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EDITORIAL

As We See It

It is the professional friend of the farmer rather than the farmer himself who seems now to be embattled. But the Democratic politicians profess to hope, and at least some of their Republican adversaries apparently fear, that the farmer at next year's election will fire a shot that will be heard 'round the world. In a larger sense, though, the farmer is now and has long been very really embattled—with time-serving politicians, with a relentless economic situation, and with his own bull-headedness. Saddest of all, there is apparently not one, farmer or politician, who is wiling to look the facts full in the face, and to plan and work accordingly.

As at least the older generations well know, this current farm situation has a history—a long, tortuous and frustrating history. There was a time—and it was not an antediluvian era, either—when the farmer complained that he had to sell in a highly competitive market, and buy in a monopolistic or semi-monopolistic market. Dispassionate observers have to admit that at times at least there was some strength in his case. He used to say, too, that he had no tariff protection—and could not get any even if politicians were willing to give it to him—while manufacturers were sheltered behind a high and a thick protective wall. He was often right. He believed that the industrialist and the merchant were able to borrow readily and cheaply in the financial centers of the nation while he in more remote regions either could not borrow at all or was obliged to pay very high interest rates—a disadvantage which he believed unfair and un-

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Basic Changes in the American Economy

By DWIGHT W. MICHENER*

Economist, the Chase Manhattan Bank, New York City

Mr. Michener lists as the five basic changes in our economy which are of particular importance at present: (1) the rapid increase in our population; (2) the larger emphasis upon technological improvement; (3) increase in size and influence of the Federal Government; (4) increased use of credit; and, lastly, (5) decline in the relative importance of agriculture in American progress.

The American economy is in one of the most dynamic periods in its history. The present situation has many of the characteristics of a boom—not so much one of speculation as a period of general and extraordinary development. There is a kind of economic metamorphosis going on all around us. The economy is changing, and the changes are so frequent and numerous that we almost take them for granted. This makes it harder for us to realize their full significance. Five basic changes are of particular importance.

D. W. Michener

The first change relates to population. In recent years, our population has been growing at a rapid and unexpected rate. Already, there are more than 164 million people in this country, a number which, only a couple of decades ago, was not expected much before 1975, and the population is increasing at a rate of nearly three million a year. Furthermore, the population is changing its location within the country much more frequently than it was a few years ago. People are moving from the farm to the city, from the city to the suburbs, from one area to another, out of some states into other states, and so on. Also, American families have been climbing up the income ladder.

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*Summary of an address by Mr. Michener at the Fall Conference of the Maryland Utilities Association, Virginia Beach, Va., Sept. 16, 1955.

Licensing and Financing Foreign Chemical Operations

By ROBERT S. ARIES

President, R. S. Aries & Associates
New York City

Commenting on our large and growing investments abroad, Mr. Aries holds the chemical processing industries, being basic in character, should be able to participate on more than a proportional basis in this boom. List as prerequisites: (1) a practical approach, (2) favorable environment, and (3) adequate and qualified personnel. Cites methods of financing, and gives examples of licensing operations.

Industrialists and professors alike refer to the U. S. foreign activities as just a "drop in the bucket." This is gross misstatement. Industrial managers must wake up to the fact that there has been a change. In 1955 the U. S. foreign activities are at an all time record of $36.8 billion, which is larger than the gross farm income ($33 billion), total investment in capital equipment ($24 billion) and all new construction ($32 billion). The executive who brushes off the possibility of licensing or entering foreign chemical operations is not doing justice to his stockholders. Even direct U. S. exports have risen to an annual rate of $14 billion, primarily because of a big increase in sales to Europe which is enjoying an unprecedented prosperity.

Dr. Robert S. Aries

The increase in world demand has necessitated an upsurge in investment, including private American investments in the form of cash, equipment and technology. The unsatisfied demands of the world make it unlikely that the experience of 1929 will be repeated. The opposite is true—the stage is set for a new era of international economic expansion. The chemical processing industries, being basic in character, should be able

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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 39.

