount of the offering this prospective issuer would file a registration statement on Form S-11. It could sell its securities elsewhere without qualifying them for sale in the State of Utah, and it could exercise its purchase option as soon as funds would be made available for that purpose by the underwriter. On the other hand, a similar corporation seeking to raise $300,000 and qualifying under Regulation A must meet the arbitrary standards of the Utah Securities Commission before being permitted to file under Regulation A, and it must sell 85% of its total issue before it will be privileged to exercise the purchase option. I believe the proposed rule is completely without merit and the example serves to show that the Regulation is "registration even more complex than registration itself" parading under the guise of exemption. I am informed that Congressmen Bennett of Michigan and Klein of New York head a Congressional Committee which is to hold hearings with a view toward developing the necessary background data which will support the Bennett bill intended to eliminate Section 3(b) of the Securities Act of 1933 from that Act. It is also my understanding that the Commission opposes such action. It is my opinion as herein expressed that Section 3(b) will be effectively eliminated from the Act at least insofar as Regulations A and D apply to promotional companies by the adoption of the rules in question. In my opinion this will result without the aid of Congressional hearings.

The proposed change in Regulation A to require the escrowing of stock issued or proposed to be issued to directors, officers, promoters, underwriters, dealers, or security salesmen, for assets or services for a period of one year is meritorious and I have no objection thereto provided that secondary offerings under Regulation A are permissible after the removal of such stock from escrow.

Paragraph e. of the Release provides that no sales literature such as covering letters or other follow-up letters, which are now permitted under Rule 221 of Regulation A, may be used by promotional companies. Such letters are required to be filed with the Commission at least five days prior to use under the Regulation in its present form. Under full registration covering letters or follow-up letters are not required to be filed at all; I see no logical reason why such sales material may not be used in connection with offerings by promotional companies. It is certainly imposing a greater restriction on a regulation which is adopted as an exemption than exists for full registration. It is also believed that subsequent events occurring after the filing of an offering circular should in fairness to pro-

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Over-Full Employment in Britain

By PAUL EINZIG

Commenting on the present economic situation in Britain, which has led to admission by the Socialists of the existence of over-full employment, Dr. Einzig points out conditions which make it glaringly obvious that over-full employment now prevails in all fields of that nation's economy. Says much overtime work prevails, and only way a new industry can obtain workers is by outbidding other employers.

LONDON, Eng.—Britain's present economic difficulties have produced one beneficial effect: they have led to the admission by the Socialists of the existence of over-full employment. In the past that term simply did not exist in the vocabulary of the Labour Party. The prevailing conception was that employment was such a good thing that there could not possibly be enough of it, let alone too much. They considered it an ideal state of affairs that for each unemployed there should be two or more jobs vacant. When Conservative politicians or newspapers referred to over-full employment, Socialists denounced the term as the invention of Tory propaganda, and claimed that implied a desire to return to the bad old days of large-scale unemployment. Mr. Gaitskell, when Chancellor of the Exchequer, expressed these sentiments forcefully during a debate in 1951.


Paul Einzig

During the debate on the economic situation on July 26, however, Mr. Gaitskell struck a totally different note. He said that one of the causes of the present situation was "the result of a doctrinaire application of what is called Conservative freedom in a situation of brimfull employment." And later he remarked that the appearance of abounding prosperity enabled the Conservatives "to boast about over-full employment, though they did not call it that." These remarks imply an admission by the leading economic expert of the Labour Party that, after all, there can be such a thing as an excessive degree of employment. It is to Mr. Gaitskell's credit that, having realized this, he was prepared to admit it in public, even though he must have been aware that his admission was bound to be unpopular among the industrial workers.

The existence of over-full employment in Britain may have been a matter of argument in 1951. It has become glaringly obvious by 1955. In July the number of unemployed declined below 200,000, to an all-time low record. Nor is this the full story. Pressure of a rising cost of living on the one hand, and temptation of high wages on the other, induced many people living on small fixed incomes, and many housewives, to join the ranks of industrial labor. Above all, workers in many industries have come to work overtime to the extreme limit of their physical capacity. They object to the employment of additional workers, even if there were any available, because it might mean less overtime earnings for the existing staff. But it has become almost impossible to increase further the manpower of industry. All reserves have been exhausted. The only way in which a new industry or an expanding industry can secure the necessary labor is by outbidding other employers.

In this state of affairs a wages spiral was bound to develop. Each trade union in turn is putting in claims for higher wages. By the time the claims are granted the rise in the cost of living has nullified the benefits derived from the higher wages, and another round of wages claims is initiated. Indeed, since wages disputes are apt to drag out sometimes month after month, as soon as an agreement is reached a new claim is put forward on the ground that in the meantime the cost of living has increased. It has even been suggested with mild exaggeration that it would save much trouble to everybody if there would be an all-round increase of wages and social service benefits by 100%, a marking up of the prices of all goods and services by 100%, and a devaluation of sterling by half to restore relations between British price level and the world price level. Nobody would be better off than before, any more than they are under the existing system of vicious spiral which produces more or less the same effect in the long run.

The trade unions have greatly benefited by this state of affairs. It has changed the industrial balance of power completely in their favor. But they have no cause for rejoicing. For one of the natural consequences of over-full employment has been the loosening of the discipline within the trade unions. Although officials and executive committees of trade unions are naturally anxious to serve their members by securing the satisfaction of their claims, unless they are utterly irresponsible they are bound to realize that there must be a limit beyond which it is unwise to misuse their bargaining power. The rank and file, on the other hand, is not concerned with any of the broader considerations which are in the minds of their leaders. They are out for the maximum of wages increases and other benefit that employers can be forced to concede, regardless of consequences on prices, on the balance of payments, or on other industries. They are encouraged in this attitude by Communist agitators who see in this situation a good opportunity for undermining the authority of those trade unions which have not yet come under Communist control. Hence the freqency of unofficial strikes. The union officials, anxious to retain their hold over their members, feel impelled eventually to lend the authority of their unions to strikes in support of claims which they know to be unjustified.

It is not possible in Britain to offset the effects of higher wages on the cost of production by the adoption of automation. The workers are determined to resist dismissals, and employers are compelled, after the installation of expensive machinery, to retain the same number of workers as before.

To a very large extent, this state of affairs has been the inevitable consequence of the progress of the present Government's prosperity drive. Mr. Gaitskell's criticism was well-founded to the extent that the additional production resulting from the removal of Socialist restrictions ("Conservative freedom") coming as it did on top of full employment, was bound to create over-full employment. The Conservative Government was re-elected at the general election in May largely as a result of this overbuoyant prosperity. But this self-same prosperity has shifted the balance of power further in favor of the trade unions, to the detriment of economic stability. While the political wing of the British Labour movement lost ground as a result of over-full employment, its industrial wing has achieved an unprecedented position of strength.

Is it conceivable that Mr. Butler and his advisors should have failed to foresee this consequence of their prosperity drive? The alternative would have been the pursuit of economic policies which would have been unpopular in the country and which would have brought back the Labour Government at the last election. So the policy of over-expansion was continued, right up to the limit at which, through its effect on the balance of payments, it began to endanger the gold reserve and the external stability of sterling. Having reached that stage, it has become imperative to reverse the trend. This is what is now attempted with the aid of disinflationary measures. They can only succeed in so far as they reduce the extent of over-full employment.

John G. Beutel Joins Wm. E. Pollock & Co.


John G. Beutel

Wm. E. Pollock & Co., Inc., 20 Pine Street, New York City, announce that John G. Beutel has become associated with them in their government bond department. Mr. Beutel has recently been with J. G. White & Company and prior thereto was an officer of the Manufacturers Trust Co. in the U. S. Government and municipal trading division.

W. T. Riley Jr. Joins Loewi & Co.

MILWAUKEE, Wis.—Loewi & Co., 225 East Mason Street, announces that William T. Riley, Jr., has joined its organization as of Sept. 1, 1955. Mr. Riley has been associated with the investment business since his graduation from Marquette University in 1948 at which time he became affiliated with Riley & Co., and subsequently with The Marshall Company.


William T. Riley, Jr.

Daniel Reeves Co. Adds

(Special to The Financial Chronicle)

BEVERLY HILLS, Calif.—Norman M. Banks, Lyle G. Eade, Walter Kaye, Betty Keeler, Maurice A. Levy, John Soovajian, Jordan L. Uttal, Bernard S. Walper and Robert B. Zusman have become affiliated with Daniel Reeves & Co., 398 South Beverly Drive, members of the New York and Los Angeles Stock Exchanges.

In Memoriam

WILLIAM MICHAEL CAHILL

Former Editor of the "Chronicle's" Corporation Department

William Michael Cahill, former Editor of the "Chronicle's" Railroad and Corporation Department, died last week at Stoneham, Mass., after a lingering illness.

Mr. Cahill was born at Castleisland, County Kerry, Ireland, Sept. 13, 1890, and was one of the most respected and esteemed members of the "Chronicle's" editorial staff.


William M. Cahill

Mr. Cahill had been identified with the "Chronicle's" editorial staff for over 30 years, until his retirement in 1949, succeeding Arnold Guyot Dana, noted Editor of the Railroad and Corporation Department for many years.

Mr. Cahill lost two sons in the Air Service, one, Petty Officer John J. Cahill, who was shot down in the Pacific area, and the second son, Lt. Francis M. Cahill, who was accidentally killed while instructing a serviceman in aircraft flying at Pensacola, Florida.

Mr. Cahill is survived by his wife Catherine, two sons, William B., of Valley Stream, L. I., and Kevin P., of San Francisco; two daughters, Mrs. Joan Allen, of Sedro Wolley, Wash., and Mrs. Margaret Danaher, of Stoneham, Mass.; by two sisters, who are nuns in Catholic religious orders, and two brothers in the priesthood, Reverend David Cahill and Reverend Kevin Cahill.

Mr. Cahill was prominent in Catholic religious and lay activities in his former home at Lynbrook, L. I.

To his editorial associates, Mr. Cahill was known for his affability, his Irish wit and humor and considerate personal qualities.—A. W., Sept. 7, 1955.

With Hornblower & Weeks

(Special to The Financial Chronicle)

CHICAGO, Ill. — Manley E. MacDonald is now connected with Hornblower & Weeks, 134 South La Salle Street.

Joins Leason Staff

(Special to The Financial Chronicle)

CHICAGO, Ill.—George C. Bulloch has become associated with Leason & Co., Inc., 39 South La Salle Street. Mr. Bulloch was formerly with Fox, Reusch & Co. and Central Republic Company.

Corbet Hanchett Opens

(Special to The Financial Chronicle)

SAN FRANCISCO, Calif. — Corbet Hanchett is conducting a securities business from offices at 776 Bush Street.

With Real Property Inv.

(Special to The Financial Chronicle)

BEVERLY HILLS, Calif.—Geo. E. Bennett has been added to the staff of Real Property Investments, Inc., 233 South Beverly Drive.

Dealer-Broker Investment Recommendations & Literature

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

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

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

Building Ohio's Heartland—History of Central Ohio—The Ohio Company, 51 North High Street, Columbus 15, Ohio

Foreign Investment Through the Japanese Stock Market—In current issue of "Weekly Stock Bulletin"—The Nikko Securities Co., Ltd., 6, 1-chome, Kabuto-cho, Nihonbashi, Chuo-ku, Tokyo, Japan.

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

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

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

Municipal Bond Market—The influence of individuals on the market—Park, Ryan, Inc., 70 Pine Street, New York 5, N. Y.

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

Public Utility Common Stocks—Bulletin—G. A. Saxton & Co., Inc., 70 Pine Street, New York 5, N. Y.

Speculation For Investment—Discussion in "Monthly Investment Letter"—J. R. Williston & Co., 115 Broadway, New York 6, N. Y. Also featured is a **Natural Resource Stock.**

Sugar Production—Bulletin regarding new crops—Lamborn & Company, Inc., 99 Wall Street, New York 5, N. Y.

Tax Exempt Income For the Individual Investor—Booklet—Tripp & Co., Inc., 40 Wall Street, New York 5, N. Y.

* * *

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

American Encaustic Tiling Co. Inc.—Analysis—Reynolds & Co., 120 Broadway, New York 5, N. Y.

Aro Equipment Corp. — Memorandum — McLaughlin, Cryan & Co., 1 Wall Street, New York 5, N. Y.

Bank of America, N. T. & S. A.—Bulletin—William R. Staats & Co., 640 South Spring Street, Los Angeles 14, Calif.

Barry Controls Inc.—Memorandum—Paine, Webber, Jackson & Curtis, 25 Broad Street, New York 4, N. Y.

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

Chesapeake Industries, Inc. — Analysis — New York Hanseatic Corporation, 120 Broadway, New York 5, N. Y.

Colorado Fuel & Iron—Report—Bache & Co., 36 Wall Street, New York 5, N. Y.

Delhi Taylor Oil Corporation — Analysis — Scherck, Richter Company, 320 North Fourth Street, St. Louis 2, Mo.

Delta Airlines, Inc.—Analysis—Blair & Co. Incorporated, 105 South La Salle Street, Chicago 3, Ill.

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

Dixie Home Stores — Memorandum — R. S. Dickson & Co., Wilder Building, Charlotte 1, N. C.

Dobeckmun Company—Bulletin—Boettcher and Company, 105 East Pikes Peak Avenue, Colorado Springs, Colo.

Dome Mines Limited—Analysis—L. S. Jackson & Company, Ltd., 132 St. James Street, West, Montreal, Que., Canada.

Electronics Associates, Inc.—Memorandum—McDonnell & Co., 120 Broadway, New York 5, N. Y. Also available is a memorandum on **Phillips Petroleum.**

First National Bank of Tulsa—Memorandum—Bond, Inc., 917 Minnesota Avenue, Kansas City 17, Kansas.

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.

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

Hilton Hotels—Memorandum—Hirsch & Co., 25 Broad Street, New York 4, N. Y.

International Telephone & Telegraph Corporation—Bulletin—Gartley & Associates, Inc., 68 William Street, New York 5, N. Y.

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

Kimberly Clark Corporation — Analytical brochure — Blyth & Co., Inc., 14 Wall Street, New York 5, N. Y.

Maule Industries, Inc. — Memorandum — Vickers Brothers, 52 Wall Street, New York 5, N. Y.

McKesson & Robbins—Data—Bruns, Nordeman & Co., 52 Wall Street, New York 5, N. Y. Also in the same bulletin is data on **Imperial Chemical Industries.**

National Biscuit Co. — Memorandum — Auchincloss, Parker & Redpath, Land Title Building, Philadelphia 10, Pa.

Old Hickory Copper Co.—Report—General Invesing Corp., 80 Wall Street, New York 5, N. Y.

Orradio Industries, Inc.—Report—S. D. Fuller & Co., 39 Broadway, New York 6, N. Y.

Reynolds Metals Company — Up-to-date progress report — Reynolds & Co., 120 Broadway, New York 5, N. Y.

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

Sheraton Corporation of America—Analysis—H. E. Herrman & Cohen, 52 Wall Street, New York 5, N. Y.

Singer Manufacturing Co. — Memorandum — W. E. Burnett & Co., 11 Wall Street, New York 5, N. Y.

Thiokol Chemical Corp.—Memorandum—Smith, Barney & Co., 14 Wall Street, New York 5, N. Y.

Union Oil Co. of California—Memorandum—Dean Witter & Co., 632 South Spring Street, Los Angeles 14, Calif.

United States Foil Company—Analysis—Sutro Bros. & Co., 120 Broadway, New York 5, N. Y.

Uranium Corporation of America—Memorandum—Coombs & Co., 23 East Second South Street, Salt Lake City 1, Utah.

Western Air Lines, Inc. — Review — $2.00 per copy—John H. Lewis & Co., 63 Wall Street, New York 5, N. Y.

Westinghouse Electric Corp.—Memorandum—Talmage & Co., 111 Broadway, New York 6, N. Y.

NSTA Notes

ADDITIONAL REGISTRATIONS FOR 22ND ANNUAL CONVENTION OF NSTA, GRAND HOTEL, MACKINAC ISLAND, MICH., SEPTEMBER 11 TO 14, 1955

Name	Firm	City
Armbrust, John J.	*Pohl & Co. Inc.*	Cincinnati, O.
Arnold, Henry J.	*George Eustis & Co.*	Cincinnati, O.
Bishop, Wesley M.	*Smith, Bishop & Co.*	Syracuse, N. Y.
Brewster, Halsey C.	*Allen & Co.*	New York, N. Y.
Bronemeier, Joseph	*Scherck, Richter & Co.*	St. Louis, Mo.
*Burke, David J.	*Blunt, Ellis & Simmons*	Chicago, Ill.
Byrne, R. Emmet	*Scherck, Richter & Co.*	St. Louis, Mo.
*Canavan, John L.	*Rauscher, Pierce & Co.*	Dallas, Texas
Candee, William J.	*Candee, Moser & Co.*	New York, N. Y.
*Creamer, William E.	*Schirmer, Atherton & Co.*	Boston, Mass.
Delaney, Mrs. Mabel A.	*Smith, Hague, Noble & Co.*	Detroit, Mich.
*Dyer, William J.	*Burke & MacDonald*	Kansas City, Mo.
*Feldman, Grant A.	*Piper, Jaffray & Hopwood*	Minneapolis, Minn.
*Fuerbacher, John N.	*Walter Moody & Heimerdinger*	Cincinnati, O.
Hastings, H. Russell	*Baxter, Williams & Co.*	Detroit, Mich.
*Jackson, Winton A.	*First Southwest Co.*	Dallas, Texas
McElyea, Mrs. Annie	*First Southwest Co.*	Dallas, Texas
*McPolin, Ben J.	*McDonald & Co.*	Cleveland, O.
Meyer, Frank P.	*First of Mich. Corp.*	Detroit, Mich.
*Moynihan, James E.	*J. B. Maguire & Co., Inc.*	Boston, Mass.
Pulver, Henri P.	*McMaster, Hutchinson & Co.*	Chicago, Ill.
Rees, III, Arthur F.	*Hancock, Blackstock & Co.*	Atlanta, Ga.
Reis, Robert W.	*Seasongood & Haas*	Cincinnati, O.
*Robson, Henry E.	*Eastman, Dillon & Co.*	New York, N. Y.
Ruen, Miss Ruth	*Michigan Corporation & Security Commission*	Detroit, Mich.
*Sachnoff, Samuel	*First National Bank*	Chicago, Ill.
Schubert, Donald D.	*Bacon, Whipple & Co.*	Chicago, Ill.
Snyder, Everett W.	*E. W. Snyder & Co.*	Syracuse, N. Y.
Taylor, Mel	*Semple, Jacobs & Co.*	St. Louis, Mo.
Wallace, Robert C.	*Wm. C. Roney Co.*	Detroit, Mich.
Williams, George R.	*Livingston, Williams & Co.*	Cleveland, O.

*Mr. & Mrs.

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. 15, 1955 (Chicago, Ill.)
Municipal Bond Club of Chicago pre-outing breakfast at Welty's Restaurant.

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.

Scully Boston Mgr. For Nesbitt Thomson

BOSTON, Mass.—Nesbitt, Thomson and Company, Inc., announce that H. D. Scully has been appointed manager of the Boston office, 140 Federal Street. Mr. Scully was with Eastern Securities, New Brunswick, from 1935 to 1952 and served in the Canadian Army from 1940 to 1946 in the North African and Italian campaign. In 1952 he joined Nesbitt, Thomson as manager of the New Brunswick office.

With Zuckerman, Smith

Alfred C. Ivers has joined Zuckerman, Smith & Co., 61 Broadway, New York City, members of the New York Stock Exchange, in the investment research department. Mr. Ivers has recently been associated wth B. C. Forbes Publishing Co.

Creating Confidence in Canadian Securities

By EDWARD T. McCORMICK*
President, American Stock Exchange

Mr. McCormick calls attention to the vast expansion of the Canadian economy, in which foreign investment has played an important role. Warns, however, that for Canada to assume its rightful position among industrial nations and to receive adequate capital towards this end, it will be necessary to sustain the confidence of both domestic and foreign investors. Says numerous fine investment opportunities exist in Canada, and praises Canadian integrity, but points out problem of the "fly-by-night" and "fringe" stock operator still exists. Urges a public investment education program.

Before the First World War Canada's economy was primarily agricultural, but now the picture has so changed that, in 1954, only 7% of this country's Gross National Product was derived from that source, and 39% was produced by the manufacturing, construction and mining industries. The speed of this conversion from agriculture to industry is shown by the fact that in 1926 the industrial figure was 28%—a difference of 11% in this measure of growth. And the Gross National Product referred to has grown from $6.2 billion in 1929 to an estimated $25.5 billion this year. This Gross National Product has, incidentally, more than doubled in the last nine years.

E. T. McCormick

The trend toward increasing industrialization and away from agriculture, as a prime economic base, has been accompanied by a significant increase in the Canadian population, particularly during the last 10 years which saw this populace increase by 30%, or three and one half million, alleviating to a great degree the demands for a work force so essential for a growing productive economy.

Strategic Natural Resources Discovered

Notable as well have been the extensive discoveries of strategic natural resources during and since the Second World War. These included not only crude oil, iron ore and natural gas, but a storehouse of other minerals, such as high-grade uranium, ilmenite — the base ore of titanium, nickel, asbestos, and copper, to mention but a few.

These discoveries have provided the foothold for industrial expansion. Where once Canada imported almost all her needed petroleum and iron ore, she is now in a position not only to satisfy her own domestic needs but to export these products to other nations.

Practically all of the Provinces have made their contributions to this period of amazing discovery, ranging from the new coal and iron ore fields in Labrador to the many large mines and oil and gas fields of this area.

Of course, these ever mounting discoveries, and their production and processing for domestic and foreign markets could never have been accomplished without the aid of capital investment. Companies and individuals by the hundreds and thousands had to be found who were willing to take the calculated risk involved in projects of this nature. In the Canadian oil industry alone, for example, total capital expenditures have added up to more than two and a half billion dollars in the last nine years. This money was spent not only for exploration and development, but for increased refinery capacity and for transportation and marketing facilities. In this same nine year period, hundreds of millions of dollars have been expended in the production of aluminum, in the development of titanium, in the production of nickel and copper. Since the war's end, Canada has developed a steel industry at a cost of approximately $800 million. Additional hundreds of millions have been spent for the expansion of the chemical field. And new capital investment in public utilities, principally for the development of new hydro-electric projects, has amounted to about $8½ billion since 1946.

U. S. Investments in Canada

While the greatest part of the investment in the development of Canada's natural resources and industry has come from domestic sources, a significant amount has been obtained from individuals and corporations in the United States. In the nine years ending December, 1954, the total United States investment in Canada increased from $4,990 million to $9,547 million. Of the total increase of $4,557 million, $3,396 million represented an increase in direct investments. Of this amount $1,897 million was new capital and the balance consisted of reinvested earnings in Canadian properties.

Mr. J. E. Coyne, Governor of the Bank of Canada, has been quoted as forecasting a potential Gross National Product for Canada by 1975, of $55 billion, more than double the amount indicated for 1955. I hope and trust that this potential will be achieved. I, for one, am confident that this aim will be gained. And I make this statement despite the fact that I find it best, as a general rule, to leave the field of economic prophecy to others, for it appears that accurate prophecies are too soon forgotten but inaccurate ones live on forever.

It seems to me that Canada has a particularly bright future in this new Atomic Age that we have entered. With her vast store of strategic natural resources, as one of the principal sources of high grade uranium ore, with an industrial potential that mounts from year to year, Canada with her brother country, the United States, might well prove to be the fountainhead from which will flow, to residents of less fortunate nations throughout the world, a standard of living which our own citizens now accept as an ordinary way of life.

But for Canada to assume its rightful prominent position among the producing industrial nations, a vast and constant flow of capital will be required, an amount of capital funds which will pale into insignificance the sum invested and expended on capital projects during the past post-war period. And this capital must be obtained not only from fresh domestic sources but foreign sources as well.

Must Create Confidence in Canadian Securities

To gain this end, it will be necessary to sustain the confidence and interest of both Canadian and foreign investors in the securities of Canadian corporations. With the glowing prospects that are in the offing, this task should be far from insuperable. By and large the records of your issuers and dealers have been excellent. However, at the present time, there is a fly in the ointment. That is the problem created by the few get-rich-quick flyers foisted from time to time on naive investors by a few high-pressure, fringe-operating security dealers, whose tactics have been exceedingly non-ethical if not downright fraudulent And I hasten to say that we have our share of these characters below the border. I even understand that some of those in this country migrated north some time ago. These are the individuals whose activities must be ended by public education, appropriate legislation or otherwise, if investor confidence in Canadian investments is to be maintained.

When one considers the numerous fine investment opportunities that have been available in Canada, and the many such prospects that are continuously coming into being, it is deeply regrettable that, through the activities of a minority of dealers, a cloud should be cast upon Canadian speculative securities. I wish to emphasize that these transactions have an over-all impact far out of proportion to their relative number.

This is so because there is an ancillary problem involved here. We in the securities business realize that during the passing of the last few decades, particularly in the United States, taxes have had a serious impact on the formerly reliable sources of equity financing. Many of the high income families of our country, the sophisticated investors, have either eliminated or greatly reduced their purchases of common stocks and are placing their surplus funds in tax-free debt securities,—having come to the fairly obvious conclusion that a tax-free two dollar return on a $100 investment would net them more than a $4 return on a $100 common stock, when the $4 was subject to a tax of 60% or more. The flight of many of the old reliable investors into municipals has necessitated a search for investors in the middle and lower income group,—investors who could learn and afford to assume the calculated risks that common stock investment entails, — investors to whom the high common stock yields would appear attractive. These efforts, to thus broaden the base of stockholdings and provide needed capital for growth, have been pressed for the past several years with some measure of success. And it continues, but these efforts are being slowed considerably because the activities of the fly-by-night operators are driving many of these new investors and other would-be investors from the equity markets.

Problem of the Fringe Operator

As we all know, this fringe operator problem has been a thorn in the side of the United States and Canadian Governments for several years past. Over six years ago, while I was with the United States Securities and Exchange Commission, Ozzie Lennox and I sat around a conference table with representatives of both governments in an effort to arrive at a solution to this problem. Since becoming President of the American Stock Exchange I have continued to work on this matter, for our organization is probably more

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*An address by Mr. McCormick before the National Association of Securities Administrators, Vancouver, B. C., Canada, Aug. 30, 1955.

How High Is the Stock Market

By JOHN M. TEMPLETON
Templeton, Dobbrow & Vance, Inc., New York City

Investment analyst makes comparison between his statements regarding the situation in the stock market in 1950, as published in the "Chronicle" of Aug. 10, 1950, and the situation today. Finds conclusion of his study of present situation is totally different from what it was five years ago, and holds stock prices "are now abnormally high."

The August 10, 1950 issue of the *Commercial & Financial Chronicle* contained an article by the writer stating five lines of thought leading to the conclusion that stock prices were then too low. Now some five years later, it is interesting to bring up-to-date each of these five lines of thought which may help us to understand just how high stock prices are now. Accordingly, by way of comparing our views then and now, we first quote from the 1950 article and then follow with facts and comments about the situation as we find them today. The comparison may help toward clear thinking, despite the rosy glow which now pervades Wall Street and Main Street both.

John M. Templeton

From 1950 Article: The stock market is now dominated by the international situation. In the first 18 days after the invasion of South Korea industrial stock prices declined 13.5%. Some people think that this was only the beginning of a greater downward trend caused by the prospect of excess profits taxes and price controls. Others think that this was only a temporary reaction in a long upward trend caused in part by inflation. Some light may be shed on this subject by studying the question of whether stock prices today are high in relation to intrinsic value or low.

TODAY'S VIEWPOINT: The stock market is now dominated by talk of a new era. The pessimism and fear caused by the great depression and by the war, which had an almost continuous influence on the minds of investors and businessmen for 20 years, have evaporated at last. One of the Washington news-letters states: "The most surprising thing our survey turned up, however, was a great unanimity of opinion. 'Bears' were very conspicuous by their absence. . . . Even the doubters think 1956 will top or match 1955." This, itself, is a warning signal. Further good news could not cause many more people to become bullish, because so many are bullish already. Conversely, however, any bad news causing a few of the many bulls to change their minds could increase considerably the number of bears.

From 1950 Article: Historically the market is in high ground. In May and June, 1950, the Dow-Jones Industrial Average was the highest in almost 20 years. Even now the DJIA is about 208, whereas the average level of the last 30 years was only 143. On the other hand, the prices of secondary stocks are much lower. Standard & Poor's Index of Low-Priced Stocks reached a peak of 315 in the first week of February, 1946, and this index is now only 151.

TODAY'S VIEWPOINT: Stock prices are far higher now than ever before. The Dow-Jones Industrial Average is about 460, whereas the average level of the last 30 years was only 174. Standard & Poor's broad average of 420 industrial stocks is now 86% higher than the 1929 peak.

From 1950 Article: In relation to earnings, stock prices are low. A record of earnings for 79 years is shown in Table 1. From this table it is easy to compute that the average earnings for the last 30 years were $7.48; but current earnings are $19.90. In other words, earnings are 166% higher than the average of the last 30 years. Therefore, it is not surprising to find that industrial stock prices are 45% higher than the average of the last 30

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Credit: A New Look at Its Role in the Stock Market

By KEITH FUNSTON*

President of the New York Stock Exchange

Mr. Funston discusses the role of credit in business and in securities transactions. Says market credit is important out of all proportion to the dollars involved and scores the misconceptions about market credit and its actual uses. Concludes, reaching new economic goals will hinge on soundness and supply of credit.

Several things about credit should be made abundantly clear as it relates to the securities industry and to our economy as a whole.

Keith Funston

First, credit has a unique place in our national life. Whether it is used to build a house, buy a car, finance a home freezer or invest in American industry, it is a measure of our national willingness to take a calculated risk on the future, and a measure of our confidence in that future. These factors—risk-taking and confidence—more than anything else explain our extraordinary economy.

Second, credit is absolutely essential to the securities industry, and to the specific jobs the industry must perform. It is the key to the underwriter's ability to launch a new stock issue . . . the dealer's capacity to maintain his inventory . . . the broker's ability to finance his customers' cash and margin transactions. Credit, in short, plays a role in all the securities industry's functions, many of which are not well known.

Credit, naturally, must be used wisely, and it must be properly employed if it is to do the job for which it's intended. No other segment of our society has learned this lesson more personally or more painfully than the securities industry. We feel that controls on stock market credit are squarely in the public interest. We don't simply want a sound credit structure; we have to have one—and it must be built on a recognition of the industry's inherent dependence on credit.

Market Credit: It Is Important Out of All Proportion to the Dollars Involved

Twenty-one years ago Congress wisely gave the Board of Governors of the Federal Reserve System the job of regulating security loans "for the purpose of preventing the excessive use of credit for the purchase or carrying of securities." As part of its broader authority the Federal Reserve has the task of "regulating the general flow of credit and money with the objective of contributing to a healthy, growing economy."

The Federal Reserve Board, in carrying out these objectives, has inherited what is perhaps the most difficult and thankless task in the public service. For though the intent of the law is clear enough, the Board must deal with problems that are simply not subject to easy definition. When is credit excessive? When does a healthy economy become an unhealthy economy? The answers are influenced by personal opinion; the facts are subject to judgments and interpretations upon which reasonable men can differ; behind the facts are such imponderables as the public's confidence . . . the public's motives . . . the public's state of mind—none of which, as most research people will testify, are subject to precise measurement.

Much of the steam behind the U. S. economy today is undoubtedly derived from the use of the nation's pool of outstanding credit which exclusive of government obligations amounts to $350 billion. This figure represents an all-time high, and can be traced in great part to the upward movement of our economy. Of the debt outstanding, consumer credit totals over $30 billion, and home mortgages another $80 billion.

As of June 30, about $4.5 billion of commercial bank credit was being used by the securities industry and by the public to purchase and carry securities. Of this total, some $2.9 billion represents loans by banks to brokers, and $1.6 billion represents loans by banks to the public. This is apart from money on deposit with brokers in customers' free credit balances, which may be used to help finance the public's transactions. The $4.5 billion of bank credit, amounting to 1.3% of the nation's total credit pool is important to the economy out of all proportion to the dollars involved. Consider for a moment the two basic jobs performed by the securities industry: it must meet the investment needs of millions of people quickly, openly and conveniently; and it must help raise new capital for American business—capital that gives rise to new plants, new jobs and in the final analysis, new goods. The latter, in turn, creates the need for consumer borrowing, and contributes to a higher standards of living.

Both roles of the securities industry—meeting the public's investment needs and helping meet industry's capital needs—are not only extraordinarily complex, but they are part of the root system of our free economy. And both of them involve the use of credit—first by the securities industry—underwriters, brokers, dealers and specialists — and second by the public to carry out its investment aims.

Public's Misconceptions About Market Credit—And Its Actual Uses

The $4.5 billion of bank credit currently in use in the market is subject to considerable discussion—and to many misconceptions. Twice this year, initial margin requirements have been increased. Among a portion of the public, a syllogism has apparently developed that goes something like this: market credit is used only for margin trading; margin trading is speculative trading; speculative trading is synonymous with betting on a roulette wheel or worse. Conclusion: market credit is used for betting.

Nothing coud be further from the truth — **on all three counts.** Let's take them up in order and see what the facts really are.

First, is market credit used only for margin trading? It assuredly is not. We know that the use of most stock market credit has nothing to do with margin trading as the public conceives it. A large portion of the market's borrowed money serves underwriters, provides brokers with working cash and permits them to carry on their day-to-day operations.

Specifically, of the $4.5 billion total, underwriters and distributors account for about 23.5%—funds that are needed to carry new securities while they are being distributed to the public and to maintain inventories. In the most dramatic underwriting we've seen in some time, General Motor's $325 million stock offering earlier this year, the underwriters alone borrowed $50 million to help them handle the issue successfully—and they were prepared to borrow as much as $200 million. This was a graphic illustration of market credit at work. Among other things, it **assured** the company of the growth money that was needed, when it was needed.

Brokers use about one-half of one per cent of market credit to carry securities for their **cash** customers during those few days they are waiting to be paid, or while certificates are in transit. In addition, specialists who have to carry supplies of stock in order to provide an orderly market use a little less than 1% of the total. Odd-lot dealers also use small amounts to handle their inventories.

These figures add up to about 25% of the credit outstanding. It is money that is required from day to day for the securities industry's essential but little-known functions. It is used in much the same way every corner businessman uses it: he finances temporary needs, he builds his inventory, he repays his loan as his situation permits, and he renews that loan from time to time as he needs the money. If we could actually trace the basic uses of market credit throughout the labyrinth of our economy, it would probably astonish most people that such relatively small amounts accomplish so much.

Finally, there is the volume of market credit used by the public for margin transactions. This brings us to the second step in the syllogism — the fallacious assumption that margin trading is wholly speculative trading.

Some attitudes die hard and there is a hard core of public opinion which remains unconvinced that stock market credit, as used by the individual investor, is anything more than a speculative bubble superimposed on the credit structure. Yet the fact is that most people who use credit to invest in securities do so because they want to save . . . because they want to add to their income through regular dividends . . . because they want to build an estate and hope to see their capital appreciate . . . and because they want to protect their purchasing power. And over the years, sound investments have permitted them to achieve these objectives.

Our latest Public Transaction Study throws a revealing light on the **real reasons** the individual investor borrows to buy stocks. It is worth repeating that three out of every four margin transactions were for long and short-term investment purposes. It is clear that the assumption so often made, that margin transactions are synonymous with trading transactions, is not warranted based on these facts.

I think it is tremendously important for all of our people to understand that if credit plays a desirable role in helping them buy the expendable things they want—a car, for example—credit can be just as desirable and perhaps more necessary — in helping them to try to build a permanent estate via the purchase of securities.

When we look at the total amount of bank credit in the market, we find that roughly 55% of it is being used by the public to carry out its long and short-term investment transactions.

Add to this the 25% of market credit used by our industry—underwriters, brokers, dealers and specialists—in the performance of their day-to-day operations, and you have a picture of about 80% of market credit.

What of the balance—the estimated 20% amounting to about $850 million?

It is used for trading purposes, and it is used, by and large, by the upper-income individual. This is a distinction we find it important to make. For the public's concern over excessive speculation—and ours—must invariably center on the danger of the average man being drawn into the market to speculate beyond his capacity to handle the risks involved. But our recent Study shows it is the man with an income over $10,000 a year who is participating in two-thirds of all margin trading transactions, while the man earning under $5,000 a year is active in less than 5% of this trading.

The question of who's doing the trading does not, of course, come to grips with another issue that isn't discussed often enough: is speculation desirable or not? . . . is it an evil we've permitted to creep into our economy, or does it serve a valid purpose? These questions grow out of the third step in the syllogism I mentioned earlier—the mistaken belief that speculative trading is synonymous with betting. Until the role of the trader is explained fully to all of our people, our free enterprise system is going to labor under a handicap of public misunderstanding.

The public, I believe, has never lost its conviction, born of 1929, that there is something inherently wrong or immoral in the speculator's activities.

But the fact is that as a people—personally and in our business life—we speculate in every gainful activity we undertake. We speculate on the crops we plant, the products we develop, the prices we charge and the food we buy. And in America's market place, the trader speculates in the shares of our great companies. Just what is his role? He exhibits a willingness to buy securities when the public wants to sell, and a willingness to sell when the public wants to buy. He assumes proportionately greater personal risk, and in doing so he helps provide an active, continuous market. As he performs this function he frequently uses credit—as any businessman does—to finance his needs. When this credit is kept in reasonable bounds . . . when it does not deprive the rest of the economy of needed funds . . . and when the risks a man assumes are not greater than those he can bear, the speculator provides a desirable service to the economy as a whole, and particularly to the average investor. In our market place the investor takes for granted that he will find a buyer or seller—and that is as it should be. He is interested primarily in one thing: the best possible price for his securities. The presence of the trader frequently helps the investor complete his transaction—and at the best possible price. This is the little-understood role played by a comparatively few traders in helping provide an orderly market for a great majority of long and short-term investors, who, according to our latest Study, accounted for 85.5% of public individuals' transactions.

It is important for the public to appreciate this, because the dollars-and-cents our nation is about to risk to reach its 1955 economic goals are without a parallel in history. The trader, and credit, will have key roles to play in this risk-taking. We know that memories of the dangerous excesses of 26 years ago remain very strong. The wise safeguards such as margin requirements which have been built into the economy are not so well grasped.

Today, for example, the bank credit in use by member firms of the New York Stock Exchange is only one-quarter of the 1929 peak, yet it serves to lubricate a stock market that lists almost four times the number of shares as in 1929. And this credit helps the financial community to maintain a liquid market that is orderly, open and broad enough to meet the needs of business, and of millions of our people.

A Look at the Future: Reaching New Economic Goals Will Hinge On Soundness and Supply Of Credit

Tomorrow's needs will be infinitely greater than today's. Just this summer we estimated that U. S. corporations will need some $375 billion in new plant and equipment between now and 1965. This is indeed a staggering total that will require huge amounts of new equity capital.

Credit will help us realize our economic goals by facilitating the flow of venture capital. It will help seasoned companies and young industries attract the basic capital needed to provide a higher living standard. It can aid in the smooth working of an increasingly complex economy, and it will help us achieve our most dramatic single objective—a vigorous kind of capitalism in which millions of middle-income people share the rewards and risks of stock ownership.

It is time for us to recognize that a reasonable use of credit in the market is no different from a reasonable use of credit in other areas of our economy. Credit is, after all, risk-taking, and as a people we're proudest of our willingness to take risks, to venture on the future, and to set more ambitious goals for ourselves.

*From an address by Mr. Funston at the 38th Annual Convention of the National Association of Securities Administrators, Victoria, B. C., Canada, Sept. 1, 1955.

C. A. Van Pelt With Dean Witter & Co.

Dean Witter & Co., 14 Wall Street, New York City, members

Charles A. Van Pelt

of the New York Stock Exchange, have announced that Charles Arthur Van Pelt has joined the firm in the Municipal Bond Department. Mr. Van Pelt will trade in revenue bonds. He has been in the municipal bond business for 25 years.

Richard Kaufman Joins T. C. Henderson & Co.

CEDAR RAPIDS, Iowa—Richard W. Kaufman has been added to the Sales Staff of T. C. Henderson & Co., Inc., 1974 Second Avenue, S. E.

Mr. Kaufman's father, Glenn D. Kaufman, Vice-President, has been with the firm since 1933.

Brokers Square Club To Hold Ladies Night

The Brokers Square Club of New York will hold its annual ladies night on Friday, Oct. 21 at the Masonic Club, 71 West 23rd Street. Cocktails and get together are scheduled for 6:30 p.m. with dinner in the main dining room at 9 p.m. Walter G. Peterson, Josephthal & Co., is Chairman of the event.

C. W. Lockyer Opens

WASHINGTON, D. C.—Charles W. Lockyer is engaging in a securities business from offices at 1022 Eighteenth Street, N. W.

From Washington Ahead of the News

By CARLISLE BARGERON

It is a little surprising that in all the speculation as to whether Eisenhower will run again and if he doesn't whether the mantle would fall upon Vice-President Nixon, that the name of George M. Humphrey, Secretary of the Treasury, has not cropped up. Your correspondent is convinced that Mr. Eisenhower, for the first time in my knowledge, is a man who doesn't particularly care about running again. I have never believed that any man attaining the power that goes with the Presidency willingly gave it up but Mr. Eisenhower seems to be different. He reached the pinnacle of power as commander of our armies overseas and what he has experienced later has been a reduction of that power, not an increase.


Carlisle Bargeron

I can easily understand that if he could name his successor, and he would unquestionably be able to do that insofar as the Republican nomination is concerned, and that the nominee would be elected and thereby gain approval of the policies Eisenhower has followed, that the President would be willing to retire to his Gettysburg farm.

In his Cabinet today there is no one for whom he has a greater respect or to whom he looks most up to than Secretary of the Treasury Humphrey. The facts are that Humphrey dominates his Cabinet and to a tremendous degree, he dominates Eisenhower.

It is doubtful, indeed, if anyone has ever served in Washington with more ability than Humphrey. He has a tremendous intellect and all of his adult life he has had the knack of getting what he wanted. When he appears before committees of Congress it is a study in human nature and mind over matter to watch him deal with the members. Every little squirt of a member will want to ask him a question by way of saying he asked the great Humphrey a question or by way of identifying himself in the great man's conscience. Humphrey is courteous so long as the questions have merit but he is quite firm in putting a member in his place when he asks a silly question.

"I answered that question 10 minutes ago," he is likely to say tartly, and the erring member who would probably say to some hapless witness that that was all very well but he wanted it answered again, will blush and keep his mouth shut.

In connection with the "conflict of interest" statute under which Secretary of the Air Force Harold Talbott was ridden out of town, Humphrey told the Senate Finance Committee very frankly when his appointment was before the committee, that he had no intention of divesting himself of his stock in the Hanna Co. enterprises of which he was Chairman of the Board. Secretary of Defense Wilson was made to give up his interests in General Motors but there is a difference about the Secretary of the Treasury because he is not permitted under law to own government securities.

Mr. Humphrey is about five months older than the President, and it is well known that his ambition is to balance the budget. With that accomplished the story has been that he would resign and return to the Hanna Co.

But he is Presidential timber. He would perhaps make a better executive than Mr. Eisenhower. There is reason to believe that he would not be averse to the job, or the nomination in the event Mr. Eisenhower would like to quit, and there is reason to believe there is no one on whom Mr. Eisenhower would more like to bestow the mantle.

Republican money and conservatives would rally to Humphrey's support; he believes he will have balanced the budget by next July 1, an accomplishment for the first time in more than 30 years. It would be considerable of an accomplishment.

Naturally, organized labor would attack him as a big business man. But they are already making that campaign against the Administration. And when you think of Walter Reuther and McDonald of the Steel Workers bragging about having attained the greatest gains for their workers in all history, their political attacks seem quite hollow and will probably be received by the workers in that vein.

More Money in Real Estate Than in New Shopping Centers

By ROGER W. BABSON

Mr. Babson, in noting the growth of new shopping centers, points out objections to them as investments, and finds that there is more opportunity in investing in real estate adjacent to business areas. Advises studying city zoning laws, and cautions against buying real estate in a mixed industrial and retail business area.

Readers do not need to go to Colorado and hunt for Gold or Uranium. There is a surer way to make money in your own community. Let me explain how to do so.


Roger W. Babson

As readers know, my family is heavily interested in the 450 retail "Dime Stores" controlled by the United Stores Corporation, the stocks of which I like to recommend. In view thereof, I have been looking at new shopping-centers this summer in connection with my vacaton. These new developments have their usefulness due to "downtown" city parking difficulties. These shopping-centers will continue to be patronized by people living in their neighborhoods.

Many people who are now driving some miles to reach a new shopping center may soon get tired of it. Too many accidents are happening on the way to and from the shopping-center. But this is not all. Owing to the high rents and high wage-scales of the new shopping-center stores, they must charge more for their merchandise than do the downtown city stores. Besides, the stocks of the latter are larger. Therefore, no downtown merchant should sign up for a new shopping center too hastily.

My Interesting Discovery

In every city which I have visited there is pressure to expand the areas zoned for business. These local fights are a headache to the city officials. Those outside the areas are anxious for the "Business Zones" to be increased; but after getting into such a zone, these same people are selfishly fighting to keep others out.

As a result of this pressure, the price of residential property near a Business Zone gradually rises. It soon becomes so expensive that residential building thereon is retarded. This is bad for the city. A growing city needs active real estate developers, who should be encouraged. Some day this "fringe land" will be zoned for business. Therefore, it is now usually a good real estate speculation. In fact, readers will be interested in comparing already the "bid prices" for some of this fringe property with the city's assessment thereof. This shows what developers think of it. Let me add that such a comparison should be especially helpful to present property owners in preventing their land from being "stolen" from them by speculators who do keep posted.

How To Speculate

Instead of spending time reading the stock market or studying charts, I advise you to read your city's Zoning Laws and study its Zoning Map. If your Building Inspector cannot give you such a map, buy a small map of your city and copy thereon the different shaded areas from the big map which the official has on the wall of his office.

Watch the official advertisements in your daily newspapers of Appeal Board Hearings on requests to change any Zoning Areas. Attend all hearings which are held by Appeal or Planning Boards and note their recommendations. From these hearings and the action which the City Fathers finally take, you can get a good idea of what real estate price changes will occur. Above all, read the reports of these hearings and the real estate news in your local newspaper, which can become a gold mine to you.

A Safe Forecast

The residential section of every city is growing fastest and best in some one direction. It may be East or West, North or South. Find out **for a certainty** in which direction the best houses of your city are being built. Then confine your speculations to this one direction. The shopping area is probably going out that way too. An exclusive industrial area is growing in another direction, and this offers some good speculations. **But invest no money where the two or more groups are mixed.**

I forecast that the "best buys" are at the fringe of the different Zoning Areas, where some residential property is likely to be turned into business property. Remember that business property sells the highest per square foot; residential property second; and industrial last. All of these areas usually sell for more than unzoned property. Land on the fringes of these Zones increases in price more rapidly than "inside" locations. One more thought: Do not own too much land at any time. It is as important to sell and take profits as to "buy right."

Stanton Retires As V.-P. of First Boston

Frank M. Stanton has retired as Vice-President of The First Boston Corporation, and, after a vacation, will announce his future plans in October.


Frank M. Stanton

One of the leading and best known investment bankers in the entire country, Mr. Stanton has been Vice-President of The First Boston Corporation since 1934, and a director since 1940. He is continuing as a director. Mr. Stanton obtained his early investment training in the famous old investment house of Harris, Forbes & Co., first joining that organization in 1916 and, subsequently, being elected a director. When Harris, Forbes was merged into The Chase Harris Forbes Corporation in 1931, he was elected Vice President.

Mr. Stanton is a former Cadet, U. S. Military Academy, class of 1915. In World War I, he rose from Second Lieutenant to Major, Field Artillery, 1917-1919. He was President of the West Point Society of New York in 1931.

Mr. Stanton has an unusually wide acquaintance in the investment banking business. He was Chairman of the New York-New Jersey-Connecticut group of the Investment Bankers Association in 1943, and a national governor of that Association from 1944 to 1947. He is a member of the Planning Council, Finance Division, of the American Management Association.

John F. Spalding With Barrett Herrick & Co.

Barrett Herrick & Co., Inc., 35 Wall Street, New York City, announce that John F. Spalding has become associated with them as wholesale representative in the Midwest and Southwest. Mr. Spalding was formerly Commissioner of Securities for the State of Missouri.

Chicago Mun. Bond Club Pre-Outing Breakfast

CHICAGO, Ill. — An informal breakfast or brunch will be held Sept. 15 from 8:30 to 11 a.m. for out-of-town visitors attending the Municipal Bond Club outing and Chicago members. Breakfast will be served in the Marine Grill and Cocktail Bar of Welty's Restaurant. Ken Eaton, A. C. Allyn and Company, Incorporated, and Joseph Condon, McDougal and Condon, Inc., will be hosts.

Two With Yates, Heitner

(Special to THE FINANCIAL CHRONICLE)

ST. LOUIS, Mo. — Victor F. Battefeld and James J. O'Brien have become associated with Yates, Heitner & Woods, 320 North Fourth Street, members of the New York and Midwest Stock Exchanges. Mr. Battefeld was formerly with E. L. Zoerning & Co. Mr. O'Brien was with Newhard, Cook & Co.

Form Intermountain Secs.

(Special to THE FINANCIAL CHRONICLE)

DENVER, Colo.—Intermountain Securities, Inc. has been formed with offices at 1714 South Broadway to engage in a securities business. Officers are Robert L. McCoy, President; Marion A. McKeever, Vice-President; and John E. Holmes, Secretary-Treasurer.

J. Logan Adds

(Special to THE FINANCIAL CHRONICLE)

LOS ANGELES, Calif.—John B. Alford, William C. Bowers, Robert E. Morrison, and William J. Reigel have been added to the staff of J. Logan & Co., 210 West Seventh Street.

Gordon Bros. Admit

Gordon Bros. & Co., 120 Broadway, New York City, members of the New York Stock Exchange, on Oct. 1 will admit Irving Feig to partnership.

Opens Office

ST. LOUIS, Mo. — Ethel M. Heuser is engaging in a securities business from offices at 707 Market Street.

Sherman Anti-Trust and Robinson-Patman Acts Not Conflicting

By JOEL B. DIRLAM*
Associate Professor of Economics
University of Connecticut

Prof. Dirlam contends that Attorney General Brownell's Committee Report on Anti-Trust Policy, which claimed there were conflicting philosophies in the Sherman Anti-Trust and the Robinson-Patman Acts, has such serious errors, as: (1) it ignores the desire of Congress to make success in competition on efficiency alone, and (2) it erroneously ascribes to the Robinson-Patman Act the hampering of efficient competition. Holds there seems to be no serious economical quarrel with Section 3 of the Clayton Act, and, only when consistently misused, could the Robinson-Patman Act result in a diminution of price competition.

In this statement I propose to comment on Chapter IV of the Brownell' Committee's Report on the Antitrust Laws, "Antitrust Policy in Distribution," with special reference to Section 2 and 3 of the Clay-Act. The Report speaks of difficulties in reconciling the economic theory of the the Robinson-Patman Act with that of the Sherman Act. It finds "collisions" between the underlying philosophies of the two statutes, and it points out—with some slight exaggeration—that the Supreme Court has flirted with the theory of conflict. Presumably the Report is persuaded to refrain from recommending repeal only by the recent trends it discerns in Federal Trade Commission decisions. In adopting this position, the majority of Brownell Committee appear to have misunderstood the foundations of both statutes. The Sherman Act, as a bulwark against restraints of trade and monopolizing, was intended to protect the process of competition against unfair and vicious practices. It sought to preserve competition that would be at the same time fair and free; its concern was for both the interest of the consuming public and the small businessman's right to compete on the basis of efficiency in serving that public.[1]


Joel B. Dirlam

According to Dr. Hans B. Thorelli's exhaustive history of the early years of antitrust agitation, legislation and policy, "the immediate benefiary legislators had in mind" in passing the Sherman Act of 1890 "was in all probability the small business proprietor or tradesman whose opportunities were to be safeguarded from those recently-evolving elements of business that seemed so strange, gigantic, ruthless and awe-inspiring.... The Sherman Act is not to be viewed exclusively as an expression of economic policy . . . (It) embodies what is to be characterized as an eminently 'social' purpose."[2]

The Robinson-Patman Act of 1936, originating as it did from pressure by small business, was not markedly dissimilar in origin from the Sherman Act of 1890.[3] Investigations of the buying practices of grocery and drug chains, and the concessions allowed by manufacturers had disclosed that millions of dollars in discounts had been obtained through ruthless coercion, and that the "survival of independent merchants, manufacturers, and other businessmen (was) seriously imperiled."[4] The old Clayton Act having proved ineffectual in suppressing these discriminations not supported by "sound economic differences," it was the purpose of the Robinson-Patman Amendment to eliminate what the community regarded, and still regards, as unfair squeezes arising from inequalities of opportunity and bargaining power.

If this reading of the Robinson-Patman Act and Sherman Act purpose be correct, then the Brownell Report and other critics of the Amendment have fallen into serious error. First, they have ignored the desire of Congress to assure, through the Robinson-Patman Act, that success in the competitive struggle be based on efficiency rather than on the exercise of leverage and monopolistic bargaining. Arbitrary discriminations—false brokerage, "advertising allowances," and free deals—in favor of powerful buyers, that went unchecked during the first years of the Great Depression, cannot be defended as natural economies of large-scale production. Even before the granting of arbitrary discounts had attained maximum virulence, economists had pointed out that they did not reduce distribution costs.[5] More important, as Dr. Myron W. Watkins has said, "these transactions tend to discredit the competitive system in the eyes of a large body of business men directly engaged therein. . . ."[6] The Robinson-Patman Act, according to this view, was first and foremost a long-overdue strengthening of Section 2 of the Clayton Act, whose deficiencies had been pointed out by economists time and again. The big buyer has an advantage in any case. It is not illegal—and no one has yet proposed making it so—to **fail** to give him a special discount. By setting a cost limitation, the Act simply made it more difficult for him to obtain concessions.

The second error of the Brownell **Report** lies in its assumption that maximization of efficiency must be the sole guide to antitrust policy. A major goal of antitrust policy is to protect the consumer by preserving competition and promoting efficiency. But it is clear that an ancillary if not equally important purpose is to protect the virtues inherent in the competitive process itself. As a protection against unfairness and the exploration of superiority in bargaining power, the Robinson-Patman Act is as much a part of the democratic tradition as the Interstate Commerce Act of 1887, or the Wagner Act of 1935. Nevertheless, while the Act was designed to preserve the small businessman against unfair competitive practices in the market place, I do not believe it has, by so doing, in any significant or demonstrable fashion hampered efficient competition.

Commenting specifically on the Robinson-Patman Act and Section 3 cases discussed in the Brownell Report, it should be noted that certain decisions are selected for approval, or at least, bare of either favorable or unfavorable comment, regarded as being in line of correct doctrine. Others, tainted with the original heresy of the Robinson-Patman Act are "offensive to a reasonable antitrust policy"[7] or, under Section 3 of the Clayton Act, "perplexing."[8] The error apparently lay in the F. T. C.'s or the Supreme Court's failure to apply an adequate standard of injury to competition.[9] Still other cases are objectionable because, like the Trade Commission decisions in the **Automatic Canteen, Morton Salt, Minneapolis-Honeywell** or **Standard of Indiana** cases, they are supposed to have wiped out two possible defenses for discrimination: (1) that a concession was necessary to meet competition, or (2) that there was no injury to competition even though competitors were injured.[10]

Undeniably, there are many objectionable features to the cases that the Brownell Committee condemns: the Trade Commission did appear for a time to have abdicated its economic functions, and its orders often were not tailored to the facts. On the other hand, some of the decisions that the Committee regards with approval are equally vulnerable to criticism: the Supreme Court in the **Automatic Canteen** case in effect exculpated a dominant seller using its power unscrupulously against both distributors and suppliers; the Federal Trade Commission in the **General Foods** decision could find no prima facie cause for action against a discriminating seller with almost two-thirds of the pectin market, whose officials complimented themselves on the success of their tactics in driving out competition in a selected area by special deals; even the Supreme Court's decision in **Standard Oil of Indiana** did not resolve all of the dilemmas presented by the case. Certainly, the Brownell Committee's view that so long as wholesaler-retailer **buys** as a wholesaler his discounts are impeccable begs many questions.[11]

Speculations on possible implications lying implicit in the phraseology of the decisions can be and have been elaborated ad nauseam. What is needed, and what the Report (quite understandably, since the Brownell Committee was concerned primarily with the need for revision of the law) failed to explore is the economic legacy of the con-

Continued on page 24

*A statement submitted by Prof. Dirlam before the Subcommittee on Anti-Trust and Monopoly of the Senate Committee on the Judiciary, Aug. 23, 1955.

1 In our book, *Fair Competition: The Law and Economics of Antitrust Policy* (1954) Professor A. E. Kahn and I attempted to explore in some detail the validity of the position adopted by the Brownell Committee in Chapter IV of its *Report*. My statement is, to a large extent, an abbreviation of our book.

2 H. B. Thorelli, *The Federal Antitrust Policy: Origination of American Tradition* (1955) p. 227.

3 See R. B. Nye, *Midwestern Progressive Politics* (1951), pp. 28-69.

4 H.R. Rep. No. 2287, pt. I, 74th Cong., 2d Sess. (1936), pp. 3-4.

5 See E. P. Learned, "Quantity Buying from the Seller's Point of View," 8 Harvard Business Review 57, p. 65 (1929).

6 *Public Regulation of Competitive Practices in Business Enterprise* (1940), p. 79.

7 *Report*, Note 58, p. 143.

8 *Standard of California, Report*, p. 141.

9 *International Salt, Report*, p. 140, and note 73, p. 147; *Yellow Cab, Report*, note 73, p. 147.

10 The Brownell Committee would apparently apply an "actual foreclosure" text to Section 3 cases (*Report*, p. 148) which, by inference, would force an inquiry into the impact on competion of an exclusive dealing contract, even when imposed by a dominant seller—since the *Report* commends the rejection of the *Standard of California* doctrine by a court "construing equivalent textual criteria of illegality of Section 7." Note 51, p. 142.

In Section 2 cases, it would require a showing of injury to "the competitive process" rather than individual competitors' sales and profits (*Report*, p. 165) and it would make meeting of competition, regardless of any tendency to enhance monopoly, an absolute defense to the charge of violation of the Clayton Act (*Report*, pp. 184-185).

11 *Report*, pp. 206-208. The *Report* fails to make clear that it is not the performance of *function* that justifies the discount: it is the cost saving to the seller. When the recipient competes with someone at a different functional level only these cost savings should excuse the discrimination. The Committee's position would permit discounts to the wholesaling half of the integrated firm as functional discounts, even though the same firm sold at retail.

Some Legal and Other Problems in Proxy Contests

By EDMUND A. STEPHAN*
Mayer, Friedlich, Spiess, Tierney, Brown & Platt
Attorneys-at-Law, Chicago, Ill.

Chicago corporation attorney, in calling attention to recent proxy battles, reviews the procedures and problems involved in such contests. Comments on SEC proxy rules and sees need of their amendment. Discusses what constitutes a proxy solicitation, as well as the constitutional problem regarding false and misleading statements. Covers the legal problems of proxy inspection and the validity of proxies.

Proxy contests are apparently to be with us for some time to come. Opinions differ as to whether the ones we have had to date are good or bad things for our corporate life. On that issue my only comment is that in the great majority of the more recent proxy battles there have been conditions in the corporation or policies pursued by the management which have invited the attack. Professor Williams of the Harvard Business School in a recent article in the "Harvard Business Review" lists the major causes of the recent rash of proxy fights as follows:

(1) Low earnings in terms of invested capital with resulting low dividends and low market price for the corporation's shares.

(2) The corporation was part of an industry that lacked promise, which had fallen behind the times, so to speak.

(3) Management was indifferent to stockholder relations and had done little to cultivate the loyalty or regard of the owners of the business.

(4) Investment circles had formed the belief that the present management would do little or nothing on their own initiative to remedy the situation. The word had gotten around that the management was vulnerable.

If any or all of these conditions exists is it surprising that someone endowed perhaps with a strain of opportunism emits a war cry and launches a proxy fight? And is it surprising that the shareholders, that rather inarticulate and somnolent group, decide to exercise their suffrage?

If a proxy contest thus launched results in displacing an existing management with one with more vigor and imagination or in causing the present management to correct its ways and enter the 20th Century, perhaps the insurgents deserve better epithets than that of "raiders," "milkers" or "modern breed of financial pirates."

"Raiding" May Be a Proper Term

In the course of a recent proxy contest I looked up the word "raider" in the dictionary and found that Webster defined it as "a member of a battalion specially trained for close-range fighting."

Perhaps the term, then, is not too bad a description after all. For one thing is certain: In a major proxy affair you **do** need a battalion of lawyers, accountants, research analysts, public relations men, publicists, printing specialists, I.B.M. machine operators, proxy solicitors, clerical aids and —towards the end—doctors.

In the time allotted today it occurred to me that perhaps the most constructive thing I could do would be to mention some of the highlights of a major proxy contest with emphasis on the lawyer's role. It should be understood that the points I make will be from the vantage point of one who represented the dissident or insurgent group.

The first task is to learn all you can about your adversaries. For the lawyer this means an intensive study of the charter and by-laws of the corporation, its annual reports to shareholders, its proxy statements and periodic reports to the SEC; its latest registration statements and prospectuses—its catalogues and its manufacturing and distribution setup —not in great detail but to give one a feel of the business because soon the air will be filled with charges and countercharges as to how it has been conducted.

Desirable also is a short biographical sketch of the board of directors and the officer group with emphasis on their business experience, the stockholder interests they represent, whether they are hand-picked nominees of the management or "public directors," etc.

Next follows a thorough analysis of the State law under which the corporation has been organized with special emphasis on the provisions relating to the conduct of shareholders' meetings, the right to vote, record dates, notice, quorum provisions, the right to obtain shareholders' lists and to inspect the corporation's books and records, the duties of inspectors of election, and the remedies available to shareholders if the annual meeting should not be conducted fairly and in accordance with law. One other subject governed by State law which is of increasing interest is: Who pays for proxy contests? This question somewhere along the line may be put to you and it is a matter not entirely divorced from the interests of the lawyer.

After this period of study and orientation the time has arrived for the first overt act.

The Demand for the Stockholder List

The first contact the opposition group makes with the management is usually to demand an inspection of the shareholder list—the indispensable item in any proxy contest. The record holdings, besides being the basis for personal solicitation, also determines where the major effort is to be expended, what medium is to be used to reach the mass of shareholders, whether such things as regional meetings of shareholders are desirable, what large shareholders should receive personal visits, etc.

Illinois law, which is not untypical, gives any shareholder the right to inspect the shareholder list and to make extracts therefrom if he has a "proper purpose" and has been a shareholder for at least six months. But having the right and getting the list are two quite different things. It does not take much self-persuasion for management to convince itself that anyone who wishes to unseat it *ipso facto* has an improper purpose. A petition for a writ of mandamus may therefore be challenged and a trial will thereupon become necessary. Under Illinois law if the shareholder is successful in the lower court the management may post a supersedes bond and automatically stay the issuance of the writ. By the time the Appellate Court has acted it is not unusual for the sharehold-

*An address by Mr. Stephan before the American Bar Association, Chicago, Ill., Aug. 23, 1955.

ers' meeting to have come and gone.

In New York the stay of the lower court judgment is discretionary with the Appellate Division. In the Ward contest recourse was had to the New York courts and the list was quickly obtained by agreement of counsel.

SEC Rules

The Securities and Exchange Commission has Rule X-14A-7 which provides that the management shall mail proxy material furnished by a shareholder (at the shareholder's expense) with reasonable promptness after it is received from the shareholder except that the material need not be mailed prior to the first day on which solicitation is made on behalf of the management. This is a not altogether satisfactory rule.

(1) It permits the management to see what is in the insurgent's solicitation and enables it to take steps to neutralize it at once.

(2) The timing on the mailing is under the control of the management. It can hold things up if delay suits its purposes.

(3) There is something a bit incongruous about turning over to your opponents for safe handling the very material that you hope to unseat them with. It just doesn't conduce to restful sleep.

Something should be done therefore to give the shareholder an effective right of inspection and perhaps the best hope in this direction lies in an expanded rule by the Commission.

Once you get the shareholders' list there is the awesome problem of keeping it current since mailings are continuously being made to shareholders once solicitation begins. In the Ward contest each side must have made at least eight mailings to approximately 67,000 shareholders. The problem of keeping the list up to date, keeping track of the day-to-day changes in ownership through purchases and sales was solved by agreement of counsel—as so many other problems were met in this rather unusual affair. One reassuring thing about our profession is that no matter how vehement our clients get most lawyers have the ability to rise above the heat of the conflict and do the thing that reason, fair play and the public interest dictates. So with the list. The transfer sheets were made available to the opposition group at periods of about 10 days to two weeks. The opposition therefore kept its own shareholders' list with the aid of intricate I.B.M. machines and expert clerical help.

This procedure, it turned out, left the management with a certain tactical advantage. The record date for the determination of stockholders entitled to vote at the meeting was Monday, March 14. The management agreed to deliver the record list as soon as it was completely prepared, which turned out to be two or three days after the record date. The management, however, with its first access to the transfer sheets had a substantially complete list by the previous Friday night. That night it mailed out its definitive proxy statement requesting execution and return of the management proxy. This priority in mailing, many observers felt, was an important advantage to the incumbents. Many shareholders sign the first proxy they get and forget about the matter from that point on.

A Commission rule that mailings of the definitive proxy statement by the contestants shall be simultaneous would be desirable in my opinion provided, of course, that the failure of either group to cure deficiencies in its statement should not hold up the mailing of the opposing proxy.

The SEC's Role in Proxy Contests

This bring me to a few brief comments about the Commission's role in proxy contests. I am pleased that Mr. Armstrong is on this panel, and I am sure he will have something constructive to say on the subject.[1] I shall not intrude on his subject matter, but I should like to approach the topic of proxy solicitation from the viewpoint of the corporate legal adviser who must keep his client within bounds in proxy solicitation so that he will not commit a crime or bring down on himself an injunction suit by the Commission such as we have recently seen in another proxy contest and which can have a shattering effect on anyone's chances for victory.

Although my firm did not have primary charge of the processing of proxy material through the SEC, I did see enough of the procedures to have serious doubts about the adequacy and clarity of some of the Commission's rules.

I should perhaps state that I have considerable sympathy for the Commission in discharging its functions in proxy contests. It must be scrupulously fair to each side—and my personal view is that was such in the Ward contest—it must resist pressures, it must deal with a myriad of situations that are difficult to encompass in rule making, and above all it must see that the shareholders have a full and fair disclosure of the facts.

But having said this, I must also add that today it is almost impossible to advise a client in many situations whether he is or is not violating the proxy rules—which, I might add, carry criminal sanctions. I see by this morning's papers that the Commission is pro-

Continued on page 20

1 Mr. Armstrong is SEC Chairman and his remarks appeared in the "Chronicle" of Sept. 1.

NEWS ABOUT BANKS AND BANKERS

CONSOLIDATIONS
NEW BRANCHES
NEW OFFICERS, ETC.
REVISED CAPITALIZATIONS

At the regular meeting of the Board of Directors of **The First National City Bank of New York** held on Sept. 6 Grant Keehn, an Executive Vice-President since the merger with **First National** earlier this year, was given the additional title of Assistant to the Chairman of the Board. At the same meeting, Frank D. Terry

Grant Keehn Frank D. Terry

was appointed Vice-President in charge of the newly-formed Finance Companies Department in the Domestic Division's "Special Services Group." Prior to the merger of the institutions, Mr. Keehn was Executive Vice-President of First National. Mr. Terry has been an Assistant Vice-President since he came to the Bank from First National at the time of the merger.

* * *

Dividends aggregating $6,500,000 or 65c per share were declared on Sept. 6 and will be paid on Nov. 1, 1955 to shareholders of **The First National City Bank of New York** of record at the close of business Oct. 7, 1955. Of this amount $6,000,000 or 60c per share will be paid by the Bank and the remainder by City Bank Farmers Trust Company. This dividend it is stated represents an increase of 5c per share over the 60c per share previously paid each quarter, and raises the annual rate from $2.40 to $2.60.

* * *

Shareholders of **Chemical Corn Exchange Bank, of New York** at a special meeting on Sept. 7 approved a 10% stock dividend as proposed by the Board of Directors. With more than 75% of the bank's 4,294,000 shares ($10 par value) represented at the meeting, the shareholders authorized the issuance of 429,000 new shares. The Directors, at their next meeting will authorize the transfer on Sept. 30 of $5,000,000 from undivided profits, crediting $4,294,000 to capital and $706,000 to surplus. As a result, Chemical Corn Exchange Bank will then have capital of $47,234,000, surplus of $127,766,000 and undivided profits in excess of $19.5 million.

Harold H. Helm, President, announced that the 10% stock dividend will be distributed on Sept. 30 at the rate of one share on each 10 shares held of record Sept. 15. Where fractional shares are involved, instead of receiving scrip, shareholders will receive the equivalent in cash, based on the closing bid price for the stock on Sept. 26. The new shares issued as a result of the stock dividend it is announced will not be entitled to the bank's Oct. 1 cash dividend of 50 cents a share, but they will benefit from subsequent dividends.

* * *

As a result of a heart attack, the death of Edward Scott Peterson occurred at his home at Leonia, N. J. on Sept. 4. Mr. Peterson, who was 48 years of age was Vice-President and Treasurer of the **New York Trust Co. of New York City**, a post he had held since 1951. He had been in the employ of the company for the past 20 years. He was a member of the Bond Club and Bankers Club both of New York and the American Bankers Association.

* * *

Approval by the New York State Banking Department of a certificate of increase in the capital stock of the **Hempstead Bank of Hempstead, N. Y.**, from $800,000, in 80,000 shares, par $10 per share, to $1,000,000, consisting of 100,000 shares, par $10 each, was announced on Aug. 30.

* * *

Eugene C. Donovan, President of the **Auburn Trust Company of Auburn, N. Y.**, has been elected a director of the **Marine Midland Trust Company of Central New York** according to an announcement made by Harry W. Davies, Chairman of the Board on Sept. 1. The Auburn Trust Company recently became the twelfth Marine Midland bank. Present plans, subject to approval by the regulatory banking authorities, are to merge the Auburn Trust Company with the Marine Midland Trust Company of Central New York. At that time, Mr. Donovan will also become a Senior Vice-President of the merged bank. The plans for the merger were noted in our issue of Aug. 25, page 786.

* * *

The proposed merger of the **Bank of Clarence at Clarence, Erie County, N. Y.**, into the **Manufacturers & Traders Trust Company of Buffalo, N. Y.**, has been authorized by the New York State Banking Department. The trust company has also received authorization (Aug. 29) from the Banking Department to increase its capital stock from $6,695,000 to $6,730,000, par $5 per share. In these columns Aug. 25, page 786, it was noted that the Manufacturers & Traders Trust Co. had received approval from the Banking Department to enlarge its capital from $6,020,000 to $6,695,000; at the same time the Manufacturers & Traders was authorized to take over the **First National Bank of Buffalo.**

* * *

The new $150,000 capital stock of the **First National Bank of Yarmouth, Mass.**, increased from $100,000 became effective Aug. 24. The increased capital was brought about by a stock dividend of $25,000 and the sale of $25,000 of new stock. Details of the plans to enlarge the capital were given in our issue of Aug. 11, page 578.

* * *

The merger of the **Windham National Bank of Willimantic, Conn.**, with the **Connecticut Bank & Trust Co. of Hartford, Conn.**, under the title of the latter occurred on Aug. 22, according to the weekly advices Aug. 27 of the Board of Governors of the Federal Reserve System.

* * *

Following the approval on Aug. 30 by the stockholders of the **Little Falls National Bank of Little Falls, N. J.** of the proposal to consolidate the bank with the **County Bank & Trust Company of Paterson, N. J.** the consolidation became effective on Sept. 2. Details of the merger were noted in our issue of Aug. 11, page 578. The bank becomes the Little Falls office of the County Bank & Trust Co. President of the latter C. Kenneth Fuller is reported in Paterson advices to the "Newark Evening News" of Aug. 31 as stating that the stockholders of the Little Falls National Bank will receive approximately $90 a share for their holdings.

* * *

The sale of new stock to the amount of $50,000, has brought the capital of the **First National Bank in Indiana, Pa.**, up to $350,000 from $300,000. The enlarged capital became effective Aug. 25.

* * *

An increase in the capital of the **Second National Bank of Cumberland, Md.**, became effective Aug. 24, when as a result of a stock dividend of $100,000, the capital became $500,000, enlarged from $400,000.

* * *

As of Aug. 20 consolidation of the **Orwell Banking Co. of Orwell, Ohio**, with common stock of $50,000, was effected with the **Farmers National Bank & Trust Co. of Ashtabula, Ohio**, with common stock of $382,500. The consolidation was effected under the charter and title of the **Farmers National Bank & Trust Co.**, which at the effective date of the consolidation reported a capital stock of $700,000, in 35,000 shares of common stock, par $20 each; surplus of $700,000; and undivided profits and reserves of not less than $100,000.

* * *

The Farmers National Bank and Trust Company of Ashtabula, Ohio, with common stock of $382,500, and The Orwell Banking Company, of Orwell, Ohio, with common stock of $50,000 were consolidated effective Aug. 20 under the charter and title of "The Farmers National Bank and Trust Co. At the effective date of consolidation the consolidated bank reported a capital stock of $700,000 divided into 35,000 shares of common stock, par value of $20 each; surplus of $700,000; and undivided profits and reserves of not less than $100,000.

* * *

A stock dividend of $120,000, effective Aug. 24, has brought about an increase in the capital of the **First Minnehaha National Bank of Minneapolis** from $300,000 to $420,000.

* * *

The sale of new stock to the amount of $75,000 by the **American National Bank of North Miami, Fla**, has enlarged the bank's capital to $425,000 from $350,000, the increased capital having become effective on Aug. 26.

* * *

The offer of the **First Western Bank and Trust Company of San Francisco, Calif.**, to merge with the $26 million **Valley National Bank of Alhambra, Calif.**, has been favorably acted upon by the bank's board of directors, T. P. Coats, Chairman of First Western's board, announced on Aug. 30. His statement followed an announcement in Alhambra by by Les Allen, President of the Valley National Bank, that the latter's board had voted to recommend merging the bank into First Western, and that a shareholders' meeting to consider the proposal would be called immediately. When the consolidation is consummated the Valley National Bank with its four offices will become an integral part of First Western's statewide banking system, and its personnel will be retained without loss of seniority. The Valley National operates two offices in Alhambra, one in Arcadia and one in Long Beach. The bank has had a noted postwar growth, resources it is stated, rising from $664,154 at the end of 1946 to $26,133,000 on June 30, this year. Deposits on June 30 are said to have approximated $24,600,000. The resources of the First Western are reported to excess of $800,000,000.

* * *

At a special meeting in San Francisco on Sept. 2 the shareholders of **First Western Bank and Trust Company** approved an agreement whereby the **Butte Valley State Bank of Dorris, Calif.**, is to be merged into First Western. Shareholders of the Butte Valley State Bank, it is announced, have already approved the consolidation. The bank in Dorris has assets of approximately $3,800,000.

First Western's stockholders also approved an amendment to the bank's articles of incorporation increasing the bank's authorized stock from 2,100,000 shares to 5,000,000 shares; it is provided, the advices state, that the additional 2,900,000 shares of authorized but unissued stock be available for issuance in connection with the purchase or acquisition by First Western of other banks.

* * *

Under the charter and title of **the Citizens National Trust & Savings Bank of Riverside, Cal.** with common stock of $3,776,000 **the Yucaipa Valley National Bank of Yucaipa, Cal.** with common stock of $50,000 was merged with Riverside institution as of Aug. 12. At the effective date of the consolidation the capital of the consolidated bank was reported as $3,864,000 in 241,500 shares of common stock, par value $16 each; surplus of $3,864,000, and undivided profits of not less than $2,109,500. An item with reference to the proposed consolidation appeared in our issue of July 28, page 383.