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

McLouth Steel Corporation — F. John Keogh, Jr., Baker, Simonds & Co., Detroit, Mich. (Page 2).

Coca-Cola Company — Ross H. Walker, Resident Partner, Abbott, Proctor & Paine, Richmond, Va. (Page 2).

F. JOHN KEOGH, JR.
Baker, Simonds & Co., Detroit, Mich.
Members, Detroit Stock Exchange

McLouth Steel Corporation

McLouth Steel Corp is engaged in the production and sale of flat rolled carbon steel and stainless steel, principally for the automotive industry. The corporation is one of the few major producers of such products in the Detroit area, with a capacity of 1,460,000 net tons of carbon steel ingots annually. It is unique from other steel companies as it is located in the heart of the greatest steel consumption belt in the world. At the same time this belt is also the greatest producer of steel scrap. This gives McLouth a freight advantage over its larger competitors, both as to cost of scrap and to cost of delivery of its finished products.


F. John Keogh, Jr.

The corporation was organized by the late Donald B. McLouth under the laws of Michigan on April 27, 1934, to roll and process hot rolled carbon steel strip. The capacity of this small rolling mill was 10,000 tons annually. In 1937 through conservation of earnings, McLouth installed a cold rolled steel plant with a capacity of 110,000 net tons of steel. World War II then came along and stymied further expansion. With the conclusion of World War II the corporation again embarked upon an ambitious expansion program. One of the first steps was to begin the rolling of stainless steel in 1947. Today they have both the ability to produce and roll 60,000 net tons of stainless steel—a high profit item in the steel industry. While this entry into stainless steel was going on they were also increasing their capacity of carbon steel to 580,000 net tons of steel ingots per year by the construction of a new mill at Trenton, a suburb of Detroit.

In June, 1953, the corporation started an even larger expansion program involving the expenditure of approximately $100,000,000 over a 22-month period. This has resulted in a capacity to produce 1½ million tons of steel annually. The heart of the added capacity has been a new process for making steel known as the "Oxygen Process." This process involves the blowing of high purity oxygen at high pressure into molten pig iron mixed with relatively small amounts of scrap, and the pouring of the blown metal into ingot molds without any additional processing.

McLouth is the first steel producer to install this process in the United States. It is our understanding that this process results in the production of an extremely high quality steel (unusually low nitrogen content), and at the same time the costs of production are lower than those of conventional methods. These expansions have resulted in the expenditure of $124,000,000 since 1948, or approximately $108 per share on the 1,189,000 shares of common outstanding.

The money for expansion has been raised entirely from retained earnings and the sale of senior securities. Twenty-seven million dollars of these securities were sold to two of McLouth's best customers—General Motors Corp. and American Metal Products. Along with the sale of these securities, McLouth received from General Motors and American Metal Products long-term contracts to purchase their steel at competitive prices.

McLouth has received certificates of necessity from the U. S. Treasury Department covering most of the expansion of the last two years. It is estimated that McLouth's "cash throw off"—earnings after taxes but before depreciation and amortization could amount to about $18 per share annually for the next five years operating at 85% of capacity.

The investor can look for little or no cash dividends for the next six years. However, we can reasonably expect that the corporation will from time to time continue its policy of paying stock dividends. Since 1950 the corporation has paid stock dividends of 100% and 25%.

In conclusion we feel that McLouth is an attractive security for the following reasons: (1) nearness to a market for its product, (2) nearness to source of scrap steel, (3) excellent management, (4) favorable tax treatment of corporate earnings, (5) high leverage of common, (6) assurred markets with its creditors, (7) favorable steel industry outlook.

McLouth Steel Corp. common stock is traded in the Over-the-Counter Market and was recently selling at about 43.

ROSS H. WALKER
Resident Partner, Abbott, Proctor & Paine, Richmond, Va.
Members New York Stock Exchange

Coca-Cola Company

I regard Coca-Cola as an outstandingly attractive investment for a conservative individual or institutional investor, either for new commitments or as a substitute for other common stocks which may have become vulnerable by reason of substantial price appreciation, because I am confident this company is entering a new phase of its existence which will produce substantial growth in its gross business as well as improvements in the margin of profit on sales.