* * *

John J. Rutledge has been appointed an Assistant General Manager at the head office of **The Canadian Bank of Commerce in Toronto**, it was announced on Aug. 29. Mr. Rutledge joined the bank in 1923 and has been closely associated with its foreign business since that time. His experience includes six years spent in the London, England, office and he has served successively as Manager of the Foreign Exchange Department, Toronto Branch, and Assistant Supervisor of the head office Foreign Department.

Cites Areas of Danger in Present Prosperity

September issue of First National City Bank "Monthly Letter" points to heavy increases in home mortgage and instalment debt, and sees optimism running to excess in some fields.

The current issue of the "Monthly Letter" of the First National City Bank of New York contains a discussion of present credit conditions and the recent actions taken by the Federal Reserve Banks and the Federal Reserve Board in restraint of credit over-expansion. In commenting on the situation, the article calls attention to "areas of danger" in our present prosperity in the following paragraphs:

"One of the most significant developments of the summer has been a widening recognition of the fact that prosperity—as almost inevitably it will under easy money conditions—has tended to speed off into wage and price inflation. The government cannot tell people how they shall spend their own money. But the Federal Reserve authorities can—and they must if we are to preserve stability—limit the use of their credit facilities and thus control the spending of borrowed money. Federal Reserve actions penetrate all of the markets for credit and money.

"Last winter and spring concern was felt for the ascent of stock prices aided by increased margin purchases. Customer debit balances of members of the New York Stock Exchange rose nearly $1 billion in the year ended April 30. Since then, under the influence among other things of increases in margin requirements and discount rates, the debit balance figures have flattened out. Stock price averages have been fluctuating below their best levels of the year, reached during July.

"The really phenomenal increases have been in the areas of home mortgage and instalment debt, as the accompanying table shows.

"The $6.9 billion rise in home mortgage debt represents a 9% increase simply for six months of 1955; it suggests an expansion for the year of $13 or $14 billion, far ahead of 1954's $9.6 billion, already a record. The rise in consumer instalment debt reached 11% in the six months. Public concern has been aroused by these figures, based on suspicions that the rate of increase in untenable.

"We have just been going too fast. Even if the hazard of insolvency to the over-committed borrower is overlooked, the national savings stream is not big enough to supply these or other demands for borrowed funds. The situation is exemplified by the growing practice among such institutions of 'warehousing' mortgages with banks who in turn must rely on the Federal Reserve for supplements to their loan funds.

"The Administration, disturbed among other things by the rising curve of building costs, has taken some appropriate actions with respect to government programs. On July 30 the Federal Housing Administration and Veterans Administration announced that, effective immediately, the maximum maturity of insured home mortgages would be reduced from 30 years to 25 years. At the same time the Veterans Administration abolished, with some exceptions, no down payment loans and the FHA increased its minimum down payments from 5 to 7% on the first $9,000 and from 25 to 27% on the excess.

"Housing Administrator Albert Cole, in a speech on Aug. 9, stated that the purpose was to ease up on the accelerator, not push down on the brake; to forestall a credit expansion which would bring higher home prices and lower the value of the dollar by increasing the cost of living generally. As Mr. Cole pointed out, these measures were in line with the actions taken by the Federal Reserve Banks in raising discount rates.

"Equally, the unchecked expansion in instalment credit, in some cases on terms so easy as to earn the label, 'crazy credit,' has caused concern. The Comptroller of the

DEBT EXPANSION IN SELECTED AREAS, 1953-55
(In billions of dollars)

	June 30, 1955	Changes 1st half, 1955	1954	1953
Home mortgage debt	$82.8	+$6.9	+$9.6	+$7.6
Consumer instalment debt	24.9	+ 2.4	+ 0.8	+ 3.5
Fed. Res. member bank commercial and industrial loans*	26.9	+ 1.9	— 0.5	— 0.7
Fed. Res. member bank agricultural loans	2.8	— 0.7	+ 0.3	+ 1.1
Customers' debit balances, NYSE	2.7	+ 0.3	+ 0.7	+ 0.3

*Involves some double counting of consumer instalment debt since sales finance company borrowings from banks are classified as commercial and industrial loans. Increased sales finance company borrowings are estimated to have accounted for one-third of the rise in the first half of 1955.

Currency, Ray M. Gidney, wrote to national banks in July noting that 'in some areas there is a tendency to loosen terms under which this type of credit is granted, particularly in the automobile financing field, by extending maturity, and accepting down payments which, measured in terms of actual value, are lower than previously had been considered standard." He revealed at the same time that bank examiners' report forms would be revised to include a section dealing with consumer credit.

On Aug. 9-11 members of the Federal Reserve Board met with delegations of sales finance company and bank executives to discuss the mounting volume of instalment borrowings. The General Motors Acceptance Corporation simultaneously issued a warning to its dealers to 'go slow' in extending more easy credit to car buyers, and pointed out how cutting down payments from one-third to one-fourth, and prolonging the repayment terms from 30 to 36 months, increase the risks of repossession, hurt repeat buying, and add to the customer's costs.

Optimism Running to Excess

"The discount rate and other official actions taken to restrain credit expansion are not intended to deny access to borrowed money for soundly conceived, useful projects. The question is one of discouraging marginal and additional projects that compete with more soundly conceived and useful projects and raise prices against everybody. After all, supplies of labor and materials have limits; rising business costs and prices signalize in the free economy that we are trying to do too much, saving too little, drawing excessively on our credit lines, and over-committing ourselves. A sensible optimism is an essential to prosperity. Optimism running to uncontrolled excess has been our historical path to disaster. It is well that the authorities are acting to contain forces that, running out of hand, can be our undoing."

Belmont Elec'd Director

Dr. Frank H. Reichel, Chairman of the American Viscose Corporation, has annouced the election of August Belmont to the Board of Directors. Mr. Belmont, a Vice-President and Director of Dillon, Read & Co., Inc., will fill the vacancy created by the resignation of Mr. Charles S. McCain. Dr. Reichel also announced that Mr. McCain has also submitted his resignation as a Director of Chemstrand Corporation, and that it is expected that Mr. Belmont will succeed him on the Chemstrand Board. Mr. McCain is a former President of Dillon, Read & Co., Inc., having retired from that post in 1950. Since graduating from Harvard in 1931, Mr. Belmont has been in the investment banking field except for four years' service in the Navy during World War II. He joined the firm of Dillon, Read & Co. Inc. in 1946.

August Belmont

New York Stock Exchange Weekly Firm Changes

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

Stanley & Co., dissolved Aug. 31, 1955.

Alfred R. Stamm retired from partnership in A. L. Stamm & Co. Aug. 31.

Mrs. L. L. Blair V.-P. Of Marshall Co.

CHICAGO, Ill.—Mrs. Lorraine L. Blair has been made Vice-President of the Marshall Company, Investments, with main offices in Milwaukee, Wisconsin. Continuing her connection of the past three years with this firm as resident manager for the State of Illinois, with headquarters in the Chicago office, 30 North LaSalle Street, she will be in charge also of their women's activities for the entire country.

This is another honor for a top-flight woman in finance who is rounding out 28 years of work in the financial field of investments, insurance and banking on LaSalle Street. As founder and executive director of the Women's Finance Forum of America, now in its 21st year, and as teacher of classes in basic finance, lecturer, and writer, Mrs. Blair has done much to awaken women to their tremendous economic power.

Now Shelley Roberts

DENVER, Colo. — The firm name of E. I. Shelley Company has been changed to Shelley, Roberts & Co., First National Bank Building.

John E. Finn has joined the firm's staff.

Two With Gibbs & Co.

(Special to THE FINANCIAL CHRONICLE)

WORCESTER, Mass.—Ingrid Cannon and Alson L. Clark, Jr. are now affiliated with Gibbs & Co., 507 Main Street.

With Hamilton Manage't

(Special to THE FINANCIAL CHRONICLE)

DENVER, Colo. — Thomas W. Donahue is now with Hamilton Management Corporation, 445 Grant Street.

With Schwanz Co.

(Special to THE FINANCIAL CHRONICLE)

AURORA, Ill. — John L. Bauman, Jr. has become connected with Schwanz & Company, Inc., Merchants National Bank Building.

THE MARKET . . . AND YOU

By WALLACE STREETE

The stock market, as far as the industrial average is concerned, bracketed the Labor Day holiday — sometimes a market turning point—with a new all-time peak both before and after the layoff to show that it means little this year to the index now nearly 100 points above the "fabulous" peak of 1929.

* * *

There was little basic change in the nature of the market except for somewhat quickened activity. Even among the components of the industrial average the strength was selective and the rails continued their leisurely pattern without seriously taking over leadership or racing to a new high with abandon. Oils offered an occasional feature to the general parade but with little of a broad demand for the group generally. Fall demand for the oils is one of the seasonal, though minor, aspects of the stock market, but there was no apparent rush to start it off.

* * *

Metals and Aircrafts Bellwethers

Metals continued to outpace the other divisions along with an occasional flareup in the well-depressed aircrafts. Steels were the bellwethers in the metal group with coppers still somewhat ragged despite the latest increases in the price of the red metal. Chemicals were able to put on some good shows with, however, some indications of a willingness to take profits rather readily after any sharp runups.

* * *

Store Stocks Stirring

Some stirrings continued in the stores stocks, with Allied Stores occasionally showing pinpoint demand and Gimbel distinguished by an occasional appearance on the list of new highs. With a new round of wage increases already underway, leaving workers with greater personal income than ever before, and credit tightening working mostly at curtailing sales of hard goods, the logic of a good number of market commentators is that department stores will benefit importantly from all the income available. Moreover, they are just now going into their heavy selling season which lasts to the yearend holiday peak.

* * *

In addition, the store stocks have another element that favors them currently — they are nowhere near in step with the high-flying issues elsewhere and the market averages that are at historic peaks. Macy sold as high or higher than recent levels from 1946 to 1951. In fact, only Allied Stores stands out starkly in the fact that the stock posted a historic high this year which isn't the pattern of the others.

* * *

Another specialty issue that, measured in terms of previous peaks and the stock market generally, is far from in step with historical highs is Hazel-Atlas Glass. The going was good enough to warrant a 5-for-1 stock split in 1946 but then the competition set in in earnest as other container makers fought for the market. The stock posted its post-split low in 1953, virtually ignored the spirited general market upturn that began that Fall, held in a five-point range through last year and so far this year has been neglected to where it has only a three-point swing for 1955 so far. It is about as pronounced a case of neglect through a rather spirited bull market swing as can be found in the list.

* * *

A New Skyrocket

Among the new month's skyrockets, at least temporarily, was United Dye & Chemical which put on one of the better multi-point hops of a single session. At its peak this week the issue had quadrupled over its low of as recently as 1953 and triple the low of this year. The issue is not among the highly-rated Stock Exchange offerings, what with skipping the preferred dividend rather regularly and paying on the common only three times in the last score of years. In the absence of any specific news to account for the overly-exuberant market behavior, the guessing centered mostly on the chances of a workable plan emerging to retire the preferred. Officers and directors at the last report had more than half of the stock which, if still the case, precludes any buying for control.

* * *

A Pair of Split Candidates

U. S. Gypsum, which forged above par on something of a permanent basis in 1950, and joined the 200 club last year, reached the 300 mark this week to rival some of the more spirited runups of the last decade. A good bit of the demand, obviously, was on split hopes, particularly since the last capital readjustment was a 10% stock payment way back in 1928 which, incidentally, ended a period of half a dozen years of stock payments. The other "Avery" firm — Montgomery Ward — was among the week's occasional favorites toying with its year's high. The last split in Montgomery Ward, incidentally, also was in 1928.

* * *

Something of a new note for the week was a reappearance of some of the cement issues among the stocks in good demand. These issues were leaders on strength earlier in the year and did noble work, but have been in something of a consolidating phase recently. Marquette Cement and Lone Star Cement were prominent on the new popularity putting them in position to test their previous highs on any follow-through.

* * *

The huge debenture offering of American Telephone, its seventh such post-war financing operation, weighed heavily on the stock which, complicated by automatic markdowns from the rights and from its famous $2.25 quarterly dividend, reached a reaction low. This bottom was also closer to the year's low than to the high which was a peak since 1946. The actual rights were distributed over the holiday weekend so that the full pressure of the selling of those that won't be exercised was at hand to account at least partially for the poor action of the stock.

* * *

The motor stocks were another group that continue in a discouraging pattern. Here the case is one of waiting on the new models to see what sort of acceptance is in store for the auto makers' 1956 lines. Of the two listed members of the Big Three, General Motors was somewhat more buoyant than Chrysler which occasionally was a shade heavy.

* * *

Technical Indications

Technically, the market entered its Fall season with little in the way of guideposts around for the industrials, now in uncharted territory, and little sign of any switch in interest to the rails to kindle a new dynamic and broad upsurge. The summer reaction which came to some 26 points in the industrials, or only about 5½%, was a far milder correction than had been generally anticipated. The determined penetration of the previous high in the face of the time of decision that Labor Day has come to represent was also somewhat unexpected. So, for want of any other indicators the market forecasters are dusting off their predictions of 500 for the Dow industrials once more.

[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.]

Am I My Brother's Keeper?

By ALEXANDER WILSON

America arises to the occasion to combat the loss of lives, homes and property when flood, rain, wind and devastation raged in our Northeastern States. A review of private, State and Government remedial measures used to aid our fellow stricken citizens to rebuild their homes, bridges, highways, factories and public utilities.

The question, "Am I my brother's keeper?" has been answered convincingly in the affirmative by thousands of generous citizens of our land who responded to relieve the suffering and distress of our fellow Americans in the flooded districts of Connecticut, Pennsylvania, New York, New Jersey and Rhode Island as a result of the Diane hurricane Friday, Aug. 19.

Alexander Wilson

Federal, State ad private aid have been rushed from all parts of our nation to the aid of the devastated area where the lives of 191 persons were snuffed out and hundreds of missing victims are still unaccounted for after the flood damaged and destroyed over 20,000 homes, causing over 40,000 homeless people and 75,000 jobless persons.

When the hurricane struck, the Red Cross with its usual promptitude, sent 300 of its trained disaster specialists into the flooded districts to help the 10,000 families who required immediate assistance. The Red Cross immediately disbursed $2,000,000 for first aid and called on our citizens for $8,000,000 more to help complete the job. President Eisenhower was the first to make a personal contribution and money poured in from the heart of America, little children, even, selling lemonade for a few pennies a glass to add their mite.

The New York Stock Exchange sent out a call to its membership in New York and elsewhere who quickly raised a fund of over $150,000 to alleviate the suffering of the unfortunate families and their children.

The Federal Departments of our Government at President Eisenhower's suggestion authorized the transfer of $100,000,000 to provide the states affected with emergency grants to restore public utilities and authorized nearly a billion dollars in Defense Mobilization Loans for the repair and replacement of stricken defense plants. Without loss of any time, the State governments moved in to help the flooded towns and municipalities—the Massachusetts legislature by the passage of a $55,000,000 bond issue to finance flood relief, while Connecticut cancelled $35,000,000 of construction funds to conserve credit instead for flood recovery measures. In New York Governor Harriman was confident that the State could pay for its relief work out of existing funds.

To offset the total property damage estimated at $1,670,000,000 in all six States, the Federal Housing Administration declared a moratorium of FHA payments on the stricken homes and also authorized special loans for public works and private housing repair. The Farmers Home Loan Association with a $121,000,000 disaster fund as well as the Small Business Administration with a $15,000,000 fund are going to make loans at 3% to business and industrial organizations. The Department of Commerce is planning to lease to stricken factories in the flooded districts 500,000 pieces of Government owned industrial machinery to help the factories get back into production and relieve pressing unemployment.

Other Government departments including the Department of Agriculture and the Department of Labor have thrown their resources into the needs of the hour.

The Bethlehem Steel Co. which had to shut down its plant at Bethlehem, Pa., has reopened and called back 12,000 workers.

It is indeed inspiring to record the beneficence and munificence of all the public and private agencies including large and small corporations which contributed a million dollars, foundations, labor unions, Salvation Army, Red Cross, Catholic and Jewish charities which are helping in so many ways to rebuild the morale and well-being of the unfortunate victims, proving once more that "we are all brothers under the skin" when affliction overtakes any section of our country.

The acts and deeds of the last two weeks stand out on our nation's records like a banner page in American annals or like the collective effort of the Good Samaritan or the culmination of the Golden Rule on a national scale.

Ogren Exec. V.-P. of Midwest Exchange

CHICAGO, Ill.—Carl E. Ogren, Vice-President and Secretary of the Midwest Stock Exchange, has been appointed to the new office of Executive Vice - President, it was announced by James E. Day, President.

Carl E. Ogren

Mr. Ogren began his business career at the Exchange in 1928 and has served in various capacities since that time—serving as Secretary of the Exchange for the past 13 years and as Vice-President for eight years.

Succeeding Mr. Ogren to the office of Secretary is Donald Rogers, former Assistant Vice-President of the Exchange.

George J. Bergman was appointed Assistant Vice-President in charge of Floor operations.

With Denton & Co.

(Special to THE FINANCIAL CHRONICLE)

HARTFORD, Conn. — Anthony J. DiLorenzo has become affiliated with Denton & Co., Inc., 805 Main Street.

Sheffield Adds to Staff

(Special to THE FINANCIAL CHRONICLE)

NEW LONDON, Conn.—Alfred M. Zeien has become connected with Sheffield & Company, 325 State Street.

Smith Barney Adds

(Special to THE FINANCIAL CHRONICLE)

CHICAGO, Ill.—Alpha R. Edsel has been added to the staff of Smith, Barney & Co., 39 South La Salle Street.

Continued from page 5

New Developments in the Investment Company Industry

fact, we get the $3 if good reason can be shown. And vice versa.

Recent Developments in Investment Company Business

If I may, I'd like to say a few things about recent developments in the investment company business. I'll only hit a few highlights.

I may be a bit prejudiced—and I'm sure there are some in our industry who might disagree with me—but one of the most significant industry developments in the past year or two, I think, has been the establishment of the Public Information Program, a separately financed and governed branch of the industry's national association.

The real significance in this new program lies, I believe, in two areas. First, it represents a new, high degree of willingness on the part of industry leaders to undertake a program for mutual benefit; and, second, in the public interest it is an extension to the entire business of the fundamentally sound requirement of full disclosure on the part of the individual company components of the industry. I'm proud to have played a role in the planning for this new effort, and in its direction during these early years.

Briefly, the Public Information Program breaks down into three components — acquisition, study, and dissemination of information with respect to the investment company business.

The acquisition of data requires a most thorough program of research and statistical collection and analysis. An important part of this research job involves the continuous study by staff members of all company reports, of prospectuses, of trade magazines and papers, of many financial publications, of government reports, etc.

Information—the product of research—is useful only to the degree that it is interpreted and disseminated. News stories are prepared and released to the nation's press; magazine stories are produced, reports to members, to various government agencies, to special "publics" are prepared. Every practical and financially sensible means short of any paid advertising is employed to assure that the information developed reaches those to whom it is most important.

Efforts are made, too, to develop the materials about the investment company business that are so widely in demand among opinion leader groups and among the general public.

Why? Because by so doing, public officials and others know a qualified source to turn to when questions—pro or con—about investment companies are raised with them.

A Case History

I know of no better evidence of this demand from the public than an actual case history. The July 2 issue of the "Kiplinger Washington Report," a weekly newsletter, carried the following as a four-line item:—

"Primer on Investment Companies — mutual and closed-end funds—how such groups work, what they offer, without recommendation of any one. To get a copy write the National Association of Investment Companies, 61 Broadway, New York, for 'Investing Made Easy.' No Charge."

Three days later a member of the staff called me to see if my company happened to have an automatic letter-opening machine. The mail was so heavy, he said, it would have taken two people the entire working day simply to open it. Within three weeks, the number of mail requests resulting from this one item in the Kiplinger letter passed 4,000. This seems to demonstrate clearly the extent of public demand for facts on the investment company business.

Requests from all sources for this booklet "Investing Made Easy" have required three printings — over 125,000 copies have been mailed out from the Association's office since the original printing in March, 1955.

Indicative of the significance of the role of investment companies in our securities markets today is the fact that they were called on to testify before the Fulbright Committee of the United States Senate in March. Mr. Dorsey Richardson, Chairman of our Executive Committee, assisted by staff members and other members of the Association, testified. The information developed in response to the written and oral questions of that Committee was published in booklet form, a copy of which, I understand, has been sent to each of you here.

Here, I believe, is a good example of the manner in which the new Public Information Program has been able to respond in the public interest. Preparation of such a comprehensive statement—a joint activity of both branches of the Association — would have been impossible two years ago. The research program of the P.I.C., in short, made it possible for the investment companies' witness to present complete, well-documented material responsive in every way to the broad questions asked by the U. S. Senate Committee as well as to the questions asked during the hearings. It is gratifying to report that our presentation was commended by the Chairman of the Senate Committee.

The value of the Public Information Program, in serving the public interest, is demonstrated in another way. Our staff is a well-read staff. I'm often amazed by the variety of publications staff members study. Such study makes for well-informed people, people alert to the needs and interests not only of our shareholders, but of the economy as a whole.

It was study on the part of Public Information Committee staff members which, so far as the investment business is concerned, first uncovered the significance of proposed "variable annuity" legislation—over a year ago. Staff analysis and reports led our Association to conduct a most careful legal and actuarial study of the proposed plan, a study which clearly established the defects and potentially harmful aspects of the proposed legislation, a matter to which your Executive Committee has also devoted much study.

It was Public Information Committee staff work, too, which led, last September, to adoption of a joint Statement of Principles by the N.A.I.C. and the National Association of Life Underwriters. This was an achievement, I believe, which was good not only for each business, but, equally important, for the policyholder and shareholder public, whom it protected from the highly volatile, dog-eat-dog, competitive rivalry that appeared to be developing with great momentum at the time.

I introduced this discussion of the Public Information Program with a statement of possible prejudice — frankly, I'm convinced that in the last 15 months, in large part because of this program, this industry has attained a new high plane in public service through meeting a fundamental responsibility. This is the responsibility of any institution in a position of trust with respect to the public's savings, to provide complete information about itself to the public . . . to present the "bad" news along with the "good" . . . to follow the basic principles of full disclosure so that the people, in the democratic tradition, can have the facts indispensable to intelligent judgments.

I've tried to sketch a brief picture of the new Public Information Program. For reasons of time, and because of your long-time familiarity with it, I have not discussed the traditional, the continuing original program of the National Association under the direction of the Executive Committee and the capable administration of John M. Sheffey, Executive Secretary who is here and whom most of you know.

That program continues most effectively to carry on in the areas of activity assigned to it—working with tax authorities, both Federal and State, cooperating with the S.E.C., the N.A.S.D. and the I.B.A. and I.D.A. in Canada with respect to investment company regulation and disribution, keeping the membership, securities administrators and other interested persons informed at all times with respect to developments in these specific areas. The Annual Report to the membership, including a complete summary of the Association's activities and responsibilities this past year will soon be published.

Crystal-ball gazing is not one of my favorite pastimes; it's too risky. So any predictions I appear to make must be regarded in the general; please do not hold me to the specifics.

I have mentioned my 26 years in this business. A quick calculation takes us back, then, to 1929. Mere mention of that date brings goose pimples to many of us. It also encourages a great sigh of relief that through State and Federal laws and regulations, through actions taken by the financial industry itself — our Stock Exchanges, Investment Bankers Associations, Securities Dealers Associations and others—a repetition of the 1929 debacle is most remote, if not impossible.

The economic sciences have advanced vastly since then, too, and Federal Governments now accept the challenge of placing brakes upon speculative excesses and providing stimulants when the patient appears unwell.

Disturbing Similarities to 1929

But, as we meet here in August, 1955, there are some disturbing similarities to some 1929 events which concern all of us. The recent level of our common stock quotations is, perhaps, the most obvious. The volume of trading in listed and unlisted stocks—indicating the vastly increased numbers of persons buying and selling stocks, is another.

What a task you gentlemen have had this last six months to pass upon the suitability for citizens in your states and provinces of more than 524 new corporate issues aggregating $3,328,000,000 in the United States and some $510,000,000 in Canada—new highs in both countries.

A heavy responsibility is yours in such circumstances for, while this is evidence of prosperity and a will to expand, such momentum is also conducive to over-enthusiasm, over-expansion, higher risk — and greater potential disappointment and loss. You have our sympathy in the magnitude of your task, our best wishes for its successful fulfillment.

May I ask a similar understanding by you with respect to our own responsibilities in this environment. By comparison with the life insurance industry our $8½ billion in assets is only one-tenth theirs. By comparison with other institutions which are part of an individual's financial planning—savings and loan associations, mutual savings banks, to mention but two — our size is modest.

But it is growing rapidly as $600,000,000 in sales in the first half of 1955 will testify.

Our responsibility lies in something more than size. For the basic feature which investors seek from us is management, largely a management of equity securities. There are other features of investment companies, of course, — diversification, convenience, ready marketability, custodianship—but basically we offer professional management. It is for that reason that we ask your understanding of the heavy responsibilities we face as our size and our shareholders expand so rapidly in these booming days.

It is our belief that we can and will keep faith with some 2,000,000 shareholder accounts if and when there are interruptions both to the long-term growth of our economy, and securities market trends. But of equal significance, the investment companies will, I think, make an important contribution as a stabilizing factor in the securities markets.

History shows no tendency for liquidation on the part of investment company shareholders in past periods of decline. Quite the contrary — new shares purchased have exceeded redemptions.

History, since 1940, also shows net purchases of securities by the investment companies themselves when price declines create better investment values. Thus is demonstrated the contribution which can be made by an institution such as ours when there is no pressure for liquidation through share redemption and when securities are viewed by professional management than subject to purchase or sale on the basis of emotion, inadequate knowledge or misinformation.

The challenge is given to both of us in this August of 1955 and in the months and years ahead. For myself, I believe our industry will meet it and, like our older and time-tested British and Scottish investment trust friends, **we will assume a greater and more constructive role in the fascinating new industrial and financial world of tomorrow.**

The 145 members of the National Association of Investment Companies would give you a wide variety of forecasts about the business and market outlook. I assure you that in this respect, as in many others, there is independence of thought, divergence in opinion. But there is unanimity in our appreciation of the role we do and shall play in the welfare of investors in the United States and Canada and in the economy of those great countries. It is, in part, a reflection of this attitude that the Public Information Program was initiated and will, we hope, carry on as a useful and constructive element.

We are aware, in short, that we have become an institution. A positive one, we believe, a progressive one, we hope, and certainly one seriously concerned with the public interest. We look forward to your guidance and help in achieving those purposes and we, in turn, will continue our efforts to cooperate and deliberate with you when such action will assist you in discharging your heavy responsibilities to those who look to you.

Continued from first page

The Nation's Farm Problem

Neither conclusion is true. Yet both conclusions can be supported if only part of the total picture is presented.

Recently I was reading the remarks of a possibly well-intentioned lawyer-statesman who had turned farm expert for the day. The fact that farmers are getting a smaller share of the consumer's food dollar now than they did during World War II proved conclusively to this gentleman that American agriculture was teetering precariously on the verge of bankruptcy.

I wasn't as frightened as he was. I remembered the words of a farmer who told me of his experience in selling produce through his own road-side market. "There I was, getting 100% of the consumer's food dollar," this farmer said. "But," he added, "it took so much of the time I should have spent in the field that I came near going broke."

Causes of Decline in Farmer's Share of Consumers' Income

There are, of course, reasonable explanations for the decline in the farmer's share of the consumer's food dollar. For one thing, the percentage received by the producer during World War II was abnormally high because of consumer subsidies on certain foods. Even more important, perhaps, is the fact that housewives are demanding and getting a multitude of "built-in maid services" along with the foods they buy. They are purchasing more and more quick-frozen fruits and vegetables, more cut-up poultry and other ready-for-the-pan meats and more ready-to-serve dishes of all kinds.

All of these additional services cost money. Since the services are provided by the processor, rather than the farmer, the processor rightfully collects for them. Nevertheless, farmers recognize that this new trend in food preparation and distribution builds broader markets for agricultural products. Market expansion means more consumer dollars for farmers to share. And a smaller share of a larger number of dollars is preferable to a larger share of a few dollars, as my friend with the road-side produce stand discovered for himself.

Undoubtedly, some of these marketing services cost too much money. We are constantly trying, through our various marketing programs, to cut the cost of distribution and increase farmers' returns.

The Parity Ratio

There is another figure which is sometimes cited by people seeking to create a statistical depression in agriculture. That is the parity ratio which measures prices received by farmers against those paid for goods and services. The parity ratio is important. It tells a part of the story of how the agricultural economy is operating. But, I emphasize that it tells only part of the story.

Let me illustrate. Back in 1935 the parity ratio stood at 88. It jumped to 92 in 1936 and rose further to 93 in 1937. In each of those three years it was from four to seven points higher than it is today. That should have meant relative prosperity for farmers from 1935 through 1937, if we accept the doctrine that this parity thermometer tells all there is to know about agriculture's economic well-being.

Now I ask you who were farming in those years: were you better off then than you are today? Were your profits greater then? Were you better able to meet your obligations, to provide for your family, to educate your children and to buy the things that make for more comfortable and pleasurable living?

An overwhelming majority of American farmers would say "no" to all of these questions. Yet if the parity ratio by itself were a reliable measure of agricultural prosperity, the answer to each of these questions would have to be "yes."

Frankly, I have never believed that farmers themselves pay as much attention to the various statistical yardsticks as do some of their self-appointed spokesmen. The individual farmer determines whether he has had a good year or a bad one by what he has left in his pocket after the crops and livestock are marketed and his production expenses and fixed costs have been paid. By this test—the measure of net per capita income—farmers as a whole have been moving forward steadily on the economic front almost without interruption. Even in 1954, with some farm prices declining, per capita income of farmers increased over the preceding year, while per capita income of nonfarm people moved the other way.

Nevertheless, per capita income of farmers last year was only one-half that of non-farm people. Of itself, this is a rather frightening statistic. It affects 22 million people living on the 5.5 million units classified as farms in the United States. Yet 2 million of these 5.5 million farms produce 85% of the food and fiber that goes to market each year. Many of the other 3½ million units are so small and produce so little that the farmers who operate them are in constant difficulty, regardless of the general level of agricultural prices. Because marketings from these smaller farms are so limited, price support programs are of only minor assistance at best.

I might add, parenthetically, that efforts by this Administration to launch a Rural Development Program for low-income farmers was received in Congress with little enthusiasm by some of the people who shout loudest about the dire plight of American agriculture. In fact, funds were provided by Congress to carry out only one of several recommendations submitted by the President in connection with this program.

It is the very low incomes of the part-time and non-commercial farmers, lumped into agricultural income statistics, that distort the true picture. The real truth is that incomes of commercial farmers—farmers who operate family-size units such as predominate in this area — compare favorably with those of urban people with similar abilities and capital.

Agriculture on Sound Basis

Now let's look at another column of the farm balance sheet. What do farmers themselves—the people in the best position to know — think about the current economic situation and the future of agriculture?

Well, for one thing, rising farm real estate values attest to the reluctance of farmers to sell land and their willingness to buy it. In some areas farm land is bringing the highest prices in all history. During the last year farm real estate values rose 2% and, as an average, are just under the record high reached in 1952 when the Korean War was at its height and there was active bidding for land as a hedge against inflation. To me this spells genuine confidence by farmers in the future of agriculture.

And what of the farm debt situation? Our records indicate that debts equal only 11% of farm assets, as compared with 19% in 1940 and 21% in 1930. Subtracting all debts owed by farmers from their total assets, we come up with an average equity of about $22,000 per farm family. The comparable figure for the average non-farm family is about $5,000 less.

Now all of this may be true, say the pessimists, but what about the immediate future? Farm prices are down about one-fourth from the record high reached during the Korean War, while operating costs generally have dropped very little. Doesn't this mean more of a squeeze on farm pocketbooks?

Let's study that one for a moment. We don't have farm prices at their Korean War peaks—true. But we don't have a Korean War, either. In fact, we don't have any kind of a war. For that I am devoutly thankful, as I know all of you are.

As parents, we again have the normal worries over Junior's grades in school or his staying out a bit later than we seem to remember we did in our youth. But we don't have to worry about whether he will return at all from a night patrol on Heartbreak Ridge.

It seems to me that the one overriding fact of our times is that man has finally developed the capacity to eliminate all mankind from the face of the globe. Unless we can learn to live with the new forces which science has unleashed, little else really matters.

Under the inspired leadership of a great President, the United States is showing the way toward world peace. No other statesman of our times has so completely captured the imagination of the people of all countries or so eloquently expressed their desire for peace as did Dwight D. Eisenhower at the recent Geneva conference. The broad objectives set forth by the President are yet to be attained. For the first time in many years, however, there exists an atmosphere conducive to discussions and actions aimed at relaxing world tension. If we continue resolutely along the path charted by the President, there is real hope for a just and durable peace.

The transition from a war economy to one more closely geared to normal markets and conditions is never easy for agriculture. Yet we are making the changeover this time with less serious dislocations than ever before in our history as a Nation. And I am certain that farmers infinitely prefer such adjustments as must be made to the alternative of continuing bloodshed.

While it is true that there has been a sharp decline in farm prices since the height of the Korean War, there has not been a corresponding drop in per capita income of farmers. Through increased efficiency, most farmers have been able to offset to a considerable extent the effects of lower prices.

Improved cultural practices, more efficient use of fertilizers and better seeds have brought increased yields per acre for virtually all crops, year after year. In the livestock and poultry fields, farmers are utilizing chemicals and cost-cutting devices to bring better-bred animals and birds to greater weight in less time.

This Year's Agriculture Results

Let's see how this affects farmers today. Indications are that this year's harvests will equal the record set in 1948. Marketings of livestock and livestock products are expected to hit an all-time high. Total livestock and crop production will be the greatest ever.

By selling more, even at somewhat lower prices, most farmers in 1955 will probably maintain gross income near the level of last year. At the same time, production expenses are running slightly below a year ago. All of this emphasizes again that it is not price alone that determines farm income. It is price times volume, minus production costs, that determine net income. And it is net income that really counts.

The strongest single bulwark of the farm income situation today is the fact that our national economy is humming along at a record rate. This provides a constantly expanding market for the products of our farms. Not only are the American people buying more and better foods each year on a per capita basis but farmers are also acquiring nearly 3 million new customers each year through population growth. Important as exports are for some agricultural commodities, we must never lose sight of the fact that more than nine-tenths of our farm production is consumed at home.

When producers see their markets shrinking both at home and abroad, however, there is real cause for concern. That is what has been happening, with respect to cotton.

Cotton is in trouble. We have been deeply concerned about the problems which are building up for the entire industry—especially the producer, the man on the farm who is affected first and most directly.

Loss of acreage — of potential production — has hit the cotton farmer hard. The mandatory production control program reduced national cotton acreage from 25 million in 1953 to about 17 million this year. That's a cut of nearly 35%. The loss to farmers is obvious. Equally serious is the loss of business and buying power for the entire Cotton Belt. And under present authorizations and programs there isn't much chance of increasing acreage in the near future.

An accumulation of legislative provisions, designed at different times in the past to meet individual objectives, has put cotton in a strait-jacket. Price supports have been at unrealistic high and rigid levels, and flexibility is limited even under newer legislation. Regulations governing domestic sales of Commodity Credit Corporation surplus cotton are also very rigid. Under past policies, export sales have been tied to these same domestic price levels since the late 1940's.

The result has been a serious loss of markets, mounting carryover stocks of United States cotton and CCC inventory holdings, encouragement to synthetic fiber production, the increase of cotton acreage abroad and the loss of acreage for American producers.

The danger in the situation goes beyond our own shores. Cotton is a world crop. Action by a major producing country inevitably affects the rest of the world. If the United States were forced to "dump" its cotton surplus on the market friends abroad would be hurt.

We do not intend to dump our cotton and disrupt the channels of trade. However, we must find ways to check the continued accumulation of stocks and to start the orderly disposition of the surpluses now on hand. While we want to be very fair in our disposition of cotton stocks, the United States cannot afford to continue as merely a "residual supplier" in the world markets.

We have already made a start toward wider market outlets, through a limited broadening of the export program for CCC stocks. Basic legislative revisions are also needed to encourage farmers to grow the grades and staples of cotton most desired in both the domestic and the export markets—and to put cotton in a more competitive position with foreign growths and synthetic fibers.

Attempts at Constructive Solutions

As we continue our attempts to work out constructive solutions for these serious problems, we will seek the cooperation of cotton industry representatives and members of the Congress at all times.

Farmers as a group are not sharing as fully as I would like in our unprecedented national prosperity. The postwar adjustments which were quick and relatively painless for some segments of the economy have been more difficult for farmers to make because of the very nature of their occupation. Nevertheless, I am convinced that there are better days ahead because farmers themselves are constantly increasing operating efficiency. Perhaps the greatest single contribution government can make to American agriculture is to step up the research and education programs which bring increased profits to farmers.

Today the basic, long-range needs of agriculture are threefold:

First, to cut per unit production and marketing costs.

Second, to improve further the quality of farm products.

Third, to expand markets.

Agricultural research provides the sound, workable approach to all three of these problems. Education brings research findings and discoveries from the laboratories and experimental farms to the field where the farmer himself can apply this knowledge to his own operations.

From the very outset, this Administration has placed increasing emphasis upon agricultural research and education. Appropriations for such activities have been increased during the last two years. Important new projects aimed at meeting agriculture's needs in the research field are underway.

The Fruits of Research

While agricultural research is seldom dramatic, the results often are. Through the years, much of our real, solid progress in agricultural marketing and production has stemmed from research and education carried forward by the Department of Agriculture, the state colleges and private industry.

Back in the 1920s, the average yield of corn in Illinois was around 35 bushels per acre. This year it is estimated at 58 bushels and, of course, on many farms yields are much higher than this. Much of this increase has been made possible through the use of hybrid corn. In fact, throughout the commercial corn areas of the United States, hybrid corn has probably added more dollars to farm income than any single agricultural advance of the century. Measured against the cost of developing hybrid corn, the returns to agriculture have been fabulous.

There is a similar story with respect to soybeans. Back in the 1920s the United States produced only about 5 million bushels of soybeans each year. This year our production is estimated at 420 million bushels a year—80 times as much. Thirty years ago Illinois produced only 1 million or so bushels of soybeans. Last year your harvest reached 92 million bushels. This year it is estimated that soybean production in Illinois will top 115 million bushels.

The soybean has created a billion dollar a year industry in this country in the short space of two or three decades. This amazing growth has been made possible largely because research activities opened broad, new markets for this versatile crop. The soybean has a variety of uses, from human food and livestock feeds to paints and plastics. It emphasizes the close link between the laboratories and the farms of our Nation. It shows how research builds markets.

Research has revolutionized the citrus industry in this country, building vast new markets through the development of frozen concentrated juices. Today Department of Agriculture scientists are working on two projects, either one of which could similarly revolutionize the marketing of milk. A frozen, concentrated whole milk and a stable, palatable dried whole milk powder have been developed to a point where it would appear that either may be perfected within a relatively short time. Such a process would reduce costs and tap broad new markets.

Every farmer knows there are dozens of problems in his own operation which research and education can help to solve. Potential meat production in this country is reduced by some 10% each year through livestock diseases and parasites. Rodents and insects destroy annually enough grain to feed 10 million hogs. Approximately one-fourth of our fruit and vegetable crop each year is either lost in the fields or in marketing channels.

Perhaps the most important research story of all lies ahead of us. We are just beginning to explore the possibilities of "atoms for agriculture" and who shall say now what the limitations may be? We have an atom-powered submarine. Why not an atom-powered tractor some day? Atomic science gives promise of teaching us much more than we know today about effective use of fertilizers. Some scientists believe the atomic age will also bring a cheap method of desalting seawater so that our deserts may one day bloom.

The importance of research in improving quality of farm products cannot be overemphasized. Here in this great corn-hog country, there is special interest in the development of meat-type hogs. Farmers must adopt a cardinal rule of successful promotion and meet consumer demands. The housewife and consumers generally have indicated strongly that they prefer and will buy the pork products of meat-type hogs. If they can't get the kind of pork they want—and sometimes they can't—they will turn to beef, lamb, poultry or some other high protein food.

Great though the progress has been in recent years toward increasing production of meat-type hogs, even more emphasis upon this development is urgently needed. And along with this, we need to emphasize pork promotion among consumers. The recent Pork Promotion Conference in Chicago, in which the Department of Agriculture cooperated, is an example of what can be done to make more people aware of the fine nutritional values of pork products.

As you know, hogs are coming to market now in large numbers. Prices are well below the early summer peak and they will probably move lower as marketings increase. This spring, 9% more pigs were saved than a year earlier. Fall farrowings are also expected to be up sharply over a year ago.

This situation, however, is not all black. The supply of pork for consumption in 1955 is estimated at 66½ pounds per person, or about equal to the average rate since the end of the war. In 1951 and 1952 we consumed 71 pounds of pork per capita.

With abundant feed supplies available at lower prices, the corn-hog ratio seems likely to remain favorable for efficient operators. Attractive pork prices for consumers will help to move marketings into consumption.

Beginning this year, I believe that government price support programs will start working toward better balanced farm production. The flexible price support system approved by the 83rd Congress becomes partly effective as this year's crops move to market.

It should be pointed out, however, that the new program gets underway with some serious handicaps. The government today has more than $7 billion invested in farm commodities, virtually all of which were accumulated under the old program of rigid supports. It will take time and serious effort to dispose of these crushing stocks and relieve the downward pressure which they exert uopn the general level of farm prices.

In this discussion with you today, I have attempted to point up some of the problems confronting agriculture. As I see it, there are weak spots in our agricultural economy but fundamentally it is sound and healthy. There will be bumps along the road ahead, just as there have been in the past. But there will be smooth stretches too. I am fully confident that, with the help of God, we shall reach the objective of all of us—a prosperous, expanding and free agriculture.

Securities Salesman's Corner

By JOHN DUTTON

Sell Values!

Amid the constant clamor and quest for trading profits among investment dealers and their clients alike, there are some who look primarily to "value" as a yardstick when they select a security for investment. Prices move up and down, often due primarily to reasons only remotely connected with intrinsic values. Yet, in the long run, a carefully selected common stock that represents the ownership of a well managed, growing business will reward those who own it with an eventual increase in market value and in dividend payout.

If you will accept this general premise, and I believe that the financial history of many successful companies will back up the statement that "in the long run value will assert itself," I also believe that you can find some basis for making an appraisal of your work as a dealer, or a salesman, of investment securities. I know of no other business that is more subject to the whims of changing markets, of public psychology, and of the shifting tides of buyer opinion, than the investment securities business. For this is a business that is so sensitive to emotional public reaction that its dramatic impact is flashed from coast to coast in the matter of seconds when even the minor fluctuations of a few points upward or downward on any business day have taken place in the markets for securities throughout the country.

The Value Approach Can Be Sold To Your Customers

If you will constantly identify yourself with the "value approach" in your conversations with your customers and prospects, and also in your letters to them, I think you will find that they will also accept the general idea as one that is most readily understood and appreciated. But there is more to it than just telling your customers that you are interested in helping them to find investments that represent "good values." You must also work at it. If you believe that you can best serve your customers and build your business along these lines, then superficial knowledge and investigatgion of the situations you are selling will not suffice.

I am not advocating that every salesman who believes that he should "sell value" should become a top flight security analyst. But I am saying that no man who complacently accepts a few general conclusions and the highlights of a security offering, and fails to study his available data carefully, can possibly be successful over the longer term if he intends to "sell value." But if you are sold on the outlook for a certain company, if you can see that on a competitive basis its securities appear to be attractively priced, and you have done a thorough job of getting the facts and analyzing them to your own satisfaction, then you are ready to go out and sell.

The Analyst Salesman Combination

If you are selling corporate securities it is my belief that you should try and cultivate an interest in seeking out all the information you can acquire regarding the practical approach to security analysis. I am also certain that many successful investment men will tell you that they are constantly learning something that is new and helpful to them day after day. That is one of the fascinating phases of the investment business. It is a business that will not allow you to stagnate—you must learn more constantly.

I think what I am trying to convey here this week is best illustrated by a brief recollection of one of my earlier experiences when I was trying to build a clientele and I was somewhat less experienced than today. I was having quite a time of it and although the firm I was with had one good analyst and the data that was given to me was fairly complete, I did not seem to be able to accumulate sufficient enthusiasm for most of the securities we were offering to be able to convince others of their worth.

Then one day I obtained a report on a substantial mid-western company that had been prepared by the statistical department of a large and successful investment firm. This report had required several weeks in its preparation, it was one of the most carefully prepared analyses I have ever read. When I laid down I said to myself, "I can sell this stock." No longer did I have doubts about the future of this company, I knew about its plans, its excellent research staff, its growth-minded management, its sound finances, and I had a comparison of this company's common stock right there before me as it stacked up with other leading companies in the same industry, on a share basis.

When I went to the telephone after reading that report and called some of my heretofore reluctant prospects for an appointment something happened to them and to me. I obtained appointments, and orders, and I made friends with that stock. It has been many years ago but some of these people I am sure still own it and the "value approach" that was the basis for my original interest in this investment has now been vindicated by an appreciation of over 1000% in market value.

Old Line Educators Inv.

(Special to THE FINANCIAL CHRONICLE)

NATCHITOCHES, La. — Old Line Educators Investment Co. of Louisiana Inc. is engaging in a securities business from offices here. Officers are J. Ray Williams, President; Harvey Broyles, Vice-President; A. L. Huntington, Jr., Secretary; and Jim W. Crofford, Treasurer.

Stuart Secs. Opens

Stuart Securities Corporation is engaging in a securities business from offices at 550 Fifth Avenue. Officers are Sidney Lott, President; Frank Sales, Vice-President and Rose Lott Secretary-Treasurer. Mr. Lott was formerly with Ira Haupt & Co.

Bank and Insurance Stocks

By ARTHUR B. WALLACE

This Week—Insurance Stocks

A look at the preliminary earnings figures of the fire-casualty insurance companies for the first half of 1955 now being released presents a somewhat paradoxical showing. A large group of companies accounting for a substantial proportion of the industry's total writings, reported a combined loss and expense ratio of approximately 90.7%, compared with 87.7% in the first half of 1954, or, underwriting profit margins of, respectively, 9.3% and 12.3%. Now, any period in which the industry is able to show a 9.3% underwriting profit margin may be considered to be a decidedly favorable one; 9% profit margins do not occur often, and an average over a long period would show well below half that figure.

But if we take a representative group of fire companies the stocks of which are among the more actively traded issues, we get a decidedly different showing. Eighteen fire companies, including some of the largest in the field, along with some that are secondary, as regards size, in the first half of 1955 showed an underwriting profit of but $160,000 approximately, compared with some $25,041,000 in the like period of 1954. The underwriting profit margin for the group in this year's half was only 2.6%, compared with 9.3% for the representative group of about 125 companies, both fire and casualty. The disparity lies in several factors.

First, the multiple-line casualty companies had a much better half, as a group, than the fire companies. A good example of this is in the North America companies, where one fire unit showed a combined ratio of 105.5%; the other 97.9%, while the casualty affiliates was 91.4%.

Secondly, the industry showing of 9.3% is influenced by the fact that a large number of small units among the 125 companies are not multiple-line writers as are the 18 fire companies under consideration. In other words, there are numerous specialist writers, such as those that write only fidelity and surety bonds, or those that confine their writings to a select group of risks.

The shares of many of these specialty writers are not available to the general investors, or, if they are, are not widely held, and therefore cannot be considered as constituting a representative group so far as the run-of-the-mill investor is concerned. But their profit-margin results do affect the industry showing and tend to distort it.

Thus, the showing of the multiple-line fire companies for the first half of this year cannot be said to be reason for commendation. Customarily, of course, the first half of the calendar year is the poorer half in the fire insurance business, primarily because the major portion of our winter season falls in that period, and of course winter and the need to operate heating plants bring more fire losses than the milder months. But this year what would normally be considered the more favorable second half will embrace the losses applicable to the insurance companies arising from hurricanes Connie and Diane.

Of course, the major part of the losses caused by these catastrophies was flood damage, and, mostly, this coverage is not written by our insurance companies. But some types of property are covered against flood damage, principally motor vehicles under the comprehensive clause that appears in many automobile policies; and insurance company losses in this category are considered to be not too severe. But the insurance companies do cover properties against the risk of wind storm. One of the more important areas in this connection is crop coverage; and losses to crops have been heavy, apart from flood damage. And, while it is hoped that no further hurricanes will develop, the season for them is still young.

It is therefore possible that 1955 will not be as favorable a year for the fire companies as was 1954. Of course, where a fleet's operations are fortified by the presence of a profitably run casualty affiliate, some of the poor results of the fire units can be offset; and most large fleets do have casualty affiliates. But as of now it does not appear to be a very profitable year for the multiple-line fire writers.

Marketwise, there can be some question as to current values. Yields, particularly on the high grades, are meager, and even poorer than those of many high-grade industrials whose growth potentials are at least as promising. This is not to disparage fire insurance stocks as long-term investments; they are par excellence for this need. But might not a consolidation period make for a healthier market?

Manning Investments and and Underwriters Inc.

(Special to THE FINANCIAL CHRONICLE)

DENVER, Colo. — Manning Investment & Underwriters Inc. has been formed with offices at 7340 West Colfax. Officers are James R. Manning, President; M. B. Parkhurst, Secretary-Treasury; Peter Nelson, Vice-President. Mr. Manning was formerly an officer of Investment Service Co.

With Straus, Blosser

(Special to THE FINANCIAL CHRONICLE)

CHICAGO, Ill.—Edward P. K. Hade, Jr. has become affiliated with Straus, Blosser & McDowell, 39 South La Salle Street, members of the New York and Midwest Stock Exchanges.

Opens Inv. Office

SYRACUSE, N. Y.—Antoinette C. Brisk is engaging in a securities business from offices at 3009 West Genesee Street.

Our Reporter on Governments

By JOHN T. CHIPPENDALE, JR.

The government market continues to adjust its position to the tight money situation, which is bringing about results in the form of higher levels of interest rates. Short-term rates appear to be bearing the brunt of recent developments, as witnessed by the increases in rates of Treasury bills, banker acceptances and commercial paper. Near-term money, according to advices, is not plentiful and this situation is not expected to improve in the near future. However the uptrend in yield for the shortest Treasury obligations is bringing some outside money into these securities.

The more distant government securities are still backing and filling within the established trading ranges, and in spite of the hardening of interest rates have given a fairly good account of themselves. To be sure, the market for these securities is still narrow, highly professional and readily moved up or down, but from time-to-time there are reports of scattered investment buying in these obligations.

Further Pressure Looked For

The money markets are going into the fall of the year with the pressure still on, and it is the belief of not a few followers of the government market that the pressure will be increased before there is a change in the program. The interest raising operation of the monetary authorities is bearing fruit beyond any question, because the cost of borrowing money is still going up, with almost weekly increases in the various rates for obtaining funds being reported. How much further the interest rate raising operation will be carried is pretty much a matter of conjecture, in spite of the opinions which are being heard in some quarters of the financial district.

Prime Bank and Other Rate Rises Expected

The monetary authorities have been in favor of the rediscount rate going up and the recent increases in this rate to 2¼% by various Federal Reserve Banks appears to be ample evidence of the policy which is currently being carried out. A uniform rediscount rate of 2¼% is expected to be merely a question of time. At the same time, this raising of the Central Bank rate makes it seem more likely that the "prime bank rate" will be increased in the not too distant future.

If the interest rate pattern is going to be one of "restraint" for an extended period of time, the "prime bank rate" as well as all other borrowing rates will have to move ahead to higher levels. This would also bring about higher yields for government securities as well as non-Treasury obligations, namely corporates and tax free issues.

Won't Upset Prosperity Applecart

There is no doubt but what a continual upping of interest rates will eventually have an effect upon the economic pattern of the country, but it is believed in some quarters that the powers that be are not inclined yet to go that far in their interest raising operations. There is no doubt but what the current pattern of borrowing is a point of concern for the monetary authorities but, at the same time, there is more than a passing amount of opinion that the cure for what has developed in the loaning field does not lie alone in higher interest rates.

It is reported that a certain amount of loans, not considered to be an important figure, have been postponed by the increased cost of getting these funds. On the other hand, with taxes at high levels and business still affording good opportunities to make profits, a minor increase in the interest rates has not yet deterred sizable borrowings among those who have use for the money.

A more direct approach to the heart of the borrowing problem is what is needed in the opinion of many money market specialists, but such a device or devices are not now at the disposal of the monetary authorities. Also, it is not expected that anything of such a nature will be forthcoming. Accordingly, it is the view of certain money market followers that the interest rate raising operation will not be carried a great deal further, and if there should be any signs of the business picture being on the uncertain side, there will be an immediate change in monetary policy from one of "restraint" to one of "ease."

Continued Demand for Short-Term Paper

The new money financing by the Treasury is expected to be announced in the near future and short-term obligations, most likely tax-anticipation issues, are being looked for in the financial district. Corporations as in the past are looked upon again to be the largest takers of such securities. The demand for presently outstanding near-term governments is still good, and the upward trend in yields of these securities continues to attract funds that are seeking temporary havens. It is indicated that money which has been in longer-term commitments is being put to work in Treasury bills and selected certificates and notes.

Cosmopolitan Inv. Corp.

(Special to THE FINANCIAL CHRONICLE)

BATON ROUGE, La. — Cosmopolitan National Investment Corp. has been formed with offices at 2907 Laurel Street to engage in a securities business. Officers are Cyrus A. Greco, President; Eugene Bologna, Vice-President, and Louis S. Prejean, Secretary-Treasurer.

Board Meeting

PHILADELPHIA, Pa. — Helen Schnetke of Raffel & Company, President of the Investment Women's Club of Philadelphia, has announced that a meeting of the Executive Board will be held on Sept. 12, 1955 at 5:15 p.m. in the Board Room of Dolphin & Co., 1902 Fidelity-Philadelphia Trust Building.

R. J. Mullen Opens

(Special to THE FINANCIAL CHRONICLE)

SALEM, Mass.—Robert J. Mullen is conducting a securities business from offices at 33 Oakland Street.

With Skyline Secs.

(Special to THE FINANCIAL CHRONICLE)

DENVER, Colo.—John S. Sallak is now affiliated with Skyline Securities Incorporated 1719 Walton Street.

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Some Legal and Other Problems in Proxy Contests

posing amendments to its proxy rules, and it may be that some of the points I am about to make will be treated in the new rules.

What Constitutes Proxy Solicitation

The heart of the problem is what constitutes solicitation of a proxy. The present rule of the Commission, X-14A-1, states that the term solicitation includes (1) any request for a proxy whether or not accompanied by a form of proxy, (2) any request to execute or not to execute or to revoke a proxy, or (3) the furnishing of a form of proxy to security holders under circumstances reasonably calculated to result in the procurement of a proxy.

These, then, are the rules the lawyer must follow in advising his client. There is also a small body of case law the most important of which is embodied in *S.E.C.* v. *Okin*, 132 F. 2d 784 (C.A. 2, 1943) which holds in substance that solicitation can antecede the formal request for a proxy if it lays the ground work for the later request and is a step in a continuous plan ending in solicitation and preparing the way for its success. In *Okin* the communication to shareholders, which contained certain false financial information, was a request not to sign any proxies for the management and to revoke any that had been signed. The court found that the defendant himself intended later to solicit formal proxies and that his earlier letter was to prepare the way for that eventuality.

Building upon this decision and others in the same vein, **where there has been a direct communication in writing to shareholders,** the Commission, not by regulation, but by day-to-day interpretations by its staff has brought a vast variety of activities under the term "solicitation."

The Commission has taken the position that statements made at a press conference eight months before the annual meeting of shareholders constituted solicitation because the opposition announced it was making its bid for control and went on to make some remarks about the way the company had been managed that were not entirely complimentary. During the months that followed the Commission, at administrative levels, announced a variety of rules to the participants, concerning the conduct of press conferences, the granting of private interviews to reporters, the republication of articles that had appeared in national magazines and financial services (written often by persons wholly independent of the contesting groups), the insertions of advertisements in the daily press, speeches to groups of professional analysts and the like. All of these activities, one can pretty safely say, are considered proxy solicitation by the Commission, but you can't find one word to that effect in its regulations. These rules are laid down in correspondence, in office conferences and sometimes even in speeches by the Commissioners. Presumably, if you violate them you can go to jail.

Here, it would seem, is a serious question of due process. Under our constitutional system one is entitled to act on the belief that the criminal laws that bind him are spelled out in such a way as to give reasonable warning of the offense. How can a person be properly advised by an attorney or how can a court pass upon the offense itself if the regulation which it is claimed was infringed is not in writing and not codified but issued orally at a meeting with the staff?

It is not enough that something **ought** to be the law, that an unwritten rule is a good rule and effectuates the policy of the Act. The present Chairman, conscious no doubt of some of the deficiencies in the rules that have been mentioned, said on Feb. 9, 1955 in an address to the American Society of Corporate Secretaries:

"The rules contain no formal requirements drawn specifically for the problems of fair disclosure arising out of proxy contests. However, in the handling of the cases the Commission has gradually reached certain results with certain types of problems. Commission thinking and Commission policy on the whole subject is still in a state of evolution."

The difficulty is that while the rules are evolving they are being administered as if they had already evolved. Due process, I would suggest to the Commission, is for this generation of proxy contestants as well as for the next.

People in Proxy Contests Become "News"

People who engage in proxy contests in major corporations immediately become news. They are eagerly sought after by the press, by financial services, by shareholders and by the curious public. They are continually being questioned and asked to express opinions on an infinitude of subjects. If they refuse to answer questions the public is cut off from what it considers valuable news of national interest. If the proxy contestant answers the questions and his answers get any publicity in the press—as they are bound to—he runs the risk of saying something the Commission will consider false and misleading. Here it seems to me is a rather fundamental clash between the constitutional right of free speech and the policy of fair and complete disclosure the Commission is attempting to effectuate. Perhaps the old test laid down by Mr. Justice Holmes has some relevance: that speech may be curbed only when there is a clear and present danger of the commission of a wrong that the legislature has a right to prevent. Here the "wrong" would be false or misleading statements that are made to induce the giving of a proxy.

If the Holmes test is applied one may seriously question whether the Commission is on solid constitutional ground when it claims jurisdiction over statements at a press conference made eight months before the annual meeting of shareholders and seven months before the record date. Are such statements reasonably calculated to obtain proxies at such a later date? The Commission says yes. A court, I suggest, might well disagree.

Constitutional questions aside, I believe that the Commission is taking on an impossible administrative task in placing prior restraints on every impromptu, off-the-cuff remark made at every blue plate luncheon by every person running for corporate office in a proxy contest. A proxy contest in a large corporation is much like a political election. There are exaggerated denunciations of the opposition, lofty exaltation of oneself, and an ever-present tendency to state controversial issues in terms of black and white when most of us know they often lie in a murky gray.

The American people are used to this type of electioneering and are not easily taken in by it. In our libel laws we have developed the doctrine of "fair comment" on public personalities, which permits statements that are not always pretty, not always phrased in strict legalese, and not always 100% objective. Something akin to this should, in my opinion, be introduced into the law of proxy solicitation if the American public is not to be bored to death by speeches and statements by contestants written by their lawyers and reading like a marine insurance policy.

The doctrine of "fair comment" on political matters developed out of sheer necessity. Human nature being what it is, we all know that in public matters such as elections with spirits running high, statements will be made and opinions expressed which will be controversial, not wholly accurate and not wholly believed. The common law, with its genius for flexibility, developed, therefore, in the only way that it could unless it was to ignore something basic in men. Some such accommodation of theory to life is sorely needed, in my opinion, in the administration of the proxy laws.

As April 22, the date of the annual meeting neared, it became evident to counsel on each side that the meeting could turn into a very confusing and hectic affair unless agreement could be reached on certain fundamental issues that confronted us.

As late as April 14, approximately one week before the meeting, no one knew whether the entire Montgomery board of nine directors was to be elected or only one-third of the board. That issue was before the Supreme Court of Illinois in the case of *Wolfson* v. *Avery et al.*, which attacked the staggered system of electing directors on the ground that it impaired the right of cumulative voting guaranteed to all shareholders of Illinois corporations by the state constitution. The court acted on the morning of April 15, and declared that staggered elections violated the constitutional provision.

Cumulative Voting

But whether three or nine directors were to be elected, cumulative voting was to apply, as it must under Illinois law. Without going into the mechanics of cumulative voting, it can be said that no one can cumulate his votes intelligently unless he knows at the time he votes approximately how many shares are present and validly voting at the meeting. This fact was an especially important consideration to the two proxy committees who had millions of votes to cast. But how can you tell accurately how many votes are to be cast in an election until they are actually counted by the tellers and until challenged ballots and challenged proxies are passed upon by the Inspectors of Election—all of which might take weeks. And speaking of Inspectors of Election who were they to be? The by-laws of the corporation said they were to be appointed by the chairman of the corporation—a prospect not entirely satisfactory to the opposition group.

After lengthy conferences between opposing counsel the following procedures were agreed upon and embodied in a signed stipulation.

(1) Three prominent Chicago attorneys whose reputations and objectivity were beyond reproach were selected as Inspectors of Election.

(2) Ballots would be cast (under the cumulative voting system) at the meeting of April 22, 1955, and all proxies delivered into possession of the Inspectors.

(3) The meeting would be adjourned for a period of three weeks during which time the ballots and proxies would be ex-

amined, challenges made and ruled upon, and a tally made.

(4) A set of rules to determine the validity of proxies was agreed upon. These were drafted after a study of the laws of several states and after conferring with counsel who had participated in other large proxy contests.

(5) It was also agreed that the shareholders' meeting after adjourning on April 22, would reconvene on May 13, at which time the Inspectors would announce the count. After such announcement shareholders for the first time would know how many shares were validly present at the meeting. Shareholders were thereupon to be given the opportunity to recumulate their votes and cast a new ballot if they chose. Each of the proxy committees made out new ballots since each now knew to a mathematical certainty how many directors it could elect. Although the "recumulation" procedure was novel, it rested, I feel, on firm legal ground since the rule is well established in corporate law that a shareholder can change his vote at any time until the polls have been formally closed.

The rules for determining the validity of the proxies were believed the first of their kind ever developed. If it weren't for them I am certain the proxy count would have gone on for at least two months and then might have moved into the courts. I wish I had the time to discuss the rules in detail. They covered such topics as:

(1) Variations in spelling, in initials, etc. between the proxy and the record ownership.

(2) Use of facsimile signatures, stamps, "X" 's and scrawls.

(3) Proxies executed by one person on behalf of another. Here we accepted the proxy only if a power of attorney accompanied it except that where a close relative signed for the shareholder we required only proof of the relationship.

(4) Proxies registered in one name but executed by someone as trustee, guardian, conservator or pledgee were treated as void, but if signed by an executor or administrator were considered valid without proof of death and without submitting letters testamentary or of administration.

(5) We required both joint tenants to sign unless one indicated on the proxy that he or she was the survivor.

(6) Where stock was registered in the name of two trustees, we required only one signature unless there was evidence of disagreement. Where more than two trustees a majority had to sign.

(7) We had special rules for signatures on behalf of banks and trust companies and for conservators, receivers, partnerships, pledgees, labor unions, fraternal and religious groups and governmental units. Even then we had disputes over some of these. I can remember a long discussion over who could execute a proxy for the Smithsonian Institution.

(8) Proxies executed by brokers for stock in street name and by nominees for banks and trust companies presented important problems since approximately one-third of the 6,700,000 shares of the Company were so registered.

(9) A final rule dealt with the situation where the same shareholder sends in several proxies often to both groups. Some are dated, some are undated. It frequently became necessary to examine postmarks. I can remember one case where two envelopes bore postmarks that were one hour apart during which time something had apparently induced the shareholder to switch his allegiance. The later proxy had a little note at the end which said: "Dear Mr. Wolfson — Please go and lie down now—you must be very tired."

When it was all over everyone was very tired—but everyone too, I feel sure, had the conviction that in a most difficult situation the shareholders' rights had received about as much protection as is given to man in an imperfect world.

Continued from page 3

The Unwanted Censor

paper article dealing with a dissident group which was trying to unseat me, I could not send a copy to my fellow stockholders unless the Commission first censored it.

If the SEC adopts the rule it becomes Mr. High Priest and Prophet. In proxy campaigns of listed companies it passes upon letters, releases, advertisements, etc., etc., the works. Before using any of these the Commission's permission must first be obtained.

How about freedom of speech and freedom of the press, rights which we regard as our heritage. We know of no constitutional amendment, nor are we aware of any law passed by our Congress which requires the surrender of these rights in whole or in part to the SEC.

Since when does the stockholder need a screening institution to clean up proxy material before it reaches him? Given opponents in controversy, deceit can be a marker indicating which way the wind blows, and the Commission has no omniscience in unmasking a liar. The average stockholder can do a good job of that without SEC interference.

The proposal goes on and on. It deals with mandatory contents of proxy material, preliminary solicitations, persons making solicitation, etc., etc. Quite a dangerous hodge podge.

The Commission invites views and comments on this intended mess by Sept. 30, 1955.

To the SEC we say forget it. You have already caused the public much grief. The sight of an administrative body, during a Congressional recess, covertly attempting to extend its powers, to become an arch censor, and deprive stockholders and others of cardinal freedoms, is revolting.

The Commission's abuse of rule making to legislate and so arrogate to itself the creation of laws is alarming. It is elementary American doctrine and law that Congress may not delegate its legislative function.

Many of the SEC's difficulties are the outgrowth of its evasive attempts to realize greater powers through rule making instead of placing that issue squarely in the lap of Congress where it properly belongs.

We are convinced that the SEC should have no place whatever in judging of proxy material. In combination the laws of our country, the rules of the numerous exchanges, and the good sense of our people are a completely adequate protection in this sphere.

The SEC must be closely watched. This proposal is its nurtured baby. Views have been invited, no hearing. There will and must be such a storm of protect as will make clear to the Commission the extreme danger of its tendency.

For ourselves, we believe that the public interest and the interest of investors will be served best by legislatively removing from the SEC all regulatory control of proxies.

Edwards & Hanly Hold Free Investment Clinics

HEMPSTEAD, N. Y. — The investment firm of Edwards & Hanly, 100 North Franklin Street, members of the New York Stock Exchange, have scheduled the opening of free Investment Clinics at each of their four offices in Hempstead, Huntington, Bay Shore and Valley Stream from Wednesday, Sept. 7 through Saturday, Sept. 10.

Mr. Edwards, partner in Edwards & Hanly, states: "Our Investment Clinics are open to anybody who owns even one share of stock. All he has to do is bring to Edwards & Hanly a list of securities he owns. Our investment counselors will prepare a complete and impartial, confidential personal analysis of these securities.

"We are holding the Clinics because we feel that with a very selective stock market and constantly changing economic conditions, there is a need for re-examining all securities now held. There will be no charge or obligation for participating in an Investment Clinic. It is a public service that we are happy to perform."

Four With B. C. Morton

(Special to The Financial Chronicle)

BOSTON, Mass.—John R. Daley, James D. Glunts, Edwin H. Leventhal and Isaac C. Wilbour have joined the staff of B. C. Morton & Co., 131 State Street.

Joins M. K. Singer

(Special to The Financial Chronicle)

DENVER, Colo. — L. J. Bovee has joined the staff of M. Keith Singer, Denver Club Building.

Public Utility Securities

By OWEN ELY

Northern Natural Gas Company

Northern Natural Gas Company, with annual revenues of $100 million, is one of the imporant integrated gas systems. It serves 105 communities at retail and 244 at wholesale in Kansas, Iowa, Nebraska, Minnesota and South Dakota. The area has a population of about 2,700,000. The company's gas reserves, largely in the Hugoton field, are estimated at 1.5 trillion cubic feet while an additional 7.5 trillion cubic feet are dedicated under purchase contracts. Leasehold acreage includes 172,000 developed acres and 605,000 undeveloped. Last year the System bought 91% of its gas supply at an average cost of 10.4 cents per mcf.

For the 12 months ended June 30, net income was $3.23 per share including revenues collected under bond, and $2.71 excluding them. This compared with $2.39 per share for the preceding 12 months' period. No hearing date has yet been set by the Federal Power Commission for the rate increase application approximating $8 million per year, of which about half was collected under bond during the first six months of 1955.

The company in the past has enjoyed extremely rapid growth, current revenues being ten times as large as in 1938 and more than double those of 1951. The gain for the 12 months ended June 30 was 30%, which however, includes the rate increase. (The increase in volume of sales was 12%.)

While the company's period of rapid expansion may be approaching an end with next year's program, normal growth should still continue. Last year when new gas from Permian Basin became available, 71 additional communities with a population of 274,000 were served with this gas. Next year the management expects an increase in output of 35 million cubic feet a day excluding firm industrial gas.

In general, conditions in the service area remain favorable for natural gas, since competing fuels have to be transported over long distances. However, the price advantage of natural gas over coal and oil has been narrowed somewhat by recent rate increases. Off peak industrial gas at 22.16 cents per mcf is fairly close to the competitive price of coal for large volume consumers with plant sites near the Missouri and Mississippi. Nevertheless, the company hopes to hold substantially all its industrial business.

Househeating saturation in the company's principal market area is about 65%. In Minneapolis househeating gas sells at retail for 85 cents mcf and in the suburbs for $1, or about the same as fuel oil. While Northern Natural Gas is not expected to lose any business to competing fuels, the narrower spread will probably slow down future growth of househeating business. Some tanker oil may come in from the East, also, after completion of the St. Lawrence Seaway.

The company has been hopeful of obtaining a supply of gas from Canada and earlier contracted with Western Pipeline and Trans-Canada Gas Pipelines, but without result. It now appears unlikely that any gas can be obtained from Canada during 1955-1956. It is possible that Northern Natural Gas may revive its earlier plan of constructing its own 1,000-mile pipe line from Southern Alberta through the Williston Basin, but in order to make this feasible the company should have a reserve of 1½ trillion cubic feet of gas in Alberta and Montana. Northern Natural Gas some time ago shared with Husky Oil and Phillips Petroleum in a discovery well in the Savannah Creek Area in Southern Alberta which has raised hopes that another Pincher Creek field, containing perhaps a 1½ trillion cubic feet of gas, might be developed in this area. New discoveries by Northern's producing subsidiary in the Big Coulee area of Montana, not far from the Alberta border, are also important.

Capitalization as of June 30, 1955, remained conservative (see below) although the equity ratio is now considerably below the 56% of a decade ago.

	Million	%
Funded debt	$181	57
Pfd. & Minority Interest	31	10
Common Stock Equity (3,654,000 shares)	106	33
	$318	100

While only about $12 million is being spent on construction this year, the company expects to spend some $35 million in 1956, to extend its pipeline to serve the Duluth-Superior area and 64 other communities. Outside financing will be limited to a small amount of debentures, it is expected, with no equity financing.

Earnings this year should approximate $3.25 if the rate increase is authorized by the FPC and on this basis, the stock at 43 (range this year about 47-40) returns a yield of 4.7%, with a price-earnings ratio of 13.2. These ratios compare with the industry averages for integrated gas companies of 4.2% and 15.9. Moreover, some value — possibly as much as $5-$10 a share—might logically be assigned to the system's 1.5 trillion cubic feet gas reserves and its undeveloped acreage.

Charles Allen Jr., Director

Charles Allen, Jr., has been elected to the board of directors of Pepsi-Cola Company.

Mr. Allen is senior partner of Allen & Company, New York City. He is also chairman of the boards of The Colorado Fuel and Iron Corporation, the Cincinnati, Newport, and Covington Railway Co., North Kansas City Development Company and Allen Ranches, Inc. He is a director of American Bosch Arma Corporation, ACF-Brill Motors Company, Colorado and Wyoming Railway Company, American Wire Fabrics Corporation, and Polarus Steamship Company.

Charles Allen, Jr.

With Lamson Bros.

(Special to The Financial Chronicle)

CHICAGO, Ill. — Phillip D. Henry is now with Lamson Bros. & Co., 141 West Jackson Boulevard, members of the New York and Midwest Stock Exchanges.

With Eaton & Howard

(Special to The Financial Chronicle)

BOSTON, Mass.—Dana M. Hastings has been added to the staff of Eaton & Howard, Incorporated, 24 Federal Street.

Continued from first page

Boom or Stability?

standard on which we can stabilize our economic life?

No Real Standard of Normalcy

We have literally thousands of series of current statistics on the state and movement of our economy and its various parts. But we have no real standard of normalcy, or of boom and depression. We have no genuine guide for economic stability. While we give lip service of respect to the fact of a manifestly expanding economy, we force all our measures of business activity into comparisons with the levels of the discarded past. Some attempt to gauge the current state of the economy by the phases of the wheels of a Rube Goldberg mechanism which only hesitatingly runs along with the changes in the real vital economy. The closest measure of our total economy is published officially in a thoroughly usable form only once a year; too late to be current. Its form of normal quarterly publication in terms of flexible dollars is not an adequate guide for the business managers who take the leadership in setting our current economic pace.

In short, we have too many statistics with too little meaning. We lack standards for evaluating the real state of our current economy and for stabilizing its future course.

The intensity of business activity keeps constantly changing, as does everything else in the world. Part of this change is the expansion of dynamic growth, and part of it is a constant wobbling along its upward path. Very few of us gain from the wobbling in the economy, and the great bulk of the citizenry loses from such instability. Our goal should be a stability of growth and not the stability of stagnation. Too much of our critical analysis of the current state of our economy encourages, at best, the stability of stagnation. Our indexes of business activity deify the level of past performances and discourage dynamic growth.

Emotions of the Forecasters

A few years ago a financial writer in one of the leading New York newspapers wrote that most analyses of the present state and future course of our economy were based on the innate emotions of the individual forecasters rather than on "the record" of the economy itself; and so we have as wide a range of sage opinion as we have of emotions and preconceptions. Men of hopeful outlook are usually bullish, while those of sad psychology are usually bears, and an indigestible meal will increase the bearishness. The writer held to the idea that a genuine analysis of the movements of the economy in the past—the record—would afford an impersonal and dependable guide to the future with no bias from the emotional opinions of the experts.

When we look at the record of the opinions of these experts, we are left with a chastened feeling about human wisdom. At the end of the last war some leaders in forecasting expected the national economy to forge right ahead at war-peak level into peace years. Such a thing was not only unheard-of in the record of our economy, but this record indicates that some kind of weariness slows down the economy after a few brief years, even while the war pressure still goes on. That idea was but the wishful thinking of a few men of cheerful outlook. The opposite view of the extreme bears of that time was expressed by the doleful warnings of an impending ten million or more unemployed in the nation at the end of the war. Fortunately, this bogy was but a vaporous nightmare growing out of left-wing misconceptions.

Some years ago one of our economic foundations worked hard on an analysis of the problem of the future level of our economy, and forecast for the year 1950 nearly 8% lower than the cyclically low level which that year actually reached. Recently, the same organization has spent a lot more money and come up with a prognostication for the near future that is far short of what the record of our economy forecasts in its impersonal testimony. A few years ago one of the soundest of the economists working in this field forecast the future from the trend of the first four decades of this century. He ignored the fact that the first two of these decades were a period of abnormal expansion as we grew away from the limitations of European finance, and that the fourth decade was abnormally low as we floundered in the great depression which was made in Europe. This four-decade trend was grossly tilted downward from the true long-time record of our growth and gave a false view of the future. Today our Washington officials are taking measures to check our current rate of economic activity, which they describe as a boom, although it is only 5% above the level of what was belabored as a depression last year, and although the Administration only six months ago was forecasting a 50% expansion in the decade ahead.

Clearer Guide Needed

Such inconsistencies and contradictions among the leading pundits clearly show that business sorely needs a clearer guide to future activity.

As a member of Dr. Wesley C. Mitchell's first class at Columbia University many years ago, the writer once hoped for much from "business indicators," or a cycle of recurring distinct economic phenomena. Unfortunately, the details of our economic life seem to be engaged in a constantly changing inter-relationship, constantly rendering the old "indicators" non-indicative. Some of our able mathematical economists are noted for being able to work out perfect correlations to forecast the future when it is past and gone, but the changes in the importance of the so-called indicators make their forecasts of the actual future little better than guesses.

Simple Growth Record

Yet there is a simple mathematical order in the record of the growth of our economy that is highly dependable; a mathematical order that can afford a true measure of depression and boom, that will help greatly to forecast the future, and that will some time be widely known and respected sufficiently to give real dynamic stability to our economy and reduce unemployment. This mathematical order has been obscured by too much complicated statistical method in its analysis, and it has been obscured by price changes caused by more or less artificial forces not essentially part of our business trends.

Since employment and general prosperity depend so greatly on the activity of business, everyone is concerned in the future trend of business and in its stabilization. Business leaders would like to know what will be the level of business ahead. If they had a dependable answer to that question their products and services and the employment which they furnish would be greater and more dependable. These business leaders need to know the future level of all business combined into one total, for that is the climate in which they operate. For practical operations in this vast country the executives of our larger corporations need to know the probable variations of general business on a detailed regional basis, covering the smaller areas in which they now operate or in which they may soon operate. They also need comparable answers to the question of the trends of their own special lines of business and the probable course of their individual businesses. For long-range planning they need such information for a considerable period of time ahead. For current administrative guidance they need to know the probable variations in the near future.

The practical businessman would like to see an end to guess-work and emotionally induced expert judgments in this field. He does not look for a guide-book for the future that will make his own judgments entirely unnecessary. But he would like a reasonably clear guide to the future that will make his judgments more intelligent; a guide that is based on facts, not mere theory or wishful thinking; facts of the past, of course, but facts that have been shown by the record to foretell the course of the future within fairly close limits.

This is rather a large order, but it can be filled. The deeper one gets into the statistical facts of our economy, the more one finds the dominance of clear mathematical rules that ride right over ordinary disturbances with but minor fluctuations. Individual matters are subject to the judgments of management, within limits, but the great masses of economic change are more subject to mathematical rule than are even the facts of death covered by our life insurance actuaries.

The accompanying charts show that our national economy, in spite of great disturbances from the outside, has followed a mathematical trend of development over this last century and a half, and is still following this trend. A quarter of a century ago it was obvious that our total national business for many years had, up to that time, followed a trend of development that was remarkably dependable, when the "rubber" was taken out of the dollars with which we measured it. Up to 1929 the statistical record of American business, written in terms of such dollars of constant purchasing power, followed a persistent upward line of expansion. This upward line was steady, although our business did not follow it with complete steadiness. Wars and depressions, changes in financial relationships with Europe, bursts of immigration and various outside disturbances kept this following somewhat unsteady, but our economy always hovered around this advancing line as a flock of chickens follows a mother hen. The same general situation existed in the rest of the capitalistic world, to the disgust of our friends who face east. This line of growth was a "normal expectancy" which the facts of business followed more inexorably than human mortality follows the normal expectancy of our life insurance tables.

Interruption of the Depressions

But the great depression came along and the "normal expectancy" seemed to be entirely separated from the current facts of suspended growth. We were told vehemently that our growth was over and the best we could look forward to was a static economy with a better distribution of the good things we already had. Whether Marx was right that booms and busts would end Capitalism; whether the Communist program of 1928 was really the blue-print of our destruction that it seemed; whether French financial manipulation destroyed a peace treaty and renewed war on a financial basis; or whether natural disbalances brought on by war created the great depression, which in turn caused our complete disbalance—the result was the same. Our national business was strangled until its cumulative loss in the 12-years-sag below what had appeared to be our normal expectancy amounted to twice the billions in our national debt. Surely it was time to forget the concept of any "normal expectancy"!

Some of us, however, are stubborn and suspected that economic law was still more stubborn. The comparative release of business, necessitated by war requirements, from the shackles of political restraint allowed our economy to surge ahead in the early forties to levels above the normal expectancy established in the earlier decades. While some were forecasting a continuation of war levels into the first years of peace, and others were shrieking of ten millions or more unemployed, the writer, who had been working with business indexes for several decades, strongly suggested that we would return to that middle line of "normal expectancy" established in the cold facts of our economic statistical record.

In a memorandum circulated by the writer to half a dozen friends shortly before World War II ended, a forecast was ventured on the basis of this Normal Expectancy Trend to cover the economic level for the first year of peace. This forecast was just 1.1% away from the actual level of our national income as officially estimated the following year.

Confidence in Trend Line Restored

This close hit, when the prophets using emotionally induced judgment were so seriously off base in their predictions, restored confidence in the validity of the old-established Normal Expectancy Trend line. Not only had this trend line been followed by our economy for many earlier decades, but its validity had been shown to carry right over the greatest depression in our economic history as well as two world wars, and violent changes in our birth rate. The important thing was that we were back on the dynamic growth portrayed in our old Normal Expectancy Trend line after the worst imaginable disturbances. The next question was, would we stay on or close to that line?

No system of forecasting is dependable until its forecasts have been registered for the actual future and put into recorded storage until the results are open to full inspection and comparison with the facts as the future unfolds. This we have done.

Postwar Revisions

Since the restoration of comparative peace further work has been done on this Normal Expectancy Trend and the results have been set beside the latest rather drastic revisions in the official estimates of our total economy. All the work on the records up to 1929 was revised. The Normal Expectancy Trend line was fitted to the 130-year period from 1790 to 1929; from 1899 to 1929 by years, and back to 1799 by decades. From 1929 on to the present this Normal Expectancy Trend line is purely a mathematical projection from that earlier period. It is not fitted to the actual production figures for recent years, nor are these figures fitted to it, although they array themselves more closely to this normal line as the years go on. That the wavy line of our actual economic activity hovers closely around the old-established Normal Expectancy Trend is not merely accidental. It can be no accident. It would be the wildest chance if such a close relationship existed for so long a time without a determining law. It can be no accident for a Normal Expectancy Trend line of the 13th decade period, 1799 to 1929, and the recent economic activity (measured since 1929 in terms of Gross National Product in constant dollars) to follow along with each other so closely, for so long a time, and in the same growth trend after 25 years of sheer projection of the old normal line.

Forecasting on the basis of this Normal Expectancy Trend line has been registered for the actual future and put into recorded storage during the past decade. And the results confirm the accuracy of this system of forecasting. The forecast for 1946 was registered with dependable witnesses before the end of the war, and proved to be as close to the first official estimates of our economy in 1946 as the various revisions of official estimates are to each other. Since then later comparisons between the Normal Expectancy Trend and the evolving economy and projections into the future have been laid before experts, and the actual future developments in our economy maintain, or even increase their closeness to the projected Normal Expectancy Trend. This is the most severe test that it is possible to apply.

It is amazing that our economy fell as little as it did from 1953 to 1954. Obviously our dynamic growth has much more dependability than has the supposedly all-important war orders. War materiel orders were cut back strongly early in the Eisenhower Administration, yet the drop in total national business was merely what might have been expected with no loss in military orders—especially since business had had an emotional surge upward after the election. The way our civilian life absorbed activity formerly devoted to war orders is a great testimonial to the strength of the capitalistic free economy. This piece of evidence, added to the fact brought out in the chart that the recovery of 1950 was already more than half accomplished before the Korean War started, makes various extreme commentators on the economic importance of war look foolish. Even back in World War I this analysis of the record indicates that military activity slowed down our rate of advance instead of boosting it, while our absolute rate of industrial activity in World War II reached its peak in 1943 and then declined. It is true that, by restoration of private business initiative, war did pull us out of depression in the early forties, but it did it only by restoring free enterprise, and the peak of industrial activity was reached long before the end of that war. War puts more men and women at work, but it reduces the value of their work in economic terms.

1955 Not a Boom

This basic evidence on what the record of our economy shows to be a dynamic normal growth shows that the second quarter of the year 1955 was not a boom, but was slightly below this dynamic normal. Our economy was just 99.7% of the Normal Expectancy in this past quarter. The year 1954 was 98.3% of this normal. Its low point, the third quarter, was 97.6% of normal. The year 1953 was, as a whole, 103.4% above this dynamic normal, and its high quarter, the second, was 105.2% of normal. Thus the drop from the whole year 1953 to that of 1954 was 5.1 percentage points; that from high quarter to low quarter was 7.6 points. Our advance relative to the normal from the low point in 1954 is now only 2.1 percentage points. Dynamic movements look quite different when measured in relation to the dynamic trend than they do relative to the dead level which is really a fictitious standard of reference. We have not been advancing much more rapidly than our dynamic trend requires, and the advance that we have had scarcely brings us up to the ever-advancing normal.

The Federal Reserve Board Industrial Index is always more volatile than, and frequently in advance of the movements of our total economy. This index went down to 96.2% of normal in August of 1954 and stood at 105.6 this last May. The latest revision of this index tends to run slightly higher than the Board's previous estimates.

Forecasts by use of this Normal Expectancy Trend method for total retail activity varied by only a small fraction from the actual official estimates for the year 1954. The typical pundit opinion for 1954 was for 4% to 5% lower than what resulted. Indications for the entire year 1955 are for an advance of at least 6% above last year.

Of course, when we face the facts of this long and continuing record, we are driven to discard the popular opinion that we are in a continuous boom in this decade with but ripples in an abnormal tidal wave. It may be too much for those who preached "maturity" in the 30's to face the ever-increasing new high records, but our economy is dynamic and manifests every appearance of continuing to be dynamic.

Future Expectancy

Our economy may be expected to advance cyclically for about another year and to reach about six percentage points above the present level. If the advance could be held to about half of that figure, it would last longer. Unduly strong warnings, however, may lead to disillusionment and rashness that will bring a more rapid and violent advance. All the evidence from the record indicates that our economy will continue for years to grow at the rate of this upward line of Normal Expectancy and that greater knowledge of this dynamic growth will stabilize it closer to this upward line.

More detailed work in this field could provide dependable forecasts for lines of industries and for individual businesses. Comparable results could also readily be obtained for the smaller areas of the country on the basis of available official data.

The individual business manager is chiefly interested in the details of business that are closest to his own operations. But business management in general and the entire public are greatly interested in increased stability for the economy as a whole. By the use of such analyses of the dynamic record of our economy management could and would maintain greater stability. Perchance, also, labor management might better secure a broader purchasing power for the workmen without forcing inflated prices. Stability on the basis of the Normal Expectancy Trend would not be the stability of stagnation, it would be dynamic stabilization.

CHART I

Long-Established Trend of Our National Economy

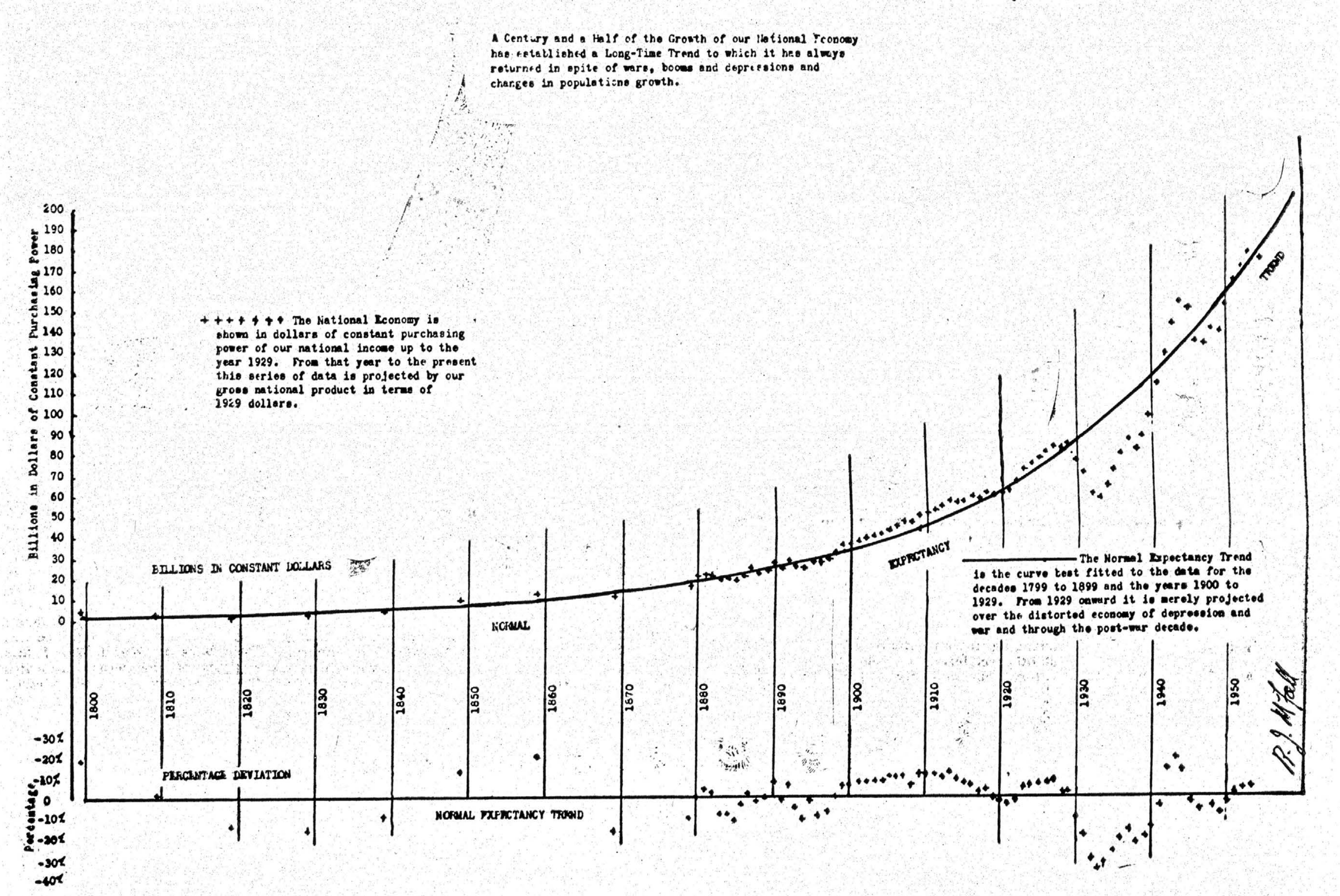
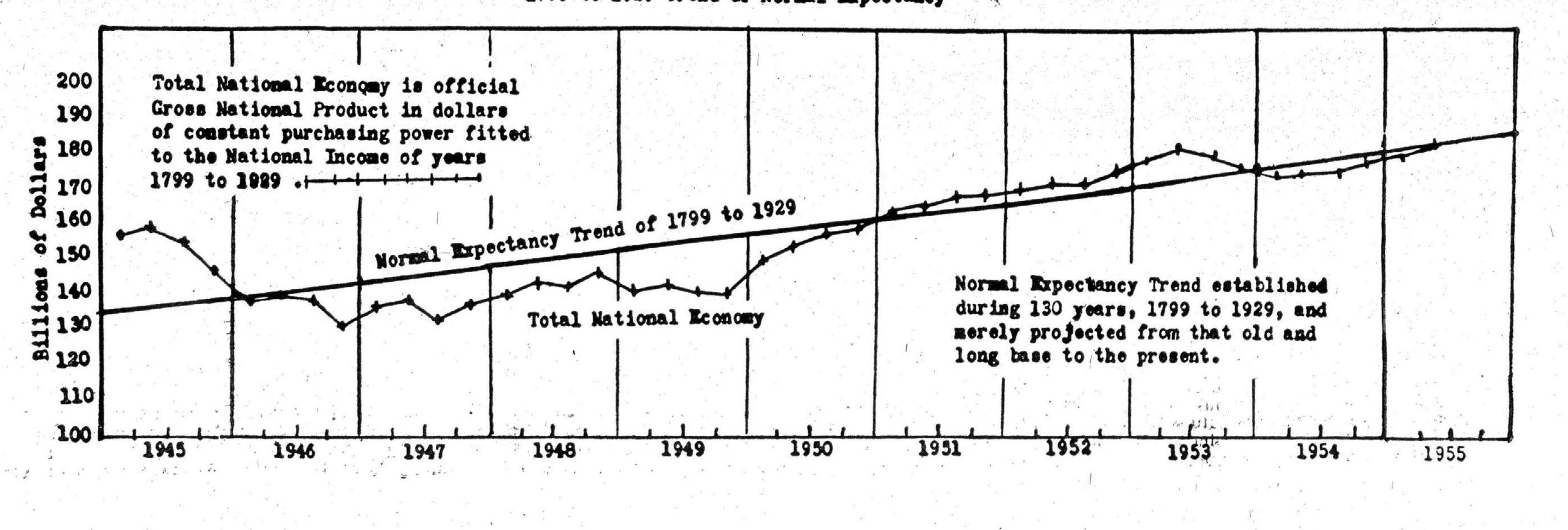


CHART II

Return to Normal

Our Recent National Economy returns to the 1799 to 1929 Trend of Normal Expectancy



Railroad Securities

Chesapeake & Ohio

There was a time many years ago when stocks of the coal carriers were considered the prime investment media in the rail field. They were generally highly efficient operations, their earnings had held up much better than the industry average during the depression era, and they were considered relatively invulnerable to the new highway competition that was just beginning to assume an important role in our transportation picture. Then in slow recognition of the retarded growth characteristics of the coal industry, and the wide publicity being given to the inroads being made by competitive fuels into potential coal consumption, the stocks of the railroads primarily dependent on coal for their revenues began to lose favor. For a number of years these stocks lagged seriously behind the rest of the rail market. Most recently there have been indications that another change in sentiment is taking place and that once again investors may be looking with greater favor on the coal roads.

There is greater confidence today in the traffic outlook for the coal roads than there has been in many years. Coal traffic has, of course, been stimulated importantly by the broad upturn in our overall economy but that is not the whole answer. Analysts also point to the greater stress now being laid on steam generating rather than hydro-electric plants in the expansion plans of the electric utility industry. Most of these plants are equipped to burn coal and, in fact, many existing plants that had been burning oil or gas have been switching back to coal because of price differentials. Finally, with the broad economic recovery that has taken place in Europe there has been a sharp increase in the export movement of bituminous coal. Export coal has been moving at more than twice the volume of last year so far in 1955 and for the full year it is expected to top 28 million tons compared with less than 14 million tons last year. The major beneficiaries of this export traffic are the so-called Pocahontas carriers, Chesapeake & Ohio, Norfolk & Western and Virginian.

Although Chesapeake & Ohio has achieved a considerable degree of diversification in its traffic makeup in the past decade, and is now less dependent on this one commodity than the two other Pocahontas carriers, it is still the largest coal carrier in the country. Last year bituminous coal accounted for 48.5% of the road's total freight revenues, the first time in its history when this commodity provided less than half of freight receipts. The healthy diversification of interests, with manufactures and miscellaneous accounting for about a third of all freight revenues, stemmed partly from industrialization of the service area and partly from merger a number of years ago of Pere Marquette. There are indications that industrial expansion will continue to have an important influence on the road's fortunes but, nevertheless, the resurgence of coal is still of major import.

Although the road was late in dieselizing, because of its traditional coal connections, this program has been pushed aggressively in recent years. Also, the company has done a good job in the modernization of yards and in other property improvements with the result that a large part of the once notably high degree of operating efficiency has been regained. With this and the favorable traffic experience of the current year, the company for the eight months through August reported common share earnings of $4.62. This was substantially above the $2.63 and $3.92 a share earned in the like periods of 1954 and 1953, respectively. For the full year 1955 it now seems likely that earnings will at least reach the $7 level in which event it is believed in many quarters that the present $3 dividend, which itself affords a generous return of 5.7%, will be liberalized or augmented by an extra.

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Sherman Anti-Trust and Robinson-Patman Acts Not Conflicting

troversial cases. Textual exegesis and analysis, valuable though they may be in providing enlightenment on the development of legal doctrine cannot provide an informed understanding of the economic impact of the statutes as enforced through court and commission decision. No one needs much argument to be persuaded that the Supreme Court decisions in the **Northern Securities, Standard Oil of New Jersey,** and **American Tobacco** cases landmarks of antitrust in 1904 and 1911, provided little insight into the effect, if any, of Sections 1 and 2 of the Sherman Act on the concentration of industrial power in the United States. Painstaking investigations, like those of Professors Berle and Means, G. Warren Nutter, J. Fred Weston, A. D. H. Kaplan and M. A. Adelman into the shifts, trends, and sources of concentration, have furnished only an introduction to the problem. Much remains to be done before the Sherman Act can be put in proper perspective.

If our understanding of so ancient and familiar a piece of legislation as the Sherman Act is imperfect, we are not likely to be well-informed on the economic consequences of Sections 2 and 3 of the Clayton Act. It is obviously unsafe to draw conclusions that apply to an industry or distribution in general from a single decision, no matter how controversial. Arguments in the Govvernment's brief in the **A. & P.** case, or the bumbling naivete of the Trade Commission's original order in the **Standard of Indiana** case cannot substitute as economic evidence for a detailed market study if predictions of general economic debility, or even irreparable damage to the efficiency of grocery or gasoline retailing, are to carry weight.

A realistic economic appraisal of the Robinson-Patman Act and Section 3 of the Clayton Act would inquire whether, in those areas where price discrimination and exclusive dealing were most prevalent prior to enforcement, distribution has become noticeably less efficient. What has happened, since 1936, in the marketing of groceries, gasoline, drugs and rubber tires? Is there positive evidence of freezing of antiquated and high cost distribution channels, insulation of inefficient small firms from "hard competition" and decreasing price flexibility? We can not condemn the Act, even if we rely only on the efficiency test, by relying merely on syllogistic price theory, according to which any interference with pricing discretion is automatically damned. Such faith in a free market ignores inequalities in resources, degree of integration, and bargaining power.

While there is a regrettable dearth of detailed studies that would permit an unequivocal answer to the key questions, there is sufficient material available to suggest that neither the Robinson-Patman Act, as interpreted by the unreconstructed Trade Commission, nor the **Standard of California** decision have seriously impeded progress in distribution.

The years following the passage of the Robinson-Patman Act have witnessed remarkable improvements in the wholesaling and retailing of groceries, in spite of the choking off of unfairly discriminatory price concessions by manufacturers to big buyers, and the elimination of local price discriminations by giant grocery chains. Introduced by independents, and just beginning to appear in 1936, self service supermarkets have taken over the retail grocery business. They afford big gains in convenience and saving in labor; today they account for about 82% of the grocery sales.[12] Frozen food now contributes 4% of all grocery sales, and the number of stores with self-service meat is increasing by about 2500 a year. Retail margins in the supermarkets have been cut in some cases to about a half of the 25% once thought to be the minimum for a grocery, although 15% is more typical. Even the smallest superettes are carrying drugs, toiletries and housewares.

The share of the corporate chains in the volume of grocery sales has not varied significantly since the passage of the Robinson-Patman Act, having leveled off at roughly a third of the total.[13] This persistence of the independts, although it may have owed something to the Act, has not meant that small, inefficient stores have continued to hold their own. By 1955, it was estimated that stores with a volume of $375,000 or more per week did almost 54% of the grocery business, although they made up only 6% of the total number of stores.

Closing off special concessions to the A. & P. company by a Sherman Act proceeding similar to a Robinson-Patman Act case may have spurred the company to emphasize even more strongly its own brands of canned goods, and other groceries. This trend toward fuller integration is not objectionable on economic grounds, and may serve to offer keener competition to the national brands sold in other stores.

Grocery wholesaling has moved equally rapidly. Warehouses have been rebuilt on time and labor-saving one-story plans, and the chain and independent wholesalers have been equally eager to adopt the latest innovation in fork lift trucks, pallets, angled aisle arrangements, and punch card billing and ordering. Consequently, wholesale margins have declined—by 50% since 1929, according to Professor Converse. Some voluntary group wholesalers appear to be ordering, warehousing, and delivering groceries with a mark-up of 4% or less over invoice cost.[14] There is little to show that the "brokerage clause" of the Robinson-Patman Act has had anything but a superficial effect on the grocery industry, the area which has felt the brunt of its enforcement. A. & P.'s cost of buying produce may have been slightly increased, and the income of IGA and other buying cooperatives slightly reduced. Nevertheless, organizations like Red and White and NAROG, that have lived within the letter of the law for 15 years or more, do not feel that they labor under an unfair handicap. It should be recalled that selling brokerage in the food business is paid mainly on canned goods. The Act seems to make it advantageous for the canner to sell as large a part of his output as possible to the chains, which would of course reduce, not increase (as is generally assumed), the business of food brokers. Canners rarely have sales forces, and the brokers seem to perform on the whole, the role of floating salesmen, It is difficult to conclude that Section 2(c), drafted to prevent coerced discounts masquerading as brokerage, could have noticeably retarded economic advance in food distribution.

The road to greater efficiency in petroleum marketing seems to lie in increasing the size of the dumps, cutting down the number of small-scale bulk plants, and evening out peak deliveries of products from refineries. Nothing in the enforcement of the Robinson-Patman Act, or Section 3 of the Clayton Act appears to have blocked these trends. Multiple-pump service stations which take delivery in tank car quantities, were initiated by independents buying unbranded gasoline — and hence invulnerable to Robinson-Patman Act proceedings — have passed on savings to mortorists. Major oil companies have concentrated their distribution in terminals and sold small bulk plants to fuel oil jobbers. Round-the clock use of tank trucks has cut costs. In the fact of mounting labor costs, and greater investment, the wholesale marketing margin does not appear to have climbed much more than a third since 1936, although in some areas the retail dealer gets almost twice as much. There may perhaps be too many gasoline stations, but this waste of capital cannot be blamed on the Robinson-Patman Act.

In gasoline marketing it is doubtful that the F. T. C.'s action in the **Standard of Indiana** decision, and the resultant legal uncertainty regarding discounts to integrated wholesaler - retailer have had the effect of seriously limiting either the virulence of price wars or the pressure toward marketing rationalization. The decade since the end of World War II has flowered in price wars almost reminiscent of pre-prorationing days; never have complaints by gasoline retailers about the unfairness of their suppliers price policies been so bitter. Eliminating the peculiar form of the squeeze developed by Standard of Indiana, which had its retailers tied to it by leases, cannot have been influential. How many major refiners ever sell their **branded** gasoline to known price-cutters? One of the most active of the postwar price cutters at the tank wagon level has been Sun Oil Company, which has never engaged in dual distribution.

Standard of Indiana, according to its recent statements on price policy, will move vigorously to meet local price-cutting — thus taking advantage of the Supreme Court's interpretation of the good-faith clause. But this policy, exercised by a dominant seller, may contribute to stabilizing prices over a wide area. Small independents, if they know a powerful supplier will come down hard on them, protected by the good-faith clause, may be reluctant to undercut the leader's price. Moreover the recent rash of mergers in the petroleum industry has, undoubtedly made even more precarious the supply position of the independent jobber.[15]

On the other hand, the **Standard of California** and **Richfield** cases appear to have had a beneficial effect in opening up retail stations to independent sellers of motor oils and accessories. Eventually—if new leases proposed by Socony and Standard of Indiana become the rule—the new Section 3 may result in lessees being able to buy gasoline where they wish.

One of the first consequences of the Robinson-Patman Act in the drug trade was the elimination of the arbitrary and haphazard use of quantity discounts, advertising allowances, "P.M.'s," demonstrators and deals of various sorts that had honeycombed the industry.[16] Today there are dozens of deals every month, but they are available on the same terms to everyone. Quantity discounts have been cut sharply. But the rapid march toward more efficient merchandising characteristic of grocery, and to a lesser extent, of gasoline distribution, is not found in the drug trade. Lower-priced private brands once provided the only means whereby a druggist could make a profit, whereas today, most independent druggists apparently sell few private brands.[17] Chains, which do only 20% of the drug store business, and show no signs of increasing this proportion[18] try to effect warehousing savings on all items for their wholly-owned stores, and, on private brands for their agency stores, but the nature of the products, and the unpredictability of demand make it impossible for cooperative wholesaling and chain drug operations to realize the improvement in margins achieved in grocery retailing. The drug store has always centered about a personal service; and there are indications that it is moving rapidly to dependence on prescription business as a major source of income: in 1954, 25% of the sales of independents, as against 12.5% in 1929. Both chains and independents are losing the price-fixed business (which includes almost every item except prescription and fountain business) to the grocery supermarkets. Even so, there are signs of a minor revolution in the trade. One out of every six drug stores uses self-service, and every new store opened by the chains in 1955 will be self-service.[19]

The Robinson-Patman Act has failed to bring a halt to mail order and auto accessory store offerings of tires at less than the nominal retail price for house brand 100 level tires. Sears has partial ownership of tire factories, which produce to its order on specification. The Commission's decision under the quantity limits proviso of the Robinson-Patman Act, although weak in its economic underpinning—it seems absurd to say that 63 buyers can tend to monopolize anything—can only lead, if it is sustained in the courts, to complete integration by the mail order houses, and perhaps the auto supply stores and oil companies as well, with competition continuing unabated, and perhaps intensified.

In summary, there seems to be no serious economic quarrel with the enforcement of Section 3 of

12 *The Progressive Grocer, Facts in Grocery Distribution,* 1955 edition, p. 3.

13 *Ibid*, p. 2.

14 See the interesting prediction in Comment, "The Robinson-Patman Act in Action," 46 Yale Law Journal 447, p. 455 (1937), to the effect that "elimination of the wholesaler's discount will tend to remove those wholesalers who have been accustomed to demand larger trade discounts rather than to increase the efficiency of their management."

15 For a fuller discussion of the *Standard of Indiana* decisions, see Dirlam and Kahn, *op, cit.*, pp. 121-123, 131-133, 246-253 and 255.

16 "The Robinson-Patman Act in Action," 46 Yale Law Journal 447, p. 460-469 (1937).

17 See study cited in *American Druggists*, Jan. 17, 1955, p. 13.

18 *American Druggist*, May 12, 1955, p. 12.

19 *American Druggist*, July 18, 1955, p. 9.

the Clayton Act. Applied against some small firm trying to break into a new field, it might conceivably cause harm. But it has not been, and probably could not be, enforced in this way. Consistently misused, the Robinson-Patman Act could perhaps result in a diminution of price competition. But there is no evidence that it has had this effect in gorceries, gasoline, or rubber tire marketing. It has merely checked, to some extent, unfair squeezes: local price cutting by large concerns able to make up the difference elsewhere, and concessions to powerful buyers not justified by differences in cost.

Is there any susbtantial business interest—even the uniform delivered—price beneficiaries who once portested that the **Cement** decision would ruin them—that would today come forward to advocate an open and unequivocal repeal of the Robinson-Patman Act? Few, if any, of the big grocery chains would like to return to what the industry refers to as the "chaos" of the 1930s. Those giant manufacturing companies whose dynamic research policies and emphasis on quality improvement are so highly praised by critics of the Act have had little to change in their selling policies because of the passage of the law. They rarely gave, although they more often benefited from, sizable discounts not justified by cost. That the Robinson-Patman Act has been instrumental in limiting the range of discounts offered by grocery and cosmetic manufacturers is undeniable, but it would be rash to condemn it on this ground alone; there have been offsetting gains in raising the efficiency plane of competition. Should we not give the Act partial credit for touching off the permanent revolution in marketing?

With W. L. Lyons Co.

(Special to THE FINANCIAL CHRONICLE)

LOUISVILLE, Ky.—Udell Sullivan is with W. L. Lyons & Co., 235 South Fifth Street.

Two With Lincoln McRae

(Special to THE FINANCIAL CHRONICLE)

ROCKLAND, Me. — David R. Hoch and Fred T. Spaulding have joined the staff of Lincoln McRae, 449 Main Street.

With Eaton & Howard

(Special to THE FINANCIAL CHRONICLE)

BOSTON, Mass. — Frank J. Hawley, Jr. is now with Eaton & Howard, Incorporated, 24 Federal Street.

Joins Keller Bros.

(Special to THE FINANCIAL CHRONICLE)

BOSTON, Mass.—Joseph W. Doherty is now affiliated with Keller Brothers Securities Co., Zero Court Street.

Forms Atomic Funds Serv.

(Special to THE FINANCIAL CHRONICLE)

ST. CLOUD, Minn. — Louis F. David is engaging in a securities business from offices at 24 Fifteenth Avenue, South.

Kendall, Nathason Opens

(Special to THE FINANCIAL CHRONICLE)

LOS ANGELES, Calif. — Kendall, Nathason & Co. has been formed with offices at 1127 Wilshire Boulevard to engage in a securities business. Partners are Roger H. Kendall and Maynard J. Nathason.

With Calif. Investors

(Special to THE FINANCIAL CHRONICLE)

LOS ANGELES, Calif.—Willard Dennison is now with California Investors, 3924 Wilshire Blvd.

Charles F. Coaney

Charles F. Coaney, limited partner in Butler, Herrick & Marshall, New York City, passed away on Aug. 30.

Continued from page 9

How High Is the Stock Market

years. In fact, if stocks should sell now as high in relation to current earnings as has been normal for the last 30 years, then the DJIA would be 388.

TODAY'S VIEWPOINT: In relation to earnings, stock prices are now very high. It now appears that earnings for this year will be just about 15% more than they were in the year 1950. Meanwhile, the Dow-Jones Industrial Average has risen from 208 to 460, which is a rise of 121%. The figure of 388 for stock prices mentioned five years ago looked very high indeed at that time; but now stock prices have not only reached, but exceeded this figure by 19%.

From 1950 Article: Next let us consider the subject of dividends. The average yield from dividends on industrial stocks has been 4.90% for the last 30 years; but the average yield today is 6.69%. At current dividend rates, stocks would yield 4.90%, the average of the last 30 years, if the DJIA were 283.

TODAY'S VIEWPOINT: In relation to dividends, also, stock prices are now very high. The average yields from dividends on industrial stocks has been 5.00% for the last 30 years; but the average yield today is 3.63% on Standard & Poor's Average. At current dividend rates, stocks would yield 5.00%, which is the average of the last 30 years, if the DJIA were 338.

From 1950 Article: Of course, there is a general opinion today that current earnings (and dividends) are abnormal. In fact, there are some people in Washington who say that current earnings of corporations are excessive. This is not a fair statement. It would be just as reasonable to say that current wage rates are excessive. Average earnings of factory workers have risen from a minimum of $15.96 weekly 18 years ago to the current rate of $57.50 weekly, which is an increase of 260%. The increase in earnings of corporations has been roughly the same as the increase in Gross National Product of the United States. Before 1941 Gross National Product had never exceeded $107 billion, but the current rate is $263 billion. Gross National Product is 117% higher than the average of the last 30 years; and a decline of only 18% would bring corporation profits down to the same percentage of Gross National Product as has been normal for the last 30 years.

TODAY'S VIEWPOINT: Gross National Product is now estimated at an annual rate of $380 billion. This is 130% higher than the 30 year average. In other words, stock prices are now 164% above the 30 year average, whereas Gross National Product is only up 130%. This means that stock prices are now abnormally high; because for several good reasons the long-term upward trend in stock prices has been normally less strong than the trend of Gross National Product.

From 1950 Article: Changes in Gross National Product are roughly proportional to changes in the sales volume of corporations. Accordingly, it appears that profits of corporations are only a little larger in relation to sales volume than has been normal for the last 30 years. It appears unlikely that Gross National Product will be any smaller five or 10 years from now than it is today; and, accordingly, there probably will be no decline in the total sales volume of corporations. It is not possible to have a decrease in Gross National Product unless there is a decrease in employment or a decrease in output per manhour or a decrease in the price level. Actually, it appears probable that all three of these factors will increase rather than decrease. Output per man hour will increase with increasing use of machinery. Total employment will probably increase because of the growth of population. The expense of military preparation points toward an increase in the price level.

Since the invasion of South Korea, investors have been worried about a possible reduction in corporation earnings caused by price controls and excess profits taxes. It appears that these factors will cause some reduction; but also it is interesting to notice that during the years when excess profits taxes applied, from 1940 through 1945, the average annual earnings of corporations were 5% greater than the average annual earnings of the four years 1936 through 1939, which were taken as the base period. Also, investors have been fearful concerning increased government controls and the trend toward socialization. These too are serious problems; but it is interesting to notice that stock prices in European countries are considerably higher than they were 12 years ago even though these nations have traveled much further than the United States on the road to socialization.

TODAY'S VIEWPOINT: The prospect for further increases in Gross National Product discussed in this article five years ago was largely ignored by investors at that time. Now the glorious and ever-expanding future for American corporations is a favorite subject for speakers and writers. This growth is not a new factor in the investment equation; it has been going on for more than a century. Because of this growth it has been normal for industrial stock prices to increase at an average rate of 3.20% annually compounded. If stock prices had risen only this much, we would not say that they are too high. But it is prudent to note that, taking the last 30 years as a base, this rate of growth would indicate that the Dow-Jones Industrial Average should now be 280 rather than 465. Again taking the last 30 years as a base and a normal increase in stock prices of 3.20% per year, we compute that 465 on the DJIA might be considered normal in 1971, but not in 1955. In other words, present stock prices may be discounting the future a long way ahead.

From 1950 Article: The change in the level of stock prices can be compared with the change in the volume of liquid assets held by individuals. Unfortunately, statistics on the amount of liquid assets are not available for the earlier years; but 11 years ago, in 1939, the liquid assets of individuals were only $50 billion, whereas today they are $177 billion, an increase of 254%. By comparison, the increase of 48% in stock prices from 1939 up to today, appears small.

TODAY'S VIEWPOINT: There is no longer a surplus of liquid assets in the hands of individuals. In the five years from 1950 to 1955, stock prices increased 121%, whereas liquid assets held by individuals increased only 18%.

From 1950 Article: Another way to approach the question, "how high is the stock market," is to study the value of the assets back of these stocks. Corporations pay out in dividends only a part of earnings and the other part which is retained adds to the assets per share and increases the normal future earning power. This has caused the average net worth per share stated on the books of corporations to increase 76% in the last 15 years. The present book value per share is 46% higher than the average of the last 24 years. Furthermore, because of the inflation which has occurred in the cost of buildings and machinery, the assets could not be replaced for the figures shown on the corporations' books. Based on earnings retained in excess of dividends and modified to allow for changes in the purchasing power of the dollar, the Templeton, Dobbrow & Vance index of replacement costs is given in Table 2. The average for the index of replacement costs for the last 28 years was 161.6, whereas the current replacement cost is 282.3, a difference of 75%. Since replacement costs are 75% higher, it is not surprising that stock prices should be 45% higher as stated above.

TODAY'S VIEWPOINT: Share prices are much higher now than usual in relation to the average net worth per share stated on the books of corporations. Table 2 shows that the Templeton, Dobbrow & Vance index of replacement costs averaged 197 for the latest 30 years whereas the current replacement cost is 365, a difference of 85%. This might justify a rise in stock prices of 85%; but stock prices have risen 164%.

From 1950 Article: Industrial stock prices were first publicly quoted in 1871, and since that time there has been a long-term upward trend in stock prices. In the 10 years before the First World War, 1905-1914 inclusive, industrial stock prices averaged 46.4. In the 10 years after that war, 1919-1928 inclusive, they averaged 85.3, an increase of 84%. Since the Second World War cost the United States above five times as much as the First World War, it could be logically argued that it should have caused an increase in the range of fluctuation of more than 84%. However, in the 10 years before World War II the average level of the market was 131 (in terms of the DJIA); and it is only 59% higher now.

TODAY'S VIEWPOINT: As stated five years ago, it seemed reasonable that the Second World War would cause an increase of at least 84% in the range of fluctuation for stock prices as compared with prewar. Five years ago, stock prices were only 59% above prewar, whereas now stock prices are 251% above.

From 1950 Article: Although the stock market is in high ground historically, the figures quoted above indicate that current stock prices are still below normal in relation to (a) earnings, (b) dividends, (c) national income, (d) liquid savings of individuals, and (e) the relatively permanent changes which have been caused in stock prices in the United States and also in other nations by previous great wars.

TODAY'S VIEWPOINT: The conclusion of this study is totally different now from what it was five years ago. Not only are stock prices far higher than ever before; but also, stock prices are now abnormally high in relation to (a) earnings, (b) dividends, (c) national income, (d) liquid savings of individuals, and (e) previous changes in stock prices caused by wars. No one can say exactly when the long bull market will end; but we can say that the risk in buying or holding common stocks today is greater than at any time in the last 18 years.

Table 1

Index of Earnings of Corporations in the United States

1872---	$4.55	1890---	$1.72	1910---	$4.98	1930---	$6.33
3---	2.17	1---	2.99	1---	3.62	1---	1.88
4---	5.17	2---	3.69	2---	4.22	2---	(d)0.27
5---	1.72	3---	3.28	3---	4.90	3---	2.10
6---	1.18	4---	2.15	4---	3.26	4---	3.43
7---	(d)0.03	5---	2.56	5---	7.23	5---	5.12
8---	1.72	6---	1.42	6---	16.93	6---	7.87
9---	2.90	7---	1.68	7---	13.92	7---	8.67
		8---	2.06	8---	8.99	8---	4.08
		9---	4.57	9---	8.20	9---	6.43
1880---	$3.04	1900---	$3.06	1920---	$7.97	1940---	$8.01
1---	2.35	1---	3.06	1---	(d)0.31	1---	8.77
2---	2.28	2---	5.93	2---	4.70	2---	6.44
3---	2.49	3---	3.28	3---	7,13	3---	6.35
4---	2.00	4---	2.30	4---	6.52	4---	6.41
5---	1.75	5---	4.46	5---	9.92	5---	6.72
6---	2.19	6---	6.53	6---	9.56	6---	8.36
7---	1.52	7---	5.80	7---	8.53	7---	13.40
8---	1.20	8---	2.85	8---	10.83	8---	18.50
9---	1.66	9---	4.86	9---	11.95	9---	18.93
						1950---	*19.90
				1950---	**21.10	1953---	20.10
				1---	19.50	4---	20.50
				2---	18.00	5---	*24.20

*Estimated August. **Actual.

Table 2

Templeton, Dobbrow & Vance Index of Replacement Costs for Common Stocks Based on earnings retained in excess of dividends and modified to allow for changes in the purchasing power of the dollar.

Revised for new Cost of Living Series

1922---	170	1931---	146	1941---	148
1923---	170	1932---	125	1942---	169
1924---	168	1933---	111	1943---	184
1925---	172	1934---	114	1944---	193
1926---	173	1935---	119	1945---	201
1927---	175	1936---	118	1946---	216
1928---	172	1937---	126	1947---	252
1929---	174	1938---	131	1948---	268
1930---	169	1939---	129	1949---	290
		1940---	135	1950---	229
		1951---	335	1953---	358
		1952---	352	1954---	365

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Creating Confidence in Canadian Securities

vitally concerned with investor confidence in Canadian securities than any other single institution in the United States. Over many years we have recognized the growth potential of Canadian industry and, as a consequence, we have today become the largest market for Canadian securities outside of Canada. As of the end of 1954, we were trading on our exchange 95 stock issues of Canadian companies, and the volume of trading in these securities, in 1954, amounted to 41,596,955 shares or over 25% of our entire volume for that year.

Our governments and the brokerage and other securities organizations in both countries are continuing to do their utmost to put a stop to malpractices. It is probably too much to expect that the problem will be completely solved, since the brazen amorality of certain dealers is more than matched by the gullibility of many American citizens. But, it is important to pursue our work and to reiterate constantly the need for the potential buying populace of both our countries to deal in this complex securities field only with persons they know, or who are members of recognized reputable exchanges or broker dealer associations. It is my belief that wide investor education will ultimately contribute most to the solution of this problem. Legislation, expensive as it is to enforce properly, can only be of limited efficacy.

It is at conferences such at this, participated in by the principal securities authorities in the United States and Canada and by leading representatives of the securities industry of both countries, that we must discuss and decide upon effective means of mass investor education throughout the States and the Provinces. In this way we can go a long way toward eradicating the existing evil and toward assisting this great nation of Canada to fulfill her promise of prominence among the industrial powers of the world.

With Reinholdt & Gardner

(Special to The Financial Chronicle)

ST. LOUIS, Mo.—Mrs. Roma M. Lister has been added to the staff of Reinholdt & Gardner, 400 Locust Street, members of the New York and Midwest Stock Exchanges.

Resnick With Vickers

(Special to The Financial Chronicle)

BOSTON, Mass.—Allan Resnick has become associated with Vickers Brothers, 80 Federal Street. Mr. Resnick was previously with the institutional department of B. C. Morton & Co.

Joins Bristol Secs.

(Special to The Financial Chronicle)

BOSTON, Mass. — P. Raymond Jackman has become associated with Bristol Securities Company, Chamber of Commerce Building. Mr. Jackman was formerly with Richard J. Buck & Co.

With H. L. Robbins

WORCESTER, Mass. — Joanne W. Glaubach has joined the staff of H. L. Robbins & Co., Inc., 40 Pearl Street.

W. G. Duncan Opens

ST. LOUIS, Mo. — William G. Duncan is conducting a securities business from offices at 707 Market Street.

Joins Hegeman Staff

(Special to The Financial Chronicle)

STAMFORD, Conn. — Frank J. Fuller has been added to the staff of Hegeman & Co., 300 Main St.

Continued from first page

As We See It

political expediency above either military security or economic stability of the nation."

If the Congressman's reputation for being able to make his own arguments were not so well established, one might almost suspect that he had been re-reading some of the arguments made against his plans in 1953. What he is now saying is almost literally what he was being told at that time. But the legislator does not fail to apply his newly adopted philosophy to peculiar present day developments. He is far too good a politician to fail to do that.

"Until the Soviet leaders back up the protestations of friendly intention with definite, concrete evidence of their willingness to seek a peaceful solution to international tensions," Mr. Reed says, "the American people must maintain a healthy skepticism toward what may prove to be only another propaganda trick. In the meantime, there is little immediate prospect of any substantial reduction in military expenditures. Until that day comes, we should not become overly optimistic about substantial tax cuts."

Realistic Not Cynical

We are certain that Senator George, one of the most respected and influential members of the United States Senate, intended to be realistic rather than cynical when he replied to all this to the effect that, whether or not he or anyone else thought it a wise thing to do, Congress will reduce taxes next year. Politics being what they are, it is difficult to take issue with the honorable Senator. Yet neither the Administration nor the opposition is able to show any warrant in the fiscal picture for tax reduction. The most that the Secretary of the Treasury was able to come up with was a heartening reduction in the official estimate of the deficit for the current fiscal year, which, however, leaves a shortage of far more than nominal proportions.

The rest is hope to which only the future can give real substance. The improvement in the fiscal picture this year is a result more of good fortune than good management. It would have been quite impossible but for the boom that has developed in general business—to the surprise of many and, we suspect, of the Administration itself. So far, so good, but the prosperity we now enjoy can scarcely be regarded as wholly free from inflation. Just how far it has erected itself upon a foundation of extraordinarily free mortgage and consumer credit, it would at this time be difficult to say with any great degree of precision. But it is at least a question whether our prosperity can continue at the present rate without some such stimulus as that mentioned; that is to say, continue for another 18 months or two years—which it would have to do to support the sort of tax reductions that are now apparently in contemplation.

What is really needed in this field of fiscal policy could, of course, proceed without delay and with benefit to us all, but in that the politicians are not greatly interested, particularly with an election in the offing. We need, first of all, much more substantial reduction in outlays, and this could be done without crippling defense. Arguments to the contrary assume many categories of expenditures to be untouchable, which they probably are speaking politically, but which they are most certainly not if matters are put upon a really statesmanlike basis.

Take the New Deal Out!

Scarcely less important than more prudence in public expenditures, is a thoroughgoing overhaul of the basis of our Federal tax system for the purpose of taking out of it the New Deal notion of "soaking the rich." The 1953 overhaul doubtless did a good deal for our tax system that was needed, but it left untouched this basic attribute of the system which owes its origin to politicians long antedating the New Deal, but which was brought to the extremes we now suffer by President Roosevelt and his followers. Here, too, we should be unrealistic to hope for real progress in an election year, but it does no harm to keep reminding ourselves that some day we shall have to face this problem in a far more realistic way than we have yet done.

The fact of the matter is that the real political struggle next year will not be over the question as to whether taxes shall be reduced, or over any effort on the part of anyone to distribute the tax burden more equitably. It will be to prevent more of the New Deal notions from being injected into our tax system. Demagogues have been well occupied for a good while past in laying a basis for helping, or pretending to help, the little fellow. It would be surprising indeed if the impact of our income tax system will not in appreciably larger degree fall upon individuals with larger incomes than is the case at present.

We were not able to support the ideas of Representative Reed in 1953. We thought that he, consciously or unconsciously, was playing into the hands of small minded politicians. We gladly lend our support to his general position at this time, and add only the wish that we could find more evidence that he will be effective when Congress assembles with an election uppermost in the minds of most of its members.

Continued from page 4

The State of Trade and Industry

of steel are few and far between. But with the outlook what it is, there's a chance that more industries will be hurt.

One of the hardest hit industries is the railroads. Plates, particularly, are threatening to become a bottleneck that will affect the freight car building program.

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 Sept. 5, 1955, equivalent to 2,264,000 tons of ingots and steel for castings as compared with 93.4% (revised) and 2,255,000 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 89.4% and production 2,157,000 tons. A year ago the actual weekly production was placed at 1,502,000 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.

"Steel," the Metalworking Weekly says that a record-breaking expansion in the nation's steel industry is just beginning.

Over the next 15 years steel producing capacity will rise 50%, and require an expenditure of at least $15 billion. The present ingot (raw steel) capacity of 125.8 million net tons will climb to 185 million tons. That's the composite of thinking of steel company presidents polled by Steel.

Addition of 60 million tons in the next 15 years means an average increase of four million tons. Over the last 40 years the increase has averaged only 2 million tons, and that includes the big expansion periods of World War II and the Korean War. In the last 15 years—the greatest period of growth in the industry—only 44.2 million tons were added.

The expansion already is under way, although there has been no fanfare. One company alone—Republic Steel Corp., with headquarters in Cleveland—will add one million tons to its capacity in 1956.

A surge in the expansion will come in the early 1960s to meet the demands of the big increase in the number of families at that time. Family formations are due to increase in the 1960s, when people born during the high birth rate years of the 1940s reach marriageable age. In the latter part of the 1960s, the number of people reaching marriageable age will be 50% greater than it is now. Now, 10,775,000 people are 20 to 24 years old. In 1965, there will be 11,282,000 and in 1970, 17,299,000.

Here's why family formations are so important: Take six people (a man, his wife, four children). They need only a lawn mower, one refrigerator, one kitchen stove and probably only one automobile. But suppose the same number of people are three couples just getting married. Each couple, "Steel" points out, will need a lawn mower, a refrigerator, a kitchen stove and an automobile—all of which take steel.

Not only will the increase in family formations be a factor in spurring steel expansion, but so will the growth in total population. The nation's population now 165 million, will be 176 million by 1960 and 196 million by 1965.

A third factor influencing a steel expansion is our rising standard of living. The better we live the more steel it takes. There has been a constant per capita growth in this country's steelmaking capacity. In 1900, it was 556 pounds. Today, it is 1,537 pounds. By 1970 it should be 1,888 pounds.

All present steelmaking districts in the country will see some of the expansion but the bulk of it, says "Steel," will be in the region bounded on the north by the Great Lakes, on the east by Pennsylvania, on the south by the Ohio River and on the west by the Mississippi.

In addition to spending $15 billion for 60 million additional tons of steelmaking capacity in the next 15 years, the industry will have to replace existing facilities as they become obsolete or depleted. The average useful life of present ingot capacity is reckoned at 25 years.

"Steel" Weekly Predicts Record Breaking Expansion in Nation's Steel Industry

In its regular weekly news release, "Steel," the Metalworking Weekly, declares, that by the end of this month, the steel industry will have produced almost as much steel this year as it did in all of 1954.

The 1955 output through September should total 85.5 million net tons of ingots and castings. Last year's production was 88,311,652 tons.

August's output was about 9.5 million tons. September should be a little better than that, probably 9.7 million. Add those two months to the aggregate for the first seven months—66.3 million tons—and you get 85.5 million tons. At the end of September last year, ingot production totaled 64,233,619 tons.

September started with the highest weekly ingot rate since the end of July—92.5% of capacity. This is a 2.5 point rise over the preceding week. It reflects restoration of production in the flood-stricken East and cessation of a brief at a Detroit steel mill.

Steel demand is strong enough to prompt some mills to begin making preliminary allotments for the first quarter of 1956.

New on the price front are quotations for the new chromium-nickel-manganese stainless steels—types 201 and 202. Developed for use in place of 301 and 302 to conserve nickel, they sell for as much as 2 cents a pound less. But they don't affect "Steel's" price composite on finished steel. It remains at $127.41 a net ton. Also unchanged is "Steel's" price composite on steelmaking scrap at $43.83 a gross ton.

According to Ward's Reports a 43-week low in domestic motor vehicle production was recorded this week due to model change-overs and strikes on the labor front.

This automotive agency counted 86,182 passenger cars and 15,293 truck completions this week, a 33.5% and 24.2% decline from the 129,501 and 20,183 recorded last week.

The combined total of 101,475 compared with 149,774 last week and was the lowest since late October of 1954 when model change-overs held weekly production to 87,403.

The statistical agency said both Ford and Plymouth ended '55 model production Tuesday-Wednesday this week, joining Packard, Nash, Mercury Dodge, DeSoto and Chrysler in model changeover.

Meantime, Dodge truck output was halted this week by inventory taking, Ford eased off for changeover and International Harvester was crippled by a strike resulting from termination of its labor contract, knocking industry volume to a 26-week low.

Ward's estimated August U. S. production at 609,000 cars and 96,400 trucks and said the industry is projecting 471,000 and 104,000, respectively, for September.

The weekly publication added that plans for a fourth-quarter output roar in cars and trucks are proceeding on schedule, with high used car sales absorbing the heavy flow of stocks from record new car sales, and with truck inventories having successfully been held in check during the industry's May-July peak selling period.

Canadian output last week was placed at 3,700 cars and 1,252 trucks. In the previous week Dominion plants built 4,102 cars and 1,357 trucks, and for the comparable 1954 week 1,740 cars and 401 trucks.

Electric Output the Past Week Declined Moderately Below the Level of the Previous Week

The amount of electric energy distributed by the electric light and power industry for the week ended Saturday, Sept. 3, 1955, was estimated at 10,706,000,000 kwh., according to the Edison Institute.

This week's output decrease 200,000,000 kwh. below that of the previous week, when the actual output stood at 10,906,000,000 kwh. It increased 1,619,000,000 kwh., or 17.8% above the comparable 1954 week and 2,012,000,000 kwh. over the like week in 1953.

Car Loadings Increased 17% Over the 1954 Week

Loading of revenue freight for the week ended Aug. 27, 1955, totaled 791,977 cars, the Association of American Railroads announced today. This was an increase of 115,279 cars, or 17%, above the corresponding week in 1954, but a decrease of 26,484 cars, or 3.2%, below the corresponding week in 1953.

Loading of revenue freight for the week ended Aug. 27 increased 11,114 cars, or 1.4%, above the preceding week.

Business Failures Increase Moderately in Sept. 1 Week

Commercial and industrial failures rebounded to 215 in the week ended Sept. 1 from 180 in the preceding week, reported Dun & Bradstreet, Inc. While failures exceeded the 193 in the similar week of last year and the 178 in 1953, they remained slightly below the 229 in prewar 1939.

Failures with liabilities of $5,000 or more climbed to 181 from 149 a week ago and were above the 168 last year. Among small failures, those with liabilities under $5,000, there was a slight rise to 34 from 31 in the previous week and 25 in the comparable week of 1954. Sixteen of the failures had liabilities in excess of $100,000, as against 13 last week.

Wholesale Commodity Price Index Advances Moderately in Week

Following the downtrend in the first half of the month, the Daily Wholesale Commodity Price Index, compiled by Dun & Bradstreet, Inc., extended the mild rise of the preceding week to register 275.68 on Aug. 30. This contrasted with 274.55 a week previous, 273.02 two weeks earlier, and 273.04 on the corresponding date last year.

Grains were irregular and fluctuated over a wide range during the week. Following marked weakness in the first three weeks of August, **corn** recovered and moved sharply higher in the latter part of the week. Generally hot, dry and sunny weather was said to have caused a material shrinkage in prospects for the new crop in the best sections of the belt, with more rapid deterioration reported in the less favored sections. Cash corn showed independent strength, reflecting good demand and curtailed country offerings. **Oats** followed the lead of corn and rose slightly. **Wheat** was irregular and lower with demand from mills and exporters continuing light. Reports from Canada indicate the wheat harvest is progressing rapidly with little rain to hinder operations. Sales of grain and soybean future on the Chicago Board of Trade declined slightly. Daily average sales totaled about 57,300,000 bushels, compared with 59,600,000 the previous week.

After holding steady most of the week, **cocoa** prices also advanced sharply at the close, influenced by the devaluation news from Brazil. Warehouse stocks of cocoa rose to 255,330 bags, from 242,885 a week earlier, and compared with 104,429 a year ago. Domestic raw **sugar** prices eased slightly while the raw market strengthened as expected purchases by Chile, Germany and Japan. **Lard** developed a firmer undertone late in the week, reflecting stronger **vegetable oil** prices.

Spot **cotton** prices moved lower this week with weakness attributed to generally favorable crop weather and the approach of the heavy marketing period. Farmers were offering cotton rather freely in most country markets and demand was centered chiefly in medium-staple southeastern growths. Exports of cotton continued to lag well behind last year's volume. Trading in the 14 markets continued to increase with reported sales totaling 129,900 bales, compared with 125,200 a week earlier, and 145,200 in the corresponding week a year ago. Disappearance of all kinds of cotton in the United States in the 1954-55 season was reported at 12,395,000 bales, the smallest volume since 1947-48.

Wholesale Food Price Index Dips to New Low for Year

A sharp drop this week following mild declines in the two preceding weeks brought the Dun & Bradstreet Wholesale Food Price Index for Aug. 30 to $6.15, from $6.21 a week earlier. This represented a new low for the year and the lowest since Feb. 3, 1953 when it was $6.13. It compared with $6.65 at this time a year ago, or a decrease of 7.5%.

Commodities quoted higher this week included corn, oats, butter, coffee, and cocoa. Lower in wholesale cost were flour, wheat, rye, hams, bellies, sugar, cottonseed oil, tea, eggs, potatoes, rice, raisins, currants, prunes, steers, hogs, 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 Climb 9% in Week Country-Wide

Department store sales on a country-wide basis as taken from the Federal Reserve Board's index for the week ended Aug. 27, 1955, increased 9% or 3% more than the like period of last year. In the preceding week, Aug. 20, 1955, a drop of 3% was registered from that of the similar period of 1954, while for the four weeks ended Aug. 27, 1955, an increase of 6% was recorded. For the period Jan. 1, 1955 to Aug. 27, 1955, a gain of 7% was registered above that of 1954.

According to the Federal Reserve Board's index, department store sales in New York City for the weekly period ended Aug. 27, 1955, are 4% above that of the like period of last year.

The New York "Herald Tribune" is authority for the statement that:

Business in New York City's department stores during August rose 7.5% over the like 1954 period.

The improvement was realized despite the fact that the month was the hottest August on record and despite the unwelcome visits of Hurricanes Connie and Diane, which made August the wettest such month on record. Had it not been for these unfavorable weather developments, sales would have been appreciably higher.

August business was given a substantial boost, though, by the month having one more shopping day than it did a year ago. A sharp pick-up in business during the first three days of this week also helped the month's showing. Last year at this time Hurricane Carol was a disturbing factor and deterred shopping.

Retail Trade Up 1 to 5%

Cool weather and extensive sales promotions increased retail trade this week. Consumers responded well to promotions of Fall merchandise, raising the volume of sales to a level considerably higher than that of the corresponding 1954 week.

The total dollar volume of retail trade in the week ended last Wednesday 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 —1 to —5; East and Northwest +1 to +5; South +2 to +6; Midwest 0 to +4; Southwest +6 to +10; Pacific Coast +3 to +7.

The sale of **household furnishings** increased appreciably. Modern living room furniture, bedroom suites, and cocktail tables were among the best sellers. There was an increased demand for dinette sets and small end tables. A moderate rise in the sale of **television sets** and **radios** was noticed. **Air conditioners** and **refrigerators** declined in popularity, while small electrical appliance sales mounted. **Towels, pillow cases,** and other **white goods** were in high demand.

Apparel stores noticed a considerable increase in sales this week, and the volume of trade considerably exceeded last year's level. Consumers were more interested in **Fall clothing,** but the high level of **Summer sportswear** buying was maintained. **Women's coats** and **woolen** and **dark cotton dresses** were the most popular items. Selling of back-to-school and **infant clothing** rose noticeably. Men's **dress shirts** and **other furnishings** sold well. There was only a slight increase in the sale of **men's suits** and **coats.**

Bookings Steady

The volume of wholesale orders remained steady this week, maintaining a moderate increase over the level of the comparable 1954 week. Inventories in some lines were decreased as a rsult of the high level of re-ordering and production difficulties caused by the recent flood damage.

Apparel manufacturers noticed an increased re-ordering of Fall merchandise this week. Retailers are stocking **coats, women's suits,** and **knit dresses** in preparation for early Fall sales promotions. There was a marked rise in the buying of back-to-school items; **children's sweaters, boy's slacks** and **flannel trousers** were extremely popular. The recent flood damage to many New England woolen mills is expected to curtail somewhat the production of many lines of Fall merchandise, and possibly delay deliveries to retailers.

The volume of trade in the **textile market** expanded slightly. There was a moderate rise in **cotton gray cloth** trading; **narrow drills, print cloth,** and **sheetings** were in high demand. The buying of **carded weaving yarns** remained at a high level. Increased retail selling of **Fall clothing** raised the dollar volume of **flannel** and **corduroy trading.** Manufacturers noticed an increased interest in **lightweight coating fabrics.**

Although there was a slight decrease in **food buying** at the end of the week, the total volume of trade was substantially above that of last year in most major food markets. Moderate decreases were apparent in the ordering of vegetables, poultry, and fresh meat. The demand for cantaloupes, apples, peaches, and lemons increased slightly, while a moderate rise in activity in the dried apricot and raisin market was noticed. The dollar volume of butter and cheese remained steady.

Colonial Aircraft Stock at $1 a Share

Glick & Co., Inc., is offering as a speculation 300,000 shares of Colonial Aircraft Corp. common stock at a price of $1 per share.

Net proceeds from the sale of the stock will be available to the company for general corporate purposes to meet working capital requirements for the completion of Civil Aeronautics Administration certification; for the purchase of additional machine tools, equipment and materials for production of the "Skimmer" Amphibian; for rent, insurance, utilities, wages and salaries of employees and for sales promotion.

Colonial Aircraft Corp., with its principal office at the Deer Park (Long Island, N. Y.), airport, was organized for the purpose of engaging in the designing and production of aircraft. The company has designed, built and successfully flight tested the Model C-1 "Skimmer" Amphibian and has completed the structural tests necessary to obtain the required Civil Aeronautics Administration Type Certificate. In the opinion of management, the "Skimmer" Amphibian has military application as a liaison airplane and a domestic as well as an export sales potential exists because of the fact that in no country is there a single-engined amphibian in production at this time.

Capitalization of the company, issued and outstanding, consists of 308,533 shares of common stock of $1 par value.

General American Transportation Corp. Certificates Placed

General American Transportation Corp. announced on Sept. 7 that it has sold through Kuhn, Loeb & Co. to a small group of institutional investors, two series of equipment trust certificates, aggregating $21,209,500 principal amount. Included in this total are $11,209,500 of 3⅝% certificates, series 54, due in quarterly installments to and including June 1, 1975, and $10,000,000 of 3¾% certificates, series 55, due quarterly to and including Sept. 1, 1975.

The equipment covered by the two trusts consists of 2,262 new railroad freight cars.

With Zilka, Smither

(Special to THE FINANCIAL CHRONICLE)

PORTLAND, Oreg.—Willard J. Redus has become affiliated with Zilka, Smither & Co., Inc., 813 Southwest Alder Street, members of the San Francisco Stock Exchange.

With Foster Bros. Weber

(Special to THE FINANCIAL CHRONICLE)

TOLEDO, Ohio—Frederick W. Hibbert has been added to the staff of Foster Bros., Weber & Co., 241 Superior Street, members of the New York and Midwest Stock Exchanges.

Two With B. C. Morton

(Special to THE FINANCIAL CHRONICLE)

BOSTON, Mass.—Paul A. Camposano and William W. Mobilia have joined the staff of B. C. Morton & Co., 131 State Street.

Dean Witter Adds

(Special to THE FINANCIAL CHRONICLE)

PORTLAND, Oreg. — Kenneth R. Schiedel is with Dean Witter & Co., Equitable Building.

With Palmer, Pollacchi

(Special to THE FINANCIAL CHRONICLE)

BOSTON, Mass.—Paul J. Kennedy is now with Palmer, Pollacchi & Co., 84 State Street.

Illinois Co. Adds

(Special to THE FINANCIAL CHRONICLE)

CHICAGO, Ill. — Kenneth G. Clarke is now with the Illinois Company, Incorporated, 231 South La Salle Street, members of the New York and Midwest Stock Exchanges.

Mutual Funds

By ROBERT R. RICH

The International Trusts

Time, Inc., South American Gold and Platinum Co. and Pennroad Corp. are now in the process of forming, with capital from each, Inter-American Capital Corp., a new closed-end investment company which will invest in Central and South American securities. The idea was first tossed into ring at the Inter-American Conference in New Orleans last Winter by Rudolph Hecht, New Orleans banker and shipper.

This is the third announcement in recent weeks of such a company. The other two—mutual funds—are John van Eck, Jr.'s International Investors, Inc. and International Resources Fund, created by merger of Natural Resources Fund and Natural Resources of Canada Fund. The latter has assets of $5,000,000, and Kidder, Peabody & Co., as head underwriter, plans to step this up to $20 or $25 million.

All of these are harbingers of what may be the opening up of an entirely unexplored area for the investment company business. The idea of course is not new, but has been a British standby for centuries.

The development is revealing in showing as it does what a powerful and flexible technique the investment company idea is—the pooling of shareholder's money, the use of professional management, and the assault upon the goals of a predetermined investment policy.

The incentives are obvious. In Mexico, whose Central Bank is more conservative than our own, high-grade paper pays 6%; in some South American countries, demand deposits pay 6%; and industrials securities, 14 to 25%. In England, the bank rate, upon which all else is built, is now over 4%, and in Germany, near 6%. There are tax advantages, too.

Take these developments, add the possible development of a mutual fund for municipal bonds, and it is clear this business is just starting to go.

Wellington Begins Three Services For Investors

Wellington Fund this week announced three new services to investors, all effective on Aug. 16.

The fund is beginning a systematic withdrawal plan, to be handled by the Corporation Trust Company of N. Y., which will permit present and future Wellington Fund shareholders who have investments of $10,000 or more (at the offering price) to withdraw on a monthly or quarterly basis sums of money of $50 or more. Under this plan, Corporation Trust will liquidate as many full and fractional shares as may be required to meet the stipulated payments. All dividend distributions will be reinvested automatically in additional shares.

In addition the Fund is starting an open account plan for those investors who prefer an informal type of plan, rather than a more formal systematic plan. The open account service, to be handled by Corporation Trust will work this way: Instead of issuing certificates for shares, this trust company will deposit full and fractional shares in an open account in the name of the shareholder, with automatic dividend distribution.

Thirdly, Wellington is beginning a letter of intention service for charitable, religious, education and other institutions exempt from taxation under Section 501c3 of the Internal Revenue Code, and for pension and profit-sharing trusts. In this plan, sales charge will be for the aggregate purchases total of the fund's shares over a 13-month period.

Sales

Group Now Near $100 Million

Group Securities, Inc., sponsors of five general mutual funds and 16 single industry classes, reports net assets of $97,015,866 at Aug. 31, end of the third quarter of its fiscal year, according to Herbert R. Anderson, President.

This represents an increase of $32,407,193—or more than 50%—over the Aug. 31, 1954 figure of $64,608,673. During the same period, shares outstanding rose to 12,590,908, representing a 30.79% gain over the 9,627,054 total reported a year earlier.

Wellington Fund: August marked another record high for new money invested in Wellington Fund shares. Last month's sales of $5,082,000 exceeded sales in August a year ago by 22%, according to A. J. Wilkins, Wellington Vice-President.

Mr. Wilkins stated that sales for both the month of August and for the first eight months of 1955 were the largest in the 26-year old fund's history. August brought sales for the first eight months of 1955 up to a total of $43,478,000.

National Securities Series of mutual investment funds recorded the largest August sales in its history at $4,249,146, a gain of 26% over August last year, according to E. Waln Hare, Vice-President of National Securities & Research Corporation which sponsors and manages the funds.

For the first eight months this year sales totaled $38,497,332, a new high and 5% ahead of the previous record for the period established in the first eight months of 1954.

Net assets rose to a new peak at the close of August, amounting to $254,888,090, up $30,472,477 since the 1954 year-end.

Science & Nuclear Fund reports gross sales for its first four months ended Aug. 31, 1955 of $507,000.

The fund, which began business early in May with assets of a little more than $100,000, closed August with resources of $597,000 of which 64% were invested in companies in the nuclear field and the remainder in companies in related scientific fields.

During the period, asset value advanced from $10 a share to $10.31.

M. I. T. Growth To Split Stock Three-for-One

Stockholders of Massachusetts Investors Growth Stock Fund are being requested to approve a proposed three-for-one stock split. If approval is received at a special stockholders' meeting on Sept. 27, it is intended that the split be made effective at the close of business Oct. 7, 1955. The fund has approximately 19,100 stockholders and total assets as of Aug. 31, 1955 were $77,140,420.

President Kenneth L. Isaacs said that directors of the fund have recommended the split because "the lower price should make the shares a more convenient investment medium for both present stockholders and new investors."

To effect the split stockholders must approve an increase in authorized stock from 5,000,000 shares of $1 par value to 15,000,000 share of 33⅓ cents par value per share.

Only Dealer There

Securities Firm to Represent Fund Industry at Atomic Fair

Mutual funds specialists Bengston & Co., Inc. will be the only investment securities dealer among the 70 or more American industrial exhibitors, in addition to U. S. and foreign governmental organizations and research contractors, participating in the first U. S. Trade Fair of the Atomic Industry. The Trade Fair, America's first Atomic marketplace, will be held at the Sheraton-Park Hotel in Washington, D. C. from Sept. 27 through 30 in conjunction with the annual fall meeting of the Atomic Industrial Forum.

Bengston & Co.'s exhibit will feature the many and varied opportunities for investment in the development of profitable peacetime uses of atomic energy now available to prudent investors through those investment companies which are continuing special research in this new field. A cautionary note indicating the need for specialized professional services when investing in atomic enterprises, will be illustrated by a review of the number and extent of corporate losses and bankruptcies suffered in the early days of the automobile, railroad and oil industries.

The Atomic Industrial Forum is a nonprofit membership organization of industry, education and labor with objectives to further the development and full-scale application of nuclear energy for constructive purposes. The Forum extends an invitation to visit the Trade Fair to members of the industrial, scientific and educational community interested in the peacetime development of atomic energy.

A survey of the exhibit plans of participating organizations indicates that there will be displays in such fields as design engineering . . . package power . . . medical and research reactors . . . control systems . . . reactor materials . . . instrumentation . . . process chemicals . . . construction and fabrication techniques . . . isotope sources and applications . . . shielding materials and handling devices . . . particle accelerators . . . and reactor components and auxiliaries, in addition to various consultant services.

Among the industry exhibits at the Trade Fair of Atomic Industry will be Alco Products; Atomic Development Mutual Fund; Consolidated Edison Co. of N. Y.; Corning Glass Works; Foster Wheeler Corp.; General Electric; Nuclear Consultants, Inc.; Republic Steel Corp. and others.

Government exhibitors will be Argonne National Laboratory; Atomic Energy of Canada, Ltd.; Quartermaster Corps; and Brookhaven National Laboratory.

Closed-End News

Consolidated Investment Trust reports that on Aug. 30, 1955 total net assets amounted to $53,800,000. Per share asset value was $52.74 compared with $37.95 a year ago, an increase of 39.0%. The Trustees on Sept. 1, 1955 declared a dividend of 45 cents per share from investment income, payable on Sept. 26, 1955 to shareholders of record Sept. 12, 1955, as compared with 35 cents per share in September 1954.

Futures, Inc. Reports

The net asset value per share of Futures, Inc., a commodity mutual fund, was $3.14 on June 30, 1955 compared with $2.61 on June 30, 1954. Total assets on the June, 1955 date were $163,466 compared with $71,989 a year earlier.

Continued from page 5

Observations . . .

News for 91 years, Reading Co. for 50 years, Cannon Mills for 50 years, U. S. Playing Card for 59 years, Air Reduction for 38 years, Bon Ami for 57 years) have lagged capital gains-wise, notably during this bull market.

III. Corporate Earnings and Market Movements

Nicholas Moldovsky, economist and author with White Weld and Co., has compiled a major inquiry into the possible relationship between earnings and fluctuations of stock prices (published in the August issue of the *Analysts Journal*). This indicates that over the very long-term such relation exists, although not very closely. But over the shorter intervals, correlation between stock prices and current earnings remains an exception.

IV. How Do Stock Splits Affect Market Price?

Timely in the current proclivity toward stock-splitting is a study of the market reaction thereto, "Stock Market Response to Announcements of Stock Splits," a synopsis of which appears in *The Investor* (a monthly publication). "Buy a stock at least four weeks—preferably eight weeks—before the announcement of a split. Sell it on the day the split is announced," is the advice allegedly warranted from the statistical evidence. This conclusion is backed by numerous examples showing the relatively favorable stock-to-general market action before the split, and the unfavorable comparative market performance thereafter. Is this further conclusion warranted: it is additionally advantageous (for reasons including taxation) for the fortunate long-term holder of a "split-candidate" stock, who feels it is over-valued, to hold it until the split-day? Or is such a timing-attempt too fancy?

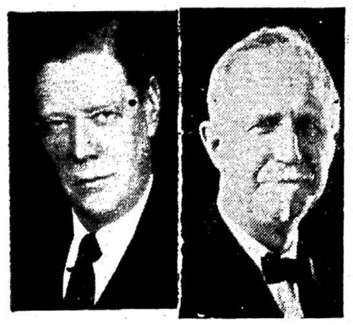
LETTER TO THE EDITOR:

Notes Roger Babson's Semi-Centennial Anniversary

Hubert F. Atwater writes "Chronicle" calling attention to Mr. Babson's struggle for success, which, though hampered by ill-health, was aided by his strong will and his faith in God.

Editor, Commercial and Financial Chronicle:

In a recent article in the "Chronicle" Mr. Roger W. Babson announced that last December he had completed 50 years of



Hubert F. Atwater Roger W. Babson

active business endeavor. My first reaction to this news was one of surprise. Fifty years indeed! Was there ever a time when we did not have Uncle Roger and his Chart?

Mr. Babson's life has been a dual fight: to keep life in a frail body and succeed in a pioneer undertaking. As a very young man (about 1900 to 1905) he learned that a pulmonary condition would require rigid treatment and almost constant care to effect a cure. At that time only the very well-to-do could afford the courses of treatment usually offered in certain remote but supposedly healthful areas.

But here was a strong-willed character who had been born and raised in Gloucester, where he had married and owned a modest home; he had the will to fight and no desire to die. Also he intended to make a living for himself and his family. I can still visualize the upper porch of his two-family home, which he converted into bedroom, sitting room and office and where he fought the threat of tuberculosis winter and summer until his strength was regained.

A man in such circumstances has one resource—his faith in God —and if he is to do anything constructive it must be in a field that is his greatest interest. It was under such conditions that the Babson Chart (and later the Statistical Organization) was created. Mr. Babson had graduated from M. I. T. in 1898, at a time when the business world was learning that a statistical knowledge was needed to understand the problems which were arising as America was expanding in population, industry and world commerce.

We do not know that all of the development of ideas that formed the basis for the Babson Chart was accomplished while he was confined to his bed, but the inception of the Organization stems from his recovery, so the basic material must have been collected and selected before then.

There are many indices published by the various government agencies and by other institutions. I like to think that there are elements in the Babson Chart that are characteristic of its inventor, his environment and the period in which he developed. It reflects faith, vision and one element that is too often overlooked—the normal growth factor in the national economy. There is none of the looseness that goes to make up the so-called G.N.P., nor is there any attempt to show an "Ever Advancing Index of Business."

In his article Mr. Babson gives the text from Proverbs 29:18, "Where there is no vision, the people perish." Literally applied, where would the Babson enterprises be today without the vision and integrity of the founder?

When I first met Mr. Babson the white moustache and goatee that we associate with his picture today were a distinct red. He was then getting his business rolling and was doing most of the missionary work himself, calling regularly on banking houses and telling his own story.

For 50 years he has carried on a successful enterprise and continues to tend it. Who shall say when its influence will end?

HUBERT F. ATWATER

Wood, Walker & Co.,
63 Wall Street,
New York City, N. Y.
Aug. 31, 1955.

Editor's Note: The month of September marks Mr. Atwater's 49th Anniversary.

Continued from page 6

Former SEC Attorney Expresses Opposition To Proposed Regulation "A" Amendments

spective buyers be submitted to persons who previously received the circular in the form of a letter. Honest and careful issuers would thus be thwarted by the proposed rule.

It is noted that sub-paragraph (e) of Rule 225 of the proposed regulation proper provides that a person who owns less than a majority interest in an unincorporated theatrical production shall not be deemed an affiliate thereof for the purposes of this definition. It is difficult to comprehend why a person in that position should not be considered an affiliate while a person who owns less than a majority interest in a promotional mining company should be deemed to be an affiliate of that company for the purpose of the definition. It is, of course, understood that the person owning interests in unincorporated theatrical productions may own interests in several at the same time and that these are not allied in any way to each other. However, it is equally true that a person may own interests in several mining companies at the same time, and, if such companies have no community of interest, there should be no conflict in this sphere either. It seems unrealistic to make the exemption of the Regulation unavailable to one corporation engaged in one type of business or in developing a separate and unrelated group of properties merely because one of the persons who could be considered to be controlling in that company also has an interest in another company that raised $300,000 under Regulation A for an unrelated business or for the development of a totally different group of properties. Before the affiliate concept was introduced to the Regulation in the form in which it now stands, it was not possible for one man to divide one enterprise between two companies and to claim the $300,000 exemption for each of them. In that event he could be charged with a willful scheme to violate Section 5. It is submitted that the affiliate concept be totally and completely eliminated from the proposed regulation and, if the same is not adopted, that consideration be given to the elimination of such concept from the regulation in the form in which it now stands.

Rule 226(d) in the proposed regulation has extended the period of time within which the exemption of Regulation A would not be available to anyone who has been convicted of a crime involving the sale of a security to ten years, and it appears to have eliminated any time limitation whatsoever within which the exemption would not be available to any person who has been enjoined, has been the subject of a broker-dealer revocation proceeding, has been suspended or expelled from membership in a national, provincial or state securities association, or is subject to a United States Post Office fraud order. There is no such restriction imposed on persons seeking to register securities under the Securities Act. I believe the limitation as it was contained in Regulation A was entirely reasonable when the only requirement for the obtaining of the exemption under that Regulation was the filing of a letter of Notification without the use of an offering circular. Inasmuch as the information which is required to be supplied by prospective users of the Regulation A exemption is now substantial and the disclosures which any persons are required to make are relatively complete, it would appear that the restriction on persons having criminal records or who are otherwise under disability are no longer needed. In any event increasing the period from five years to ten years, as it now appears in the present Regulation, for persons who have been convicted appears to be unwarranted and the removal of any period of time whatsoever for other causes could work an unjustified hardship on many deserving persons. In addition, suspension from membership in a state securities association can in many instances result from completely arbitrary action. This should most certainly not be made a ground on which the Commission may base withholding of the exemption from any person.

Reference is made to Rule 229 subparagraph (a) as set forth on Page 5 of the draft of July 18, 1955. It is therein stated that four copies of a notification on Form 1-A are to be filed with the appropriate Regional Office at least 15 days (Saturdays, Sundays and holidays excluded) prior to the date on which the initial offering of any securities is to be made under the regulation. The regulation in its present form provides a ten-day waiting period exclusive of Saturdays, Sundays and holidays. Because it has been the practice of the Commission to not count the day of filing nor the tenth day in computing the ten-day intervening period, in practice the waiting period as presently in effect is 15 days. If the same procedure of eliminating the day of filing and the 15th day would be employed under the new proposed revision, a filing made on Aug. 1, 1955, for example, would not become effective until Aug. 23, 1955. In contrast, a Registration Statement filed with the Washington office of the Commission on Aug. 1, 1955, would become effective on Aug. 20, 1955. Again it is difficult to comprehend why the exemption should be more rigid than full registration itself.

Aside from the foregoing comments, it is believed that other proposed changes and revisions would operate for the mutual advantage of persons seeking to exempt securities under the regulation and of the Commission itself.

A great deal has been said both for and against the promotional activity which has emanated from the current uranium exploration boom. It would appear that apprehension about the boom may have precipitated the proposal to amend Regulation A. I am firmly convinced that we stand on the threshold of a new era which may well be termed the Atomic Age. New uses are being found for uranium not only in industry but also in medicine almost daily. There were many who believed Edison to be a charlatan when he invented the electric light. Some of these same people and others must certainly have felt that the automobile could never replace the horse and buggy as a means of transportation. Disbelief and refusal to accept appears to be a characteristic of most conservative people when new things and new procedures are introduced to the world in their embryonic stages. Although it is difficult to predict the ultimate effect which atomic power may have on the world, the following excerpts from an address by Floyd B. Odlum before the National Western Mining Conference in Denver during the past winter are significant:

"We will have to be mining per year more than a half-million tons of average grade ore prior to the year 1960 in order to furnish the initial inventory of uranium for the uranium-fueled power plants that will be in the course of construction at that time. For the new atom-powered plants that are built thereafter, as well as to replenish the uranium fuel that is used up in the old plants during operations, the scale of production of ore will have to increase steadily.

"I expect ore production, for these purposes alone, will have to be close to one million tons a year by 1965 and well over three million tons a year in three to five years thereafter. The scale of increase thereafter will have to be enormous because most power plants built after the year 1975 will be uranium fueled. By 1975 I believe more than 17 million tons of ore will have been mined for the single purpose of fuel for public utility power plants in production and under construction.

"It would take a mill capacity of approximately 3,000 tons per day starting right now to have that much ore milled in time for the cumulative requirement prior to the year 1975.

"This is one reason why I do not fear that we will get too much reserve of uranium ore in this country. Rather, I think that the industrial uses of uranium will develop so fast that the danger is that we will be faced with a national shortage of uranium for industrial uses alone, even if there were no military requirements to meet."

The foregoing is cited merely to illustrate that what may now seem to be rampant and unwarranted speculation may be a disorganized but justified preface to a great economic and scientific revolution. The Commission should not be frightened into a philosophy of "passing on the merits" and paternalism.

ALEC J. KELLER.

With Bateman, Eichler

(Special to THE FINANCIAL CHRONICLE)

LOS ANGELES, Calif.—Gerald W. Unger has become affiliated with Bateman, Eichler & Co., 453 South Spring Street, members of the Los Angeles Stock Exchange.

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. 11	§93.8	*93.4	89.4	63.0
Equivalent to—					
Steel ingots and castings (net tons)	Sept. 11	§2,264,000	*2,255,000	2,157,000	1,502,000
AMERICAN PETROLEUM INSTITUTE:					
Crude oil and condensate output—daily average (bbls. of 42 gallons each)	Aug. 26	6,684,800	6,700,550	6,615,500	6,141,350
Crude runs to stills—daily average (bbls.)	Aug. 26	¶7,582,000	7,505,000	7,577,000	6,955,000
Gasoline output (bbls.)	Aug. 26	26,611,000	26,711,000	26,447,000	23,667,000
Kerosene output (bbls.)	Aug. 26	2,041,000	2,179,000	2,217,000	2,101,000
Distillate fuel oil output (bbls.)	Aug. 26	11,307,000	10,953,000	11,008,000	10,107,000
Residual fuel oil output (bbls.)	Aug. 26	8,027,000	7,814,000	7,790,000	7,595,000
Stocks at refineries, bulk terminals, in transit, in pipe lines—					
Finished and unfinished gasoline (bbls.) at	Aug. 26	154,698,000	155,563,000	157,005,000	153,757,000
Kerosene (bbls.) at	Aug. 26	34,093,000	*33,557,000	32,000,000	34,260,000
Distillate fuel oil (bbls.) at	Aug. 26	129,794,000	*125,222,000	115,936,000	114,984,000
Residual fuel oil (bbls.) at	Aug. 26	46,459,000	46,343,000	45,457,000	55,903,000
ASSOCIATION OF AMERICAN RAILROADS:					
Revenue freight loaded (number of cars)	Aug. 27	791,977	780,863	795,771	676,698
Revenue freight received from connections (no. of cars)	Aug. 27	652,918	630,924	652,132	576,824
CIVIL ENGINEERING CONSTRUCTION — ENGINEERING NEWS-RECORD:					
Total U. S. construction	Sept. 1	$330,296,000	$265,312,000	$317,693,000	$376,682,000
Private construction	Sept. 1	166,329,000	174,147,000	191,204,000	219,317,000
Public construction	Sept. 1	163,967,000	91,165,000	126,489,000	157,365,000
State and municipal	Sept. 1	144,631,000	80,027,000	111,666,000	131,134,000
Federal	Sept. 1	19,336,000	11,138,000	14,823,000	26,231,000
COAL OUTPUT (U. S. BUREAU OF MINES):					
Bituminous coal and lignite (tons)	Aug. 27	9,650,000	9,475,000	9,650,000	7,513,000
Pennsylvania anthracite (tons)	Aug. 27	304,000	365,000	524,000	485,000
DEPARTMENT STORE SALES INDEX—FEDERAL RESERVE SYSTEM—1947-49 AVERAGE = 100	Aug. 27	111	106	98	102
EDISON ELECTRIC INSTITUTE:					
Electric output (in 000 kwh.)	Sept. 3	10,706,000	10,906,000	10,925,000	9,087,000
FAILURES (COMMERCIAL AND INDUSTRIAL) — DUN & BRADSTREET, INC.	Sept. 1	215	180	213	193
IRON AGE COMPOSITE PRICES:					
Finished steel (per lb.)	Aug. 30	5.174c	5.174c	5.174c	4.801c
Pig iron (per gross ton)	Aug. 30	$59.09	$59.09	$59.09	$56.59
Scrap steel (per gross ton)	Aug. 30	$43.83	$43.83	$43.33	$28.67
METAL PRICES (E. & M. J. QUOTATIONS):					
Electrolytic copper—					
Domestic refinery at	Aug. 31	42.525c	41.425c	35.700c	29.700c
Export refinery at	Aug. 31	43.050c	41.800c	37.325c	29.450c
Straits tin (New York) at	Aug. 31	95.625c	96.250c	97.625c	92.500c
Lead (New York) at	Aug. 31	15.000c	15.000c	15.000c	14.250c
Lead (St. Louis) at	Aug. 31	14.800c	14.800c	14.800c	14.050c
Zinc (East St. Louis) at	Aug. 31	12.500c	12.500c	12.500c	11.000c
MOODY'S BOND PRICES DAILY AVERAGES:					
U. S. Government Bonds	Sept. 6	94.77	94.52	94.70	100.13
Average corporate	Sept. 6	107.27	107.44	108.16	110.70
Aaa	Sept. 6	110.52	110.70	111.14	115.24
Aa	Sept. 6	108.88	109.06	109.97	112.56
A	Sept. 6	107.27	107.44	108.34	110.70
Baa	Sept. 6	102.63	102.80	103.30	104.66
Railroad Group	Sept. 6	116.04	106.21	106.74	109.24
Public Utilities Group	Sept. 6	107.80	107.80	108.70	110.88
Industrials Group	Sept. 6	108.16	108.16	108.88	112.00
MOODY'S BOND YIELD DAILY AVERAGES:					
U. S. Government Bonds	Sept. 6	2.89	2.91	2.89	2.49
Average corporate	Sept. 6	3.32	3.31	3.27	3.13
Aaa	Sept. 6	3.14	3.13	3.09	2.89
Aa	Sept. 6	3.23	3.22	3.17	3.03
A	Sept. 6	3.32	3.31	3.26	3.13
Baa	Sept. 6	3.59	3.58	3.55	3.47
Railroad Group	Sept. 6	3.39	3.38	3.35	3.21
Public Utilities Group	Sept. 6	3.29	3.29	3.24	3.12
Industrials Group	Sept. 6	3.27	3.27	3.23	3.06
MOODY'S COMMODITY INDEX	Sept. 6	408.2	403.9	405.2	412.2
NATIONAL PAPERBOARD ASSOCIATION:					
Orders received (tons)	Aug. 27	249,364	237,378	281,121	210,528
Production (tons)	Aug. 27	283,215	282,969	280,062	241,922
Percentage of activity	Aug. 27	99	100	99	92
Unfilled orders (tons) at end of period	Aug. 27	589,665	619,331	602,944	330,720
OIL, PAINT AND DRUG REPORTER PRICE INDEX— 1949 AVERAGE = 100	Sept. 2	106.61	106.68	106.81	106.61
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. 13	975,290	1,133,728	*1,294,989	1,112,250
Dollar value	Aug. 13	$51,612,834	$62,463,360	*$71,834,190	$49,825,757
Odd-lot purchases by dealers (customers' sales)—					
Number of orders—Customers' total sales	Aug. 13	785,375	887,576	*1,015,706	1,191,847
Customers' short sales	Aug. 13	5,881	5,984	*6,364	22,038
Customers' other sales	Aug. 13	779,494	881,592	*1,009,342	1,169,809
Dollar value	Aug. 13	$41,063,005	$46,293,057	*$52,417,020	$49,481,896
Round-lot sales by dealers—					
Number of shares—Total sales	Aug. 13	203,660	230,940	256,540	386,930
Short sales	Aug. 13	------	------	------	------
Other sales	Aug. 13	203,660	230,940	256,540	386,930
Round-lot purchases by dealers—					
Number of shares	Aug. 13	403,730	450,540	536,000	314,780
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. 13	393,310	445,800	471,630	585,850
Other sales	Aug. 13	8,742,810	10,719,800	11,680,770	13,727,520
Total sales	Aug. 13	9,136,120	11,165,600	12,152,400	14,313,370
ROUND-LOT TRANSACTIONS FOR ACCOUNT OF MEMBERS, EXCEPT ODD-LOT DEALERS AND SPECIALISTS:					
Transactions of specialists in stocks in which registered—					
Total purchases	Aug. 13	1,206,010	1,339,440	1,473,730	1,627,620
Short sales	Aug. 13	180,900	211,310	281,720	324,110
Other sales	Aug. 13	979,190	1,177,900	1,336,370	1,344,670
Total sales	Aug. 13	1,160,090	1,389,210	1,618,090	1,668,780
Other transactions initiated on the floor—					
Total purchases	Aug. 13	238,530	305,400	326,880	542,190
Short sales	Aug. 13	16,900	25,300	38,000	34,400
Other sales	Aug. 13	252,480	330,810	286,610	463,270
Total sales	Aug. 13	269,380	356,110	324,610	497,670
Other transactions initiated off the floor—					
Total purchases	Aug. 13	361,472	507,904	502,470	501,808
Short sales	Aug. 13	75,580	91,720	65,500	96,660
Other sales	Aug. 13	398,810	602,467	615,596	571,375
Total sales	Aug. 13	474,390	694,187	681,096	668,035
Total round-lot transactions for account of members—					
Total purchases	Aug. 13	1,806,012	2,152,744	2,303,080	2,671,618
Short sales	Aug. 13	273,380	328,330	385,220	455,170
Other sales	Aug. 13	1,630,480	2,111,177	2,238,576	2,379,315
Total sales	Aug. 13	1,903,860	2,439,507	2,623,796	2,834,485
WHOLESALE PRICES, NEW SERIES — U. S. DEPT. OF LABOR — (1947-49 = 100):					
Commodity Group—					
All commodities	Aug. 30	110.5	*110.5	110.1	109.5
Farm products	Aug. 30	87.9	*88.3	87.2	91.6
Processed foods	Aug. 30	101.0	*101.4	101.9	104.7
Meats	Aug. 30	82.7	*84.5	81.4	85.8
All commodities other than farm and foods	Aug. 30	117.1	*117.0	116.7	114.4

*Revised figure. ¶Includes 681,000 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
AMERICAN RAILWAY CAR INSTITUTE— Month of July:			
New domestic freight cars delivered	2,192	3,015	1,801
ASSOCIATION OF AMERICAN RAILROADS— Month of July:			
Locomotive units installed in service	71	83	54
CASH DIVIDENDS—PUBLICLY REPORTED BY U. S. CORPORATIONS — U. S. DEPT. OF COMMERCE — Month of July (000's omitted)	$669,000,000	$1,390,300	$543,600,000
CIVIL ENGINEERING CONSTRUCTION — ENGINEERING NEWS-RECORD — Month of August (000's omitted):			
Total U. S. construction	$1,239,668	$1,684,163	$1,270,951
Private construction	741,643	1,026,477	792,576
Public construction	498,025	657,686	478,375
State and municipal	436,735	445,667	411,023
Federal	61,290	212,019	67,352
COAL EXPORTS (BUREAU OF MINES)— Month of June:			
U. S. exports of Pennsylvania anthracite (net tons)	226,021	175,513	216,732
To North and Central America (net tons)	216,584	145,666	204,676
To Europe (net tons)	9,145	28,619	10,647
To Asia (net tons)	------	280	1,409
To South America (net tons)	292	548	------
Undersignated (net tons)	------	400	------
COAL OUTPUT (BUREAU OF MINES)—Month of July:			
Bituminous coal and lignite (net tons)	36,660,000	36,540,000	27,707,000
Pennsylvania anthracite (net tons)	1,755,000	*2,024,000	1,939,000
COPPER INSTITUTE—For month of July:			
Copper production in U. S. A.—			
Crude (tons of 2,000 pounds)	39,421	*101,940	76,320
Refined (tons of 2,000 pounds)	51,162	*130,881	107,193
Deliveries to fabricators—			
In U. S. A. (tons of 2,000 pounds)	60,143	*132,730	97,436
Refined copper stocks at end of period (tons of 2,000 pounds)	36,293	38,533	69,077
COTTON SEED AND COTTON SEED PRODUCTS—DEPT. OF COMMERCE—Month of July:			
Cotton Seed—			
Received at mills (tons)	131,087	18,525	128,280
Crushed (tons)	165,338	197,030	207,127
Stocks (tons) July 31	209,064	243,315	228,643
Crude Oil—			
Stocks (pounds) July 31	53,915,000	73,552,000	42,249,000
Produced (pounds)	56,962,000	67,251,000	77,097,000
Shipped (pounds)	63,010,000	93,045,000	83,911,000
Refined Oil—			
Stocks (pounds) July 31	344,085,000	433,456,000	953,654,000
Produced (pounds)	59,120,000	87,033,000	78,738,000
Consumption (pounds)	95,852,000	134,560,000	108,802,000
Cake and Meal—			
Stocks (tons) July 31	203,090	237,998	203,321
Produced (tons)	78,293	95,378	103,175
Shipped (tons)	113,201	124,325	97,916
Hulls—			
Stocks (tons) July 31	41,654	48,230	98,174
Produced (tons)	36,071	42,355	49,005
Shipped (tons)	42,647	42,886	74,715
Linters (running bales)—			
Stocks July 31	130,083	159,526	151,001
Produced	50,613	56,724	64,186
Shipped	80,056	127,838	89,464
Hull Fiber (1,000-lb bales)—			
Stocks July 31	313	364	590
Produced	90	129	229
Shipped	141	156	496
Motes, Grabbots, etc. (1,000 pounds)—			
Stocks July 31	2,100	2,886	4,170
Produced	438	518	967
Shipped	1,224	1,304	2,204
COTTON SPINNING (DEPT. OF COMMERCE):			
Spinning spindles in place on July 30	22,247,000	22,275,000	22,707,000
Spinning spindles active on July 30	19,147,000	18,335,000	19,286,000
Active spindle hours (000's omitted) July 30	7,546,000	10,867,000	6,578,000
Active spindle hours per spindle in place July	397.2	443.6	346.2
EDISON ELECTRIC INSTITUTE:			
Kilowatt-hour sales to ultimate consumers—Month of May (000's omitted)	38,126,562	38,139,741	32,531,065
Revenue from ultimate customers—month of May	$639,059,000	$644,841,000	$579,312,000
Number of ultimate customers at May 31	51,731,855	51,567,416	50,353,854
FABRICATED STRUCTURAL STEEL (AMERICAN INSTITUTE OF STEEL CONSTRUCTION)—Month of July:			
Contracts closed (tonnage)—estimated	366,853	318,150	262,782
Shipments (tonnage)—estimated	217,658	282,325	265,181
INTERSTATE COMMERCE COMMISSION—			
Index of Railway Employment at middle of July (1947-49 Average=100)	82.8	81.5	81.8
MOTOR VEHICLE FACTORY SALES FROM PLANTS IN U. S.—AUTOMOTIVE MANUFACTURERS' ASSN.—Month of July:			
Total number of vehicles	768,621	767,182	530,415
Number of passenger cars	658,736	647,658	451,663
Number of motor trucks	109,589	119,215	78,507
Number of buses	296	309	245
NEW YORK STOCK EXCHANGE—As of July 30 (000's omitted):			
Member firms carrying margin accounts—			
Total customers' net debit balances	$2,779,837	*$2,757,462	$1,925,512
Credit extended to customers	45,343	46,250	32,596
Cash on hand and in banks in U. S.	336,146	*340,161	325,022
Total of customers' free credit balances	918,110	*917,481	877,044
Market value of listed shares	198,227,782	194,405,657	145,843,061
Market value of listed bonds	104,002,294	104,282,202	105,726,616
Member borrowings on U. S. Govt. issues	161,800	88,898	152,775
Member borrowings on other collateral	2,192,172	2,199,031	1,246,353
REAL ESTATE FINANCING IN NON-FARM AREAS OF U. S. — HOME LOAN BANK BOARD—Month of June (000's omitted):			
Savings and loan associations	$1,024,394	$950,000	$741,435
Insurance companies	173,619	163,472	145,612
Bank and trust companies	516,078	482,212	368,137
Mutual savings banks	171,343	152,643	133,203
Individuals	300,776	285,911	249,310
Miscellaneous lending institutions	449,323	448,573	352,395
Total	$2,635,533	$2,482,811	$1,990,092
UNITED STATES EXPORTS AND IMPORTS BUREAU OF CENSUS — Month of July (000's omitted):			
Exports	$1,150,000	$1,183,000	$1,023,000
Imports	863,000	940,000	822,000

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 filled 900,000 shares of common stock (par $1) and 900,000 shares of preferred stock (par $10) to be offered in units of one share of each class of stock. **Price**—$11 per unit. **Proceeds**—For construction of hotel and related activities and for contingencies, stock in trade, and working capital. **Underwriter**—None.

Alouette Uranium & Copper Mines, Inc., Montreal, Canada
July 22 (Regulation D) 1,000,000 shares of common stock. **Price**—30 cents per share. **Proceeds**—For exploration and development expenses, etc. **Underwriter**—Hudson-Bergen Securities, Inc., Cliffside Park, N. J.

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 Telephone & Telegraph Co.
Aug. 2 filed up to $637,165,800 of 12-year 3⅞% convertible debentures due Oct. 13, 1967, being 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.

American Title & Insurance Co. (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. **Office**—Miami, Fla. **Underwriter**—Merrill Lynch, Pierce Fenner & Beane, New York.

★ Arcadia Metal Products (9/15)
Aug. 26 (letter of notification) 90,900 shares of capital stock (par $1), of which 23,400 shares are to be sold for account of the company and 67,500 shares for account of two selling stockholders. **Price**—$3.30 per share. **Proceeds**—For inventory and improvements. **Office** — 324 No. Second Ave., Arcadia, Calif. **Underwriter** — D. A. Lomasney & Co., New York.

Automatic Remote Systems, Inc.
March 3 filed 540,000 shares of common stock (par 50 cents). Price—$3.75 per share. Proceeds—For manufacture of Teleac Sending and Receiving Units, working capital and general corporate purposes. Office—Baltimore, Md. Underwriter—Mitchell Securities, Inc., same city. Statement effective.

Automation-Engineering Corp.
Aug. 16 (letter of notification) 200,000 shares of non-assessable 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.

★ Balboa Mining & Development Co.
July 1 (letter of notification) 1,497,500 shares of common stock. **Price**—20 cents per share. **Proceeds**—For expenses incident to mining activities. **Underwriter** — Mountain States Securities Corp., Denver, Colo.

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.

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. Kaufmann & Co., New York.

★ Big Owl Uranium Mines
July 29 (letter of notification) 2,000,000 shares of common stock. **Price**—15 cents per share. **Proceeds**—For expenses incident to mining activities. **Underwriter** — Cranmer & Co., Denver, Colo.

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NEW ISSUE CALENDAR

September 8 (Thursday)
New York Central RR.____Equip. Trust Ctfs.
(Bids noon EDT) $7,500,000

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
Cuba (Republic of)____Bonds
(Allen & Co.) $3,000,000
Dakamont Exploration Corp.____Class A
(Offering to stockholders—underwritten by Lehman Brothers) $291,000
Federal Glass Co.____Common
(Eastman, Dillon & Co.) 45,000 shares

September 13 (Tuesday)
Bank of California, N. A.____Common
(Offering to stockholders—underwritten by Blyth & Co., Inc.) $3,654,000
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.) 30,003 shs.
Food Fair Properties, Inc.____Debs. & Common
(Offering to stockholders of Food Fair Stores, Inc.—underwritten by Eastman, Dillon & Co.) $7,691,250
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)
Maloney (M. E.) & Co., Inc.____Common
(A. C. Champlain & Co.) $289,000
Massachusetts Indemnity Insurance Co.____Common
(Estabrook & Co.) 60,000 shares
Pacific Power & Light Co.____Bonds
(Bids noon EDT) $10,000,000
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
Arcadia Metal Products____Common
(D. A. Lomasney & Co.) $299,970
C. I. T. Financial Corp.____Debentures
(Dillon, Read & Co. Inc.; Kuhn, Loeb & Co.; and Lehman Brothers) $100,000,000
Colohoma Uranium, Inc.____Common
(General Investing Corp. and Shaiman & Co.) $1,250,000

September 19 (Monday)
Commonwealth Life Insurance Co.____Common
(Eastman, Dillon & Co.) $300,000
Lamson & Sessions Co.____Preferred
(McDonald & Co.) $3,000,000
Yellowknife Uranium Corp.____Common
(Gearhart & Otis, Inc. and F. H. Crerie & Co., Inc.) $1,500,000

September 20 (Tuesday)
Detroit Steel Corp.____Bonds
(Halsey, Stuart & Co. Inc.) $30,000,000
Detroit Steel Corp.____Common
(Offering to stockholders—no underwriting) 503,155 shares
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)
Camco, Inc.____Common
(Lee Higginson Corp.) 100,000 shares
Columbia Gas System, Inc.____Debentures
(Bids 11:30 a.m. EDT) $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 22 (Thursday)
Southern Pacific Co.____Equip. Trust Ctfs.
(Bids noon EDT) $9,390,000

September 27 (Tuesday)
St. Croix Paper Co.____Common
(Offering to stockholders—underwritten by Estabrook & Co.) 125,714 shares

September 28 (Wednesday)
Public Service Electric & Gas Co.____Preferred
(Probably Morgan Stanley & Co.; Drexel & Co.; and Glore, Forgan & Co.) $25,000,000
Sulphur, Inc.____Common
(J. H. Lederer Co.) $400,000

September 29 (Thursday)
Heine & Co.____Common
(Bids 11 a.m. EDT) 1,068 shares

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) $18,000,000

December 6 (Tuesday)
Virginia Electric & Power Co.____Preferred
(Bids to be invited) $12,500,000

Continued from page 31

Black Hills Uranium & Minerals Corp.
Aug. 11 (letter of notification) 1,200,000 shares of non-assessable common stock (par one cent). **Price** — 25 cents per share. **Proceeds**—For mining expenses **Address**—P. O. Box 1363, Rapid City, S. D. **Underwriter**—Morris Brickley, Harney Hotel, Rapid City, S. D.

Black Panther Uranium Co., Oklahoma City, Okla.
July 12 filed 500,000 shares of common stock (par 10 cents). **Price**—$1 per share. **Proceeds**—To explore and drill leases and claims in State of Utah. **Underwriter**—Porter, Stacy & Co., Houston, Tex., on "best efforts basis."

Blackstone Uranium Mines, Inc., Denver, Colo.
Aug. 3 (letter of notification) 15,000,000 shares of common stock (par one cent). **Price**—2½ cents per share. **Proceeds**—For expenses incident to mining activities. **Office**—801 Custis Street, Denver, Colo. **Underwriter**—Columbia Securities Co., Inc., same city.

Blenwood Mining & Uranium Corp., Denver, Colo.
July 29 (letter of notification) 1,000,000 shares of common stock (par 10 cents). **Price** — 30 cents per share. **Proceeds** — For expenses incident to mining operations. **Office**—612 Kittredge Bldg., Denver, Colo. **Underwriter**—Peters, Writer & Christensen, Inc., Denver 2, Colo.

Bojo Uranium Co., Salt Lake City, Utah
July 8 (letter of notification) 3,000,000 shares of common stock. **Price**—At par (10 cents per share). **Proceeds**—For expenses incident to mining operations. **Office**—403 Felt Building, Salt Lake City, Utah. **Underwriter**—J. E. Call & Co., Salt Lake City, Utah.

Boren Oil & Gas Corp. (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.

★ **Bruning (Charles) Co., Inc., Chicago, Ill.**
Sept. 2 filed 136,400 shares of common stock (par $3). **Price**—To be supplied by amendment. **Proceeds**—To selling stockholders. **Underwriter** — William Blair & Co., Chicago, Ill.

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.

★ **Camco, Inc., Houston, Texas (9/21)**
Sept. 1 filed 100,000 shares of common stock (par $1), of which 75,000 shares are to be for account of company and 25,000 shares for Paul R. Mills, Chairman of the Board. **Price**—To be supplied by amendment. **Proceeds**—To acquire six trucks; to repay a $120,000 6% serial note; and for working capital. **Underwriter**—Lee Higginson Corp., New York.

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.

★ **Central Finance Co., Inc., Sioux City, Iowa**
Aug. 29 (letter of notification) $75,000 of 8-year 6% subordinated debenture instalment notes. **Price**—$100 per unit. **Proceeds**—For additional finance and loan paper. **Office**—330 Davidson Bldg., Sioux City, Iowa. **Underwriter**—None.

Charleston Parking Service, Inc.
Aug. 1 (letter of notification) 120,000 shares of non-voting common stock, class A—(par 50 cents) and 60,000 shares of voting common stock, class B (par 10 cents) to be offered in units of two class A and one class B share. **Price**—$5 per unit. **Proceeds**—For general working capital. **Office**—505 National Bank of Commerce Building, Charleston, W. Va. **Underwriter**—Crichton Investment Co., same address.

Cisco Uranium Corp., Salt Lake City, Utah
Aug. 10 (letter of notification) 7,000,000 shares of capital stock (par one cent). **Price**—Three cents per share. **Proceeds**—For mining expenses, etc. **Office**—2630 South 2nd West, Salt Lake City, Utah. **Underwriter**—Denver Securities, Inc., Denver, Colo.

● **C.I.T. Financial Corp. (9/15)**
Aug. 31 filed $100,000,000 of debentures due Sept. 1, 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.

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, Colo.; and Joseph McManus & Co., New York, N. Y.

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 up to 11:30 a.m. (EDT) on Sept. 21.

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. (9/19)**
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.

Community Credit Co., Omaha, Neb.
June 6 (letter of notification) 1,000 shares of 5½% cumulative preferred stock. **Price**—At par ($100 per share). **Proceeds**—For working capital. **Office**—3023 Farnam St., Omaha, Neb. **Underwriter**—Wachob-Bender Corp., same city.

Conjecture Mines, Inc., Coeur d'Alene, Idaho
May 5 (letter of notification) 200,000 shares of common stock (par 10 cents). **Price**—25 cents per share. **Proceeds**—For mining expenses. **Office**—326 Wiggett Bldg., Coeur d'Alene, Idaho. **Underwriter**—M. A. Cleek, Spokane, Wash.

★ **Conlon-Moore Corp., Cicero, Ill.**
Aug. 29 (letter of notification) $300,000 of first mortgage (secured) 5% sinking fund bonds, series A, dated Oct. 1, 1955, to mature Oct. 1, 1967. **Price** — $100 per bond. **Proceeds**—To redeem outstanding first mortgage sinking fund bonds. **Office**—1806 South 52nd Ave., Cicero, Ill. **Underwriter**—Illinois Securities Co., Joliet, Ill.

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.
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 of $50 of debentures and five shares of stock. **Price**—$50.50 per unit. **Proceeds**—For acquisition of production payments. **Office**—Las Vegas, Nev. **Underwriter**—First California Co., Inc., San Francisco, Calif.

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., Dallas, Texas.

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.

★ **Cordele Publishing Co., Inc., Cordele, Ga.**
Aug. 24 (letter of notification) 500 shares of 6% cumulative, callable, preferred stock. **Price**—At par ($100 per share). **Proceeds**—To pay mortgages and for equipment. **Office**—Seventh Street, Cordele, Ga. **Underwriter**—None.

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.
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.

★ **Corpus Christi Refining Co.**
Sept. 2 filed 500,000 shares of common stock (par 10 cents). **Price**—At the market. **Proceeds**—To a selling stockholder. **Office**—Corpus Christi, Texas. **Underwriter**—None.

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.

Cromwell Uranium & Development Co., Inc.
May 25 (regulation "D") 300,000 shares of common stock (par five cents). **Price**—$1 per share. **Proceeds**—For exploration and development expenses, etc. **Offices**—Toronto, Canada, and New York, N. Y. **Underwriter**—James Anthony Securities Corp., New York.

★ **Cross-Bow Uranium Corp.**
Aug. 29 (letter of notification) 5,000,000 shares of common stock. **Price**—At par (six cents per share). **Proceeds** — For mining operations. **Office** — 1026 Kearns Bldg., Salt Lake City, Utah. **Underwriters**—Potter Investment Co., and Mid-America Securities, both of Salt Lake City, Utah.

● **Cuba (Republic of) (9/12-16)**
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. (9/12-16)**
Aug. 24 (letter of notification) 291,000 shares of class A stock, to be offered to common stockholders on the basis of three shares of class A stock for each five shares of common held. **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.
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.

★ **Debutant Mineral Corp.**
Aug. 29 (letter of notification) 300,000 shares of common stock. **Price**—At par ($1 per share). **Proceeds**—For mining expenses. **Office**—139 N. Virginia St., Reno, Nev. **Underwriter**—None, all sales to be made through Clancy B. Hamblen, President.

● **Detroit Steel Corp. (9/20-21)**
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. (9/20)**
Aug. 30 filed 503,155 shares of common stock (par $1), to be offered for subscription by common stockholders of record Sept. 20 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 filed 200,000 shares of common stock (par $5) being offered to employees of company and certain of its subsidiaries and associated companies. Subscriptions will be accepted from Sept. 6 through Sept. 30. **Price**—$47 per share. **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 Lime Corp., Kutztown, Pa. (9/13)**
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.

● **Food Fair Properties, Inc. (9/13)**
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. 13 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 in about 16 days. 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.

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.

Fowler Telephone Co., Pella, Ia.
May 6 (letter of notification) $260,000 of 4% first mortgage bonds, series A, due May 1, 1975. **Price**—At par (in denominations of $1,000 each). **Proceeds**—To retire existing debt, acquire Northwestern Bell properties in Leighton, Ia., and for conversion of both exchanges to dial operation. **Underwriter** — Wachob-Bender Corp., Omaha, Neb.

Freedom Insurance Co., Berkeley, Calif.
June 6 filed 1,000,000 shares of common stock (par $10). **Price**—$22 per share. **Proceeds**—For capital and surplus. **Business**—All insurance coverages, except, life, title and mortgage. **Office**—2054 University Avenue, Berkeley, Calif., c/o Ray B. Wiser, President. **Underwriter**—Any underwriting agreement will be made on behalf of this company by Uni-Insurance Service Corp.

Fremont Uranium 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.

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 Guaranty Insurance Co., North, Winter Park, Fla.**
Aug. 26 (letter of notification) 50,000 shares of common stock (par $2.50). **Price**—$6 per share. **Proceeds**—To increase capital and paid-in surplus. **Office**—130 Park Avenue, North, Winter Park, Fla. **Underwriters**—Security Associates, Inc., Winter Park, Fla., and Grimm & Co., New York City.

General Homes, Inc.
Dec. 15 filed 300,000 shares of common stock (par $1). **Price**—$5 per share. **Proceeds**—For plant expansion, new equipment, inventory and working capital. **Office**—Huntington Station, L. I., N. Y. **Underwriter**—S. D. Fuller & Co., New York.

★ **General Mining & Development Corp.**
July 25 (letter of notification) 3,000,000 shares of common stock. **Price**—10 cents per share. **Proceeds** — For expenses incident to mining activities. **Underwriter**—Pioneer Investments, 50 Richards St., Salt Lake City, Utah.

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.

★ **Glenwood Mining & Uranium Corp.**
July 29 (letter of notification) 1,000,000 shares of common stock. **Price**—30 cents per share. **Proceeds** — For expenses incident to mining activities. **Underwriter** — Peters, Writer & Christensen, Denver, Colo.

Gob Shops of America, Inc.
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.

★ **Gregory Industries, Inc., Toledo, Ohio**
Aug. 29 (letter of notification) 5,500 shares of non-assessable common stock (par $1), to be offered under employees' stock plan. **Price**—By amendment. **Proceeds**—For working capital. **Office**—518 Jefferson Ave., Toledo, Ohio. **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.

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
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.**
Aug. 15 (letter of notification) 11,225 shares of common stock (par $15) being 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. **Underwiter**—None. Statement effective Aug. 29.

★ **Investment Co. of America, Los Angeles, Calif.**
Sept. 1 filed (by amendment) an additional 2,000,000 shares of common stock. **Price**—At market. **Proceeds**—For investment.

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.

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.

★ **Kansas Co., Russell, Kan.**
Aug. 26 (letter of notification) 100,000 shares of common stock. **Price**—At par ($1 per share). **Proceeds**—For expenses incident to oil and gas activities. **Office**—107 E. Wichita Ave., Russell, Kansas. **Underwriter**—None.

★ **Keeling Oil & Uranium Corp.**
July 29 (letter of notification) 1,000,000 shares of common stock. **Price**—30 cents per share. **Proceeds**—For expenses incident to mining activities. **Underwriter** — Securities Investment Co., 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 indefinitely.

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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.

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. Stockholders to vote Sept. 26 on acquisition.

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), of which 256,383 shares are being offered for subscription by common stockholders of record Aug. 18 at the rate of one share for each 3½ shares held; rights to expire on Sept. 16. Of the remaining 76,951 shares, 71,429 shares were offered to Joseph C. Mackey, President, and 5,522 shares to employees. **Price**—$2.50 per share. **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. (9/14)**
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.

★ **Mason Investment Fund, Washington, D. C.**
Aug. 28 (letter of notification) $20,000 face value 6% Mason investment fund certificates. **Price**—At face value. **Proceeds**—To reimburse the Mason Mortgage & Investment Corp. for funds in which it has to expand. **Office** —2633 — 15th St., N. W., Washington, D. C. **Underwriter** —None.

● **Massachusetts Indemnity Issurance Co. (9/14)**
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.

★ **Merc-Uranium Corp.**
July 20 (letter of notification) 6,000,000 shares of common stock. **Price** — Five cents per share. **Proceeds**—For expenses incident to mining activities. **Underwriter** — Law Investment Co., Washington, D. C.

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.

Mitchell Mining Co., Inc., Mount Vernon, Wash.
May 13 (letter of notification) 500,000 shares of common stock (par 10 cents). **Price**—50 cents per share. **Proceeds** —For mining expenses. **Address**—P. O. Box 301, Mount Vernon, Wash. **Underwriter**—Standard Securities Corp., Spokane, Wash.

★ **Moab Treasure Uranium Corp.**
July 25 (letter of notification) 6,000,000 shares of common stock. **Price**—Five cents per share. **Proceeds** — For expenses incident to mining activities. **Underwriter** — Utah Uranium Brokers, Salt Lake City, Utah.

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.

★ **Monogram Uranium & Oil Co.**
Aug. 31 filed 1,000,000 shares of common stock (par $1). **Price**—$2 per share. **Proceeds** — To make payment of $675,000 to Four Corners Uranium Corp. under a purchase contract; to use $100,000 each to purchase mining equipment, to pay for development and driving drift and for exploratory drilling; and the remainder for working capital, acquisition of additional properties, and unforeseen contingencies. **Underwriter**—Carr & Co., Detroit, Mich.

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.

★ **Mt. Union Uranium, Inc.**
Aug. 29 (letter of notification) 47,500 shares of convertible production notes and 95,000 shares of capital stock (par 10 cents), the shares to be issued as a bonus at rate of two shares for each $1 principal amount of notes purchased. Each $1 principal amount of notes may be converted into 10 shares of stock. **Proceeds**—For mining expenses. **Office**—c/o Nevada Agency & Trust Co., 139 N. Virginia St., Reno, Nev. **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.

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. Probablel 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.**
Aug. 29 (letter of notification) an undetermined number of shares of common stock (par $6.50) to be offered to employees under company's stock purchase plan. **Price** —To be 95% of average weekly bid prices in month prior to subscription.

● **Pacific Power & Light Co. (10/4)**
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 Oct. 4.

● **Pacific Telephone & Telegraph Co.**
July 29 filed 1,339,196 shares of common stock (par $100) being 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 principal amount. **Proceeds** — For further development of Israel industry; development of urban and suburban areas; extension of credit; financing of exports to Israel; and working capital and general corporate purposes. **Underwriter**—None, sales to be handled through company officials and employees.

Panama Minerals, Inc., S. A. (Republic of Panama)
June 30 filed 400,000 shares of common stock (par $1). **Price**—$1.25 per share. **Proceeds**—For mining expenses. **Office**—Denver. Colo. **Underwriter**—None.

Pandora Uranium Mines, Inc.
July 14 (letter of notification) 3,000,000 shares of common stock (par one cent). **Price** — 10 cents per share. **Proceeds**—For expenses incident to mining operations. **Office**—530 Main St., Groad Junction, Colo. **Underwriter** —Columbia Securities Co., Denver 2, Colo. and Salt Lake City, Utah.

Pelican Uranium Corp., Salt Lake City, Utah
May 25 (letter of notification) 300,000 shares of common stock (par five cents). **Price**—10 cents per share. **Proceeds** — For mining expenses. **Office** — 688 East 21st South, Salt Lake City, Utah. **Underwriter** — Trans-Western Brokerage Co., New Orleans, La., and Salt Lake City, Utah.

Penn-Utah Uranium, Inc., Reno, Nev.
Aug. 4 (letter of notification) 2,000,000 shares of common stock (par three cents). **Price**—15 cents per share. **Proceeds**—For expenses incident to mining activities. **Office**—206 N. Virginia Street, Reno, Nev. **Underwriter**—Philip Gordon & Co., Inc., New York, N. Y.

Permian Basin Uranium Corp.
June 2 (letter of notification) 640,000 shares of common stock. **Price**—At par (10 cents per share). **Proceeds**—For mining costs. **Office**—613 Simms Building, Albuquerque, N. Mex. **Underwriter** — Western Securities Corp., Salt Lake City, Utah.

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.

● **Plastic Wire & Cable Corp., Jewett City, Conn.**
Aug. 11 (letter of notification) 15,036 shares off common stock (par $5), being offered to stockholders of record Aug. 5 on the basis of one new share for each 10 shares held; rights to expire on Sept. 21. **Price**—$9 per share. **Proceeds**—For additional working capital and to finance current plant expansion. **Office**—East Main St., Jewett City, Conn. **Underwriter**—None.

Prospect Hill Golf & Country Club, Inc.
July 8 (letter of notification) 11,900 shares of preferred stock. **Price**—At par ($25 per share). **Proceeds**—For swimming pool, club furnishings and equipment, golf course and organization and develoment expense. **Office**—Bowie, Md. **Underwriter**—L. L. Hubble & Co., Inc., Baltimore, Md.

★ **Puritan Fund, Inc., Boston, Mass.**
Sept. 2 filed 4,000,000 shares of capital stock. **Price**—At market. **Proceeds**—For investment.

Pyramid Electric Co.
May 3 filed 50,000 shares of common stock (par $1). **Price**—To be supplied by amendment. **Proceeds** — To selling stockholders. **Underwriter** — S. D. Fuller & Co., New York.

Radium Hill Uranium, Inc., Montrose, Colo.
July 19 (letter of notification) 625,000 shares of common stock (par one cent). **Price**—32 cents per share. **Proceeds** — For expenses incident to mining operations. **Office**—Bryant Bldg., Montrose, Colo. **Underwriters**—General Investing Corp., New York, N. Y., and Shaiman & Co., Denver, Colo.

Rampart Uranium Co., Colorado Springs, Colo.
July 19 (letter of notification) 2,475,000 shares of common stock. **Price**—At par (10 cents per share). **Proceeds**—For expenses incident to mining operations. **Office**—Mining Exchange Bldg., Colorado Springs, Colo. **Underwriter**—Al J. Johnson & Co., same address.

★ **Raytheon Manufacturing Co., Waltham, Mass.**
Sept. 2 filed 189,165 shares of common stock (par $5), to be offered from time to time to officers and other key employees of company pursuant to terms of employees' incentive plan.

● **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. 8). May be placed privately.

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. Croix Paper Co., Boston, Mass. (9/27)**
Sept. 2 filed 125,714 shares of common stock (par $12.50) to be offered for subscription by common stockholders on the basis of one new share for each three shares held as of Sept. 27; rights to expire about Oct. 11. **Price**—To be supplied by amendment. **Proceeds** — Together with funds from insurance company and a bank, to be used for expansion program. **Underwriter**—Estabrook & Co., Boston and New York.

St. Regis Uranium Corp., Denver, Colo.
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.
Aug. 19 (letter of notification) 925,000 shares of nonassessable 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.

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) being 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.

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.

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 $1,000,000 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**
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.

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 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 nonassessable 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.
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. **Office**—Moab, Utah. **Underwriter**—Honnold & Co., Inc., Salt Lake City, Utah.

★ **Tampa Electric Co. (9/21)**
Aug. 31 filed 197,532 shares of common stock (par $7) to be offered for subscription by common stockholders of record Sept. 19, 1955 on the basis of one new share for each 10 shares held (with an oversubscription privilege); rights to subscribe on Oct. 6, 1955. Warrants are to be mailed on Sept. 21. **Price** — To be supplied by amendment. **Proceeds** — To repay $5,083,000 of bank loans. **Dealer-Manager**—Goldman, Sachs & Co., New York.

Target Uranium Co., Spokane, Wash.
Aug. 12 (letter of notification) 1,000,000 shares of nonassessable 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.
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. **Offering** — Expected today (Sept. 8).

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.

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.

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

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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 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 Exploration & Copper Co. of Nevada**
Aug. 29 (letter of notification) 200,000 shares of class A common stock (par 10 cents), to be offered in units of 100 shares each. **Price**—$40 per unit. **Proceeds**—For expenses incident to mining activities. **Office**—300 Fremont St., Las Vegas, Nev. **Underwriter**—None, stock to be offered through officers and directors.

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.

★ **Vanand Uranium, Inc., Modesta, Calif.**
Aug. 29 (letter of notification) 500,000 shares of capital stock. **Price**—At par (10 cents per share). **Proceeds**—For mining operations. **Office**—c/o Lionel R. Van Horn, President, 1202 Carla Ave., Modesta, Calif. **Underwriter**—None.

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.

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 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 filed 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. (9/19)**
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. **Office** — Toronto, Canada. **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

★ **Aerovox Corp.**
Sept. 2 it was reported early offer and sale is expected of about 20,000 shares of common stock. **Proceeds**—To selling stockholders. **Underwriter** — Blair & Co. Incorporated, New York.

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.

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. and Dean Witter & Co., both of San Francisco, Calif.

★ **Boston & Maine RR.**
Aug. 26 it was announced stockholders will vote Sept. 29 on authorizing the directors to create, issue and dispose of 5% income debenture bonds to be exchanged for presently outstanding 5% convertible preferred stock, or to procure funds for redemption of such shares.

★ **Burlington Industries, Inc.**
Sept. 5 it was reported company plans equity financing. **Underwriter**—Kidder, Peabody & Co., 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.

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 $125,000,000 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.

Delaware Power & Light Co.
July 26, Stuart Cooper, President, announced that the company is planning the 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. **Proceeds** — To repay bank loans and for construction program, which 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.

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. **Offering**—Not expected until after Oct. 10, when stockholders of Laboratories will vote on forming Broadcasting firm.

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.

★ **Federal Glass Co., Columbus, Ohio (9/12)**
Sept. 5 it was reported a secondary offering of 45,000 shares of common stock is soon expected. **Underwriter**—Eastman, Dillon & Co. and a group of Ohio investment bankers.

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.

★ **Heine & Co., New York (9/29)**
Bids will be received at the office of Alien Property, Department of Justice, Room 664, 101 Indiana Ave., N. W., Washington 25, D. C., up to 11 a.m. (EDT) on Sept. 29 for the purchase from it of 1,068 shares of capital stock (par $24), constituting all of the outstanding shares of this company. **Proceeds** — From sale of 943 shares to go to the Attorney General of the United States and from sale of 125 shares to go to another stockholder.

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.

★ **Houston (Texas) Gas & Oil Corp.**
Aug. 26, company applied to the FPC for authority to construct a 961-mile pipe line from a point near Baton Rouge, La., to Cutler, Fla., to cost approximately $110,-382,000. It plans to issue and sell $81,200,000 of bonds, about $20,000,000 of 5½% interim notes (convertible into preferred stock), and over $8,700,000 of common stock. Stock would be sold, together with the notes, in units. **Underwriters**—Discussions are reported to be going on with Blyth & Co., Inc., San Francisco, Calif., and Scharff & Jones, Inc., New Orleans, La.

● **International Resources Fund, Inc.**
Sept. 2 stockholders of Natural Resources Fund, Inc. and Natural Resources of Canada Fund, Inc. approved a merger of the two firms to continue under the name "International Resources Fund, Inc." which plans to file shortly for registration of a new issue of stock of approximately $15,000,000 to $20,000,000, which, it is expected, will be publicly offered in early October. **Investment Adviser**—Capital Research & Management Co., Los Angeles, Calif. **Underwriter** — Kidder, Peabody & Co., New York.

● **Kaiser Aluminum & Chemical Corp.**
Aug. 31 stockholders approved a proposal to increase the authorized preferred stock from 700,000 shares to 1,500,000 shares, of which 700,000 shares are expected to be publicly offered this Fall, carrying a sinking fund. **Proceeds** — Together with funds from private sale of about $40,000,000 of 3.75% notes, are to be used 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 as announced company 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 approved proposal on Sept. 6).

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.

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.

★ **McLean Trucking Co.**
Sept. 5 it was reported a secondary offering is soon expected of 525,000 shares of common stock. **Underwriter**—Shields & Co., New York.

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).

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 as of Sept. 12. **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. SEC will open hearings on Sept. 20.

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 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 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.

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. **Registration**—Expected in very near future.

Pennsylvania Electric Co.
Feb. 15 it was reported company plans to issue and sell later this year $9,300,000 of first mortgage bonds. **Proceeds**—To repay bank loans and for new construction. **Underwriter**—To be determined by competitive bidding. probable bidders: Halsey, Stuart & Co. Inc.; The First Boston Corp.; Kuhn, Loeb & Co.; Kidder, Peabody & Co.; Equitable Securities Corp.; Harriman Ripley & Co., Inc.

Pennsylvania Electric Co.
Feb. 21 it was reported company proposes issuance and sale of $7,500,000 of preferred stock later this year. **Proceeds**—For construction program. **Underwriter**—To be determined by competitive bidding. Probable bidders: Kuhn, Loeb & Co.; W. C. Langley & Co. and Glore, Forgan & Co. (jointly); Kidder, Peabody & Co.; The First Boston Corp.; Smith, Barney & Co.; Harriman Ripley & Co. Inc.

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. (9/28)**
Aug. 8 it was announced that company may issue and sell 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.

★ **Radio Corp. of America**
Sept. 2 the directors discussed the advisability of issuing $100,000,000 of subordinated convertible debentures. **Proceeds** — To increase financial resources of company. **Underwriters** — Lehman Brothers and Lazard Freres & Co., both of 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 offer 52,300 shares of common stock (par $2) to stockholders on a 1-for-7 basis. **Price**—$8 per share. **Proceeds**—To further the building program and for general corporate purposes. **Underwriter**—None.

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

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Continued from page 37

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, who 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. 23.

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.

★ **Southern Pacific Co. (9/22)**
Bids will be received by the company up to noon (EDT) on Sept. 22 for the purchase from it of $9,390,000 equipment trust certificates, series RR, to be dated Sept. 1, 1955 and to mature in 15 equal annual installments to and including Sept. 1, 1970. Probable bidders: Halsey, Stuart & Co. Inc.; Salomon Bros. & Hutzler; Kidder, Peabody & Co.

Sterling Precision Instrument Corp.
June 6 the stockholders voted to approve an authorized issue of 500,000 shares of first preferred stock (par $10), of which 300,000 shares (to be convertible into common) are to be publicly offered. **Proceeds**—For working capital. **Office**—Buffalo, N. Y.

Texas Gas Transmission Co.
March 15 it was reported company plans to sell additional first mortgage bonds later to finance cost of new construction, which is estimated at about $17,500,000. Underwriter—Dillon, Read & Co. Inc., New York.

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.

Westpan Hydrocarbon Co.
March 2 it was announced Sinclair Oil Corp. has agreed with the SEC to divest itself of its investment of 384,380 shares of Westpan stock (52.8%). The time in which Sinclair may sell their holdings has been extended by SEC to Dec. 21, 1955. **Underwriter**—Union Securities Corp., New York, underwrote recent sale of Sinclair's holdings of Colorado Interstate Gas Co. White, Weld & Co., New York, may be included among the bidders.

● **Westcoast Transmission Co., Ltd.**
April 25 it was reported company now plans to issue and sell publicly about $20,000,000 of securities, probably in units of notes and stock. Bonds are expected to be placed privately. Hearings on new pipe line scheduled to begin before FPC on Sept. 19. **Underwriter**—Eastman, Dillon & Co., New York. **Offering**—Expected in October.

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 $3,500,000 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.

Notes Growing Concern Over Rising Debt

First National Bank of Boston, in current issue of its "New England Letter," finds cause of heavy private borrowing is not due to stock exchange operations, and chief danger may be in consumer and home mortgage debt.

The sharp rise in debt and the lowering of credit standards in some quarters are causing concern among lenders and government officials, says The First National Bank of Boston in the current issue of its "New England Letter." Continuing, the Bank says:

Total net debt in this country, private and public, has increased by about $200 billion since the end of World War II. This represents a gain of 50% in a decade, and the trend continues upward. Total net debt is now in excess of $605 billion, or the equivalent of $14,696 per family, as compared with $6,830 per family in 1929. Private debt has increased from 77% to over 114% of national income since 1945.

Excessive expansion and the abuse of credit have been the chief contributing factors in bringing about all major business depressions in this country, but the troublesome type of debt has varied with the times. Speculation in Western land, over-investment in transportation, and other internal improvements, together with a defective banking and currency system, were the underlying causes of the crises of 1837, 1873, and 1893. The liquidation of huge inventories acquired at near-record levels and financed by bank credit, together with farm land speculation, were important factors leading to the depression of 1920-21. The depression of the 1930's was precipitated by excessive borrowings to finance speculation in real estate and the stock market as well as the extension of a large volume of non-productive loans to foreign countries.

Some authorities have strongly contended that heavy borrowing to finance the current stock market boom is the principal danger to our economy. But this does not seem to be in accordance with facts. At the close of 1954, borrowings by the member firms of the New York Stock Exchange were only around 1% of the total value of stocks listed on the Exchange as against 9.8% at the 1929 peak. Whereas in the 1920's stocks were bought on a very thin margin, now a margin of 70% is required. Furthermore, total borrowings to finance the purchasing or carrying of securities represent about 6% of total loans of all commercial banks.

It is apparent that we must look elsewhere for the chief danger spots in the debt structure. In this connection it is pertinent to consider consumer and home mortgage debt which aggregate $112 billion and constitute around one-third of total private indebtedness.

The Federal Reserve supervisory officials have warned banks to tighten terms on consumer credit, which in many cases have become much more liberal in the financing of a broad range of products from automobiles to all kinds of household equipment. "Nothing down, three years to pay" in consumer credit has vied with "nothing down, 30 years to pay" on home mortgages. By lowering down payments and extending maturities for short- as well as long-term personal debts, certain groups of consumers are being placed in a vulnerable position. Consumer credit now totals more than $32 billion, a sixfold increase since the end of World War II, and constitutes around 12% of disposable personal income as against 4% in 1945.

There is also concern over the home mortgage debt, which is now about $80 billion, and has increased more than 4.2-fold since 1945. This current debt is about 30% of disposable personal income as against 12.3% a decade ago and 22.7% in 1929.

The home mortgage situation is considered unhealthy by the Administration. In order to curb the inflationary danger of a rising trend in housing costs caused by a growing shortage of building materials, credit terms were tightened as of July 30. Down payments have been slightly raised and the maximum repayment period has been reduced from 30 years to 25.

This stiffening of home loan terms and prospects of curbs on consumer credit have brought protests from some quarters. Buying homes and durable goods on time, it is contended, does not in most cases represent a new increase in the financial burden of borrowers since the services provided by these facilities would have to be paid for in other ways.

While it is true that debt financing permits present enjoyment of products that could be purchased only after years of saving—as is the case in most countries of Europe today—there is a limit to the extent to which this may be done without jeopardizing the interest of the borrower and lender, and endangering the economy.

The crucial problem is to maintain income and employment at high levels, but this in turn is dependent upon a continued rise in debt. Once business activity and income turn downward, debt difficulties are aggravated as an increasing proportion of income must be diverted to debt service. Charges become progressively more burdensome, and the remaining diminishing amount of income would be inadequate to sustain a high level economy. In the event of a severe business decline, debt difficulties have most disruptive effects.

Some authorities contend that the debt has not reached a dangerous level since it is not "out of line" with the growth in gross national product. This is not a reliable means of determining the debt strain on our economy. In 1929, for instance, the ratio of debt to national product did not give any warning of the danger ahead. In that year the ratio was less than in 1927 and 1928, and about the same as in 1924. In 1929, the net debt was 1.83 times gross national product, as against 1.68 times in 1954. This does not necessarily mean that the debt situation today is approaching the dangerous position of 1929 because the debt pattern today is different from that of the earlier period.

To hold that depressions can be eliminated is to imply that any slack in private spending will be taken up by increased Federal expenditures. While this can be done, shifting the burden of maintaining peak levels of business activity to the government merely postpones the day of reckoning. The average burden of Federal debt per family has increased elevenfold in a quarter of a century. To aggravate matters, 62% of the interest-bearing marketable debt is due or callable within five years. The present Administration has striven to lengthen out debt maturities and to distribute the debt more widely in the hands of long-term investors. But since coming into office, it has been able to extend the average maturity only by 10 months to an average of four years and eight months. Because of the preponderance of short-term debt, the Treasury is compelled to resort to frequent refinancing.

Since this country has apparently reached the ceiling on taxation, there is grave danger that resort to continued deficit financing in order to keep the economy at boom levels may eventually bring about a further shrinkage in the purchasing power of the dollar, which has already shrunk nearly 50% in the past decade and a half.

Joins Bache Staff

(Special to The Financial Chronicle)

CINCINNATI, Ohio — Hugh J. Cahill, Jr. is now affiliated with Bache & Co., Dixie Terminal Building.

With Baxter, Williams

(Special to The Financial Chronicle)

CLEVELAND, Ohio—Benton P. Bohannon is now with Baxter, Williams & Co., Union Commerce Building, members of the Midwest Stock Exchange.

With Livingston Williams

(Special to The Financial Chronicle)

CLEVELAND, Ohio — James J. Tarrou has become connected with Livingston, Williams & Co., Inc., Hanna Building.

Ballyhoo via Mr. Reuther

"On this Labor Day the trade union movement stands at the threshold of a challenging new era. The new united labor movement will, I feel confident, be more active in organizing unorganized workers, in helping elect the best qualified candidates for public office and in seeking to bring about passage of liberal, forward-looking legislation in every field.

* * *

Walter P. Reuther

"The Administration's domestic program has been one of not too much social security, not too much housing, not too much health, not too much education and not too much welfare. For the favored special interests it has been a series of proposed gigantic giveaways—a $64,000,000,000 question of rewarding the rich with the resources of the people."—Walter Reuther.

A challenging new era? We can only hope that the rank and file of the wage earners in this country will have minds of their own which can not be bamboozled by such tommyrot as this.

Our Reporter's Report

There appears to be more than a glint of silver in the dour clouds that have been hovering over the investment market for several months now. And of all sectors it is casting its glow in the railroad area where Baltimore & Ohio's big debt consolidation program is underway.

Here, it develops, the high spot is the first evidence of interest in a new rail issue in years on the part of the major insurance companies, including several of the so-called "Big Five." Entailing the refinancing of an overall total of $280 millions, bankers are really at work on this undertaking and finding an exceptionally good reception, according to market observers.

Many insurance companies, it is reported, have agreed to the exchange terms under which the new bonds are being offered, and in some instances have determined to buy additional bonds. Taken as a whole, estimates indicate that roughly 50% of the new issues have been spoken for although the figure is not uniform as it relates to the several maturities involved.

It is evident that the 4¼% coupon fixed for the $120 million slated to mature in 1995 has had a tremendous effect on investor sentiment. This is apparent from the fact that latest reports put the total of orders received for that particular maturity in excess off $105 million.

Some dealers, who took hold of the new bonds with a sort of "lukewarm" feeling, have been pleasantly surprised by the response. They are finding that people, who a year ago, would not even listen to a salestalk on a railroad offering, now are ready to take more than a good look at the B. & O. issues, especially the longest maturity.

Recent Issues Holding

The several top-grade offerings brought out in recent weeks, though naturally feeling the effects of the latest tightening phase in the money market, are giving good accounts of themselves.

Pacific Telephone & Telegraph Co.'s $67,000,000 of 3¾s, brought out on a 3.50% basis, at a price of 102.547 are maintaining the premium of around 1¾ points on the bid side.

General Motors Acceptance Corp.'s long 3⅝s priced to yield 3.75%, which commanded a premium of a point at the best, have slipped back to rule 98 bid and 98¼ asked. St. Louis & San Francisco Ry.'s $19 million offering, however, is reported still available.

C.I.T. Financial Corp.

The $100 million of debentures scheduled by this company, placed in registration last week is naturally attracting no end of attention in banking circles. There is considerable guessing as to the probable yield to be offered investors with the consensus suggesting a 3.75% level.

Slated to mature in 1970 the issue offers a maturity which could fit handily into the portfolios of many institutional investors if they view the indicated return as in keeping with their ideas.

The debentures are tentatively expected to go to market late next week, though the date doubtless will depend upon conditions as that date approaches.

Tennessee Gas Transmission

Negotiated offerings seem to be the vogue at the moment with competitive bidding operations presumably backed up awaiting a little more light on the money situation.

At any rate the next large issue on the calendar is Tennessee Gas Transmission Co.'s $50,000,000 of first mortgage pipe line bonds with a 21-year maturity. This issue, accompanied by an offering of 400,000 shares of additional common stock is slated for the middle of next week.

The following week Columbia Gas System is scheduled to open bids for $40 million of 25-year debentures with at least two large syndicates having indicated they will be seeking the issue.

L. W. Hoefinghoff Adds

(Special to The Financial Chronicle)

CINCINNATI, Ohio—H. Brown McGill has been aded to the staff of L. W. Hoefinghoff & Co., Inc., Union Central Building, members of the Cincinnati and Midwest Stock Exchanges.

DIVIDEND NOTICES

DIVIDEND NOTICE

ALLIED PRODUCTS CORPORATION

Detroit 23, Michigan

COMMON DIVIDEND No. 70

On August 31, 1955, the board of directors of Allied Products Corporation, a Michigan corporation, declared a quarterly dividend of 60¢ per share on the Common shares of the Corporation, payable September 26, 1955 to shareholders of record at the close of business on September 14, 1955.

CONTINENTAL BAKING COMPANY

Preferred Dividend No. 67

The Board of Directors has declared this day a quarterly dividend of $1.37½ per share on the outstanding $5.50 Dividend Cumulative Preferred Stock, payable October 1, 1955, to stockholders of record at the close of business September 16, 1955.

Common Dividend No. 42

The Board of Directors has declared this day a regular quarterly dividend, for the third quarter of the year 1955, of fifty cents ($.50) per share on the outstanding Common Stock, payable October 1, 1955, to holders of record of such stock at the close of business September 16, 1955.

The Company has increased the regular quarterly dividend from forty-five cents ($.45) to fifty cents ($.50) per share on the outstanding Common Stock effective with the dividend payable October 1, 1955, for the third quarter of the year 1955.

Stock Dividend

The Board of Directors has declared this day a stock dividend of ten per cent at the rate of one share of Common Stock for each ten shares of Common Stock held, payable October 19, 1955, to Common stockholders of record at the close of business September 30, 1955. Payment in cash will be made for fractional shares on the basis of the closing market price of the Common Stock on the record date or the last recorded bid price if there are not any sales on the record date.

The stock transfer books will not be closed.

WILLIAM FISHER
TREASURER

September 7, 1955

J. I. Case Company

(Incorporated)

Racine, Wis., September 6, 1955

A dividend of $1.75 per share upon the outstanding Preferred Stock of this Company has been declared payable October 1, 1955, to holders of record at the close of business September 12, 1955. No dividend action was taken on the Common Stock.

WM. B. PETERS, Secretary-Treasurer

Burroughs

223rd CONSECUTIVE CASH DIVIDEND

A dividend of twenty-five cents ($.25) a share has been declared upon the stock of Burroughs Corporation, payable October 20, 1955 to shareholders of record at the close of business September 23, 1955.

Sheldon F. Hall,
Vice President and Secretary

Detroit, Mich.
August 31, 1955

CANADA DRY

DIVIDEND NOTICE

The following dividends have been declared by the Board of Directors:

Preferred Stock

A regular quarterly dividend of $1.0625 per share on the $4.25 Cumulative Preferred Stock, payable October 1, 1955 to stockholders of record at the close of business on September 15, 1955.

Common Stock

A quarterly dividend of $0.20 per share on the Common Stock, payable October 1, 1955 to stockholders of record at the close of business on September 15, 1955.

Transfer books will not be closed. Checks will be mailed.

Wm. J. Williams
Vice-President & Secretary

ALLEN B. DU MONT LABORATORIES, INC.

The Board of Directors of Allen B. Du Mont Laboratories, Inc. this day has declared a dividend of $.25 per share on its outstanding shares of 5% Cumulative Convertible Preferred Stock, payable October 1, 1955 to Preferred Stockholders of record at the close of business September 15, 1955.

August 25, 1955

Paul Raibourn
Treasurer

DU MONT

In All Phases of Television

New York, September 7, 1955.

The Board of Directors has this day declared a quarterly dividend of Eighty (80) Cents per share on the Capital Stock of this Company for the quarter ending September 30, 1955, payable on October 17, 1955, to stockholders of record at the close of business September 15, 1955.

STUART K. BARNES, *Secretary*

Guaranty Trust Company of New York

INTERNATIONAL SHOE COMPANY

ISCO

St. Louis

178TH CONSECUTIVE DIVIDEND

Common Stock

A quarterly dividend of 60¢ per share payable on October 1, 1955 to stockholders of record at the close of business September 15, 1955, was declared by the Board of Directors.

ANDREW W. JOHNSON
Vice-President and Treasurer

September 1, 1955

LOEW'S INCORPORATED

September 1, 1955

The Board of Directors has declared a quarterly dividend of 25c per share on the outstanding Common Stock of the Company, payable on September 30, 1955, to stockholders of record at the close of business on September 13, 1955. Checks will be mailed.

CHARLES C. MOSKOWITZ
Vice Pres. & Treasurer

MIAMI COPPER COMPANY

61 Broadway, New York 6, N. Y.

July 20, 1955

A quarterly dividend of fifty (50¢) cents per share was declared, payable September 27, 1955, to stockholders of record at the close of business September 15, 1955.

An extra dividend of fifty (50¢) cents per share was declared, payable September 27, 1955, to stockholders of record at the close of business September 15, 1955.

JOHN G. GREENBURGH,
Treasurer.

MRS WAGNER'S PIES

WAGNER BAKING CORPORATION

The Board of Directors has declared the regular quarterly dividend of $1.75 per share on the 7% Preferred Stock, also a dividend of 5 cents per share on the Common Stock. Both dividends payable October 1, 1955, to stockholders of record September 16, 1955.

J. V. STEVENS, Secretary.

ROBERTSHAW-FULTON CONTROLS COMPANY

Greensburg, Pa.

PREFERRED STOCK

A regular quarterly dividend of $0.34375 per share has been declared on the $25.00 par value 5½ per cent Cumulative Convertible Preferred Stock, payable September 20, 1955 to stockholders of record at the close of business September 9, 1955.

COMMON STOCK

A regular quarterly dividend of 37½c per share has been declared on the Common Stock payable September 20, 1955 to stockholders of record at the close of business September 9, 1955. The transfer books will not be closed.

WALTER H. STEFFLER
Secretary & Treasurer

August 23, 1955

NATIONAL UNION FIRE INSURANCE COMPANY OF PITTSBURGH, PA.

135th DIVIDEND DECLARATION

The Board of Directors of this company today declared a cash dividend of Fifty Cents (50¢) a share on the capital stock. This cash dividend will be paid September 30, 1955 to stockholders of record at the close of business September 12, 1955.

William MacLeod
Treasurer

September 6, 1955

Washington . . . And You

Behind-the-Scene Interpretations from the Nation's Capital

WASHINGTON, D. C.—Flood insurance at the moment is nothing but a gleam in the official eye. Nobody has the foggiest notion of how to work it or how much it will cost.

Genesis of the thing was President Eisenhower's remarks after he met the Governors in Hartford after his inspection of the flood damage from Diane's rains. He said something should be done to prevent floods in the future and to insure the losses from flood damage. There was no preliminary ground-work for the President's suggestion. It was strictly casual.

On the other hand, when the President of the United States gets a sudden inspiration that something should be done, no matter if he just read it from his cuff the minute before he talked, then all the big, little, and medium bureaucrats heave to and start working out a plan.

Norman P. Mason, Administrator of the Federal Housing Administration, has appointed a committee to work out a scheme. No matter how offhand a President is, A PLAN, if one can be found, will be offered to Congress.

Undoubtedy it will require legislation. There is certain to be another annual housing legislation circus in 1956. In the first place, the President got both more and less than he wanted in housing legislation in the 1955 session. In the second place, the good little Democrats want to concoct some 1956 housing legislaton to please the voters in the Presidential election year.

So anything like insurance of losses from lood damage probably would be tacked on to this housing legislation.

Recalls 1951

In 1951, after the floods in Kansas and Missouri from the overflowing of the Missouri and Kansas Rivers, Harry Truman talked insurance of losses from flood damage. In due course, this project died a natural death of ennui as news of flood damage petered out and so the political appeal of a new program also died out. Furthermore, the late if reincarnated Reconstruction Finance Corp., found that the number of appeals for loans as a consequence of the 1951 damage was remarkably short of what the earlier headlines had indicated as possible. The Small Business Administration is rapidly becoming the reincarnation of the RFC as to disaster as well as other loans.

There is a difference, however, between the flood of 1951 and the 1955 debacle. More states were hit this year than by the 1951 flood of the Missouri. Furthermore, when rivers overflow as they do every now and then, it usually happens that low-lying properties are regularly hit. Insurance authorities revealed that nobody much is interested in taking out flood insurance execept persons having properties that are vulnerable to floods. In the case of the 1955 disaster, however, the damage was due to a fluke, to nearly a foot of rain which swamped streams and flooded areas that might never again be flooded in a century.

Budget Outlook Is Pessimistic

When the Secretary of the Treasury and the Director of the Budget briefed the press about the official mid-summer budget revision a couple of weeks ago they were quoted as saying that the current year's budget, barring unforeseen developments, can and should be balanced.

There was one optimistic note in the actual official document. It was a prediction that budget receipts would aggregate $62.1 billion. This sum is $2.1 billion more than was estimated last January, and $1.9 billion more than was collected in fiscal 1955.

It is even possible that the Treasury may have underestimated current year revenues, especially personal income tax collections.

On the other hand, the figures issued in the official revision point up one trend which observers, including this correspondent, have been suggesting for a long time civilian expenses of government are on the rise.

Estimated increases for this year, as compared with '55, are officially forecast for the residual catch-all category of "general government" expenses, for interest on the debt, for "commerce and manpower," for veterans' services and benefits, and for welfare, health, and education.

Underestimate Farm Costs

A significant factor in the mid-year budget revision was that the cost of farm benefits and services was forecast officially at nearly $1 billion less than for the current fiscal year.

With respect to the farm program, there is a natural mote in the eye of the Eisenhower Administration. It has attempted, even in its private conversations with Congressional leaders, to kid itself into thinking that the Administration's timid approach toward less costly farm price supports was going to work something of a miracle in the way of getting this huge cost item off the Treasury's back.

For that reason the budget in Januuray greviously underestimated the fiscal 1955 cost, and it looks quite likely that the current year cost is also being underestimated. The flexible supports were not operative in 1955, of course, but the Administration earlier this year said they would be a factor in limiting the outlays of the Commodity Credit Corp. An average drop of three or four percentage points in the support level, however, is insufficient to stem the flow of surplus farm commodities into government hands when the general farm price level is sagging as it is.

Finally, Agriculture Secretary Benson has had pretty good success in giving away farm commodities for foreign currencies, so much success that Congress boosted from $700 million to $1.5 billion, the sums which could be used for this purpose. This "Foreign Trade and Development Act" has hardly begun to show up in the budget. While deals for somewhere near a half-billion dollars of commodities have been made, the actual sale and taking of losses has hardly begun.

Predict Lower Military Spending

Another factor is the assumption of the Eisenhower Administration, in the mid-year budget review, that Defense Department military functions can be pared back to the long-run target of $34 billion, versus $35.5 billion reported as actually spent, in the mid-year revision of the budget. (Curiously the Treasury preliminary fiscal year-end statement placed Defense Department military spending at $35,847 million, the "final" daily Treasury statement covering fiscal 1955 placed these expenditures at $35,729 milion, and the budget now says "actual" spending was $35.5 billion.)

Tax Cut Move Gains

Despite this outlook, which is not sanguine for the possibility of going any lower than the revised deficit estimate of $1.7 billion for the current year, the surge of sentiment for tax cuts in 1956 is rising.

This means that tax cuts would come at a time when business is at a peak (if it has not receded in the meantime), when government guarantees and subsidies are rising, and when the government is more than 80% dependent upon the personal and corporation income taxes for its receipts. Income taxes, especially on business, fall with more than geometric rapidity if there is any decline in business volume.

At the same time, the more business slides, if it ever turns down, the more the government is likely to be called upon to make good on its multifarious loan guarantees, a contingent liability not even carried in the budget.

Furthermore, Congress has before it numerous expensive White House proposals, many of them supposedly to be outside the budget, for aid to farmers with subnormal incomes, aid to schools, for the building of highways, and for providing better health facilities and health "reinsurance," among other things.

(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

"You're putting my money in ESCROW?—Oh, no you don't! I want it kept here in the city—not out in some one horse town!"

Two With Carroll, Kirchner

(Special to The Financial Chronicle)

DENVER, Colo. — Robert M. Clennon and Marion B. Kuhlman have become associated with Carroll, Kirchner & Jaquith, Inc., Denver Club Building.

Now American Inv. Secs.

FT. WORTH, Texas.—Archibald E. Crow is now conducting his investment business under the name of American Investment Securities, Inc. from offices in the Burk Burnett Building.

Joins Pruett Staff

(Special to The Financial Chronicle)

ATLANTA, Ga.—Coy R. Lander has become affiliated with Pruett and Company, Inc., 710 Peachtree Street, N. W.

Business Man's Bookshelf

Books, Fall 1955 — Catalogue of Princeton University Press, Princeton (paper).

Guaranteed Annual Wage—A bibliography — Business Information Bureau, Cleveland Public Library, 325 Superior Avenue, Cleveland 14, Ohio (paper), 25c.

Interpretation of Financial Statements—1955 Revised Edition—Benjamin Graham and Charles McGolrick—Harper & Brothers, 49 East 33rd Street, New York 16, N. Y. (cloth) $2.25.

Tax Exempt Income for the individual investor — Tripp & Co., Inc., 40 Wall Street, New York 5, N. Y. (paper).