Ross H. Walker

Listed on the NYSE and selling currently at 136, this stock affords a yield of 3.69% on the well-assured dividend of $4 regular, plus $1 extra. In my opinion, the downside risk is slight—particularly in relation to the price of most other high grade issues.

Obviously, my opinion is influenced considerably by confidence in the effectiveness of important changes in policy which have been made and which probably will be made as a result of the change in executive management which occurred earlier this year.

While Coca-Cola's business has shown substantial growth in foreign countries during recent years, its domestic business has not grown in keeping with the industry. Coca-Cola's percentage of total domestic sales of soft drinks declined from an estimated 60% of the total in the middle 1930's to an estimated 40% of the present total. Operating profits (before taxes) which were 45.1% of gross sales in 1940 declined to a low in 1954 of 22.8%.

Since 1919, when the late Ernest Woodruff and associates acquired control, Coca-Cola has shown phenomenal growth and much of the credit for this is attributable to Robert W. Woodruff who retired as Board Chairman early this year. It is obviously difficult for a management which has been so successful to change policies which have accounted for its success, but it is nevertheless obvious that for too long a period, this company maintained a price for syrup to fountains and bottlers which failed to take into account the inflation in costs, and that it has failed to take full advantage of changes in consumer demand.

Coca-Cola's contracts with bottlers, which have been in effect since 1921, provide for changes in price depending upon the price of sugar, but in other respects, they have not been revised to cover the increase in such substantial costs as advertising and labor. While these contracts are perpetual, it would appear that their provisions are such that they may be changed under conditions now prevailing. Contracts with bottlers in foreign countries provide for changes depending upon the price at which these bottlers sell their product. With higher retail prices for Coca-Cola prevailing over much of the domestic territory, it seems reasonable that some change may be expected such as would improve the profit margin on domestic sales.

In recent years, there have been important changes in consumer demand for soft drinks and particularly, a very large increase in the amount of soft drinks consumed in homes. It is estimated that only about ⅓ of the total sales of Coca-Cola is for home consumption as against about ⅔ of the total volume of its principal competitor.

Mr. William E. Robinson who became President of Cola-Cola in February this year has a fine record of achievement prior to this association. Before his selection as President, he served as the head of Steve Hannagan Associates, a publicity organization that served Coca-Cola as well as many other well-known companies, had an opportunity to study this company and the directors of Coca-Cola had an opportunity to evaluate his abilities. In view of the very large stock holdings of some of the directors of the company, it seems improbable that they would have selected Mr. Robinson to develop new policies if they had not been very confident of his qualifications for this

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The Squeeze Play

Discussion of SEC proposal to establish ratio limit between aggregate indebtedness and net capital for brokers and dealers who do not extend credit to customers nor carry money or securities for their account.

The Securities and Exchange Commission now proposes to amend one of its rules which provides that no broker or dealer shall permit his aggregate indebtedness to all other persons to exceed 2,000% of his net capital.

As presently constituted, there is exempted from the provisions of this rule any broker or dealer who does not extend credit to customers or carry money or securities for the account of customers or owe money or securities to customers except as an incident to transactions promptly consummated by payment or delivery.

The proposed amendment seeks to delete this exemption, and all interested persons are invited to submit their views and comments on the proposal to the SEC on or before Sept. 26, 1955.

Count us as opposed to this iniquity.

The adoption of this amendment would add one more to the long list of grievances which the public and broker-dealers and underwriters already have against the Commission.

Today SEC makes the lot of those engaged in the securities business burdensome and difficult.

Operating in camera, refusing to dislose relevant facts to those affected, not even to Congressional committees, it nevertheless is an obdurate, relentless and not infrequently, an unfair taskmaster in the exercise of its broad and often self-imposed powers.

Its practice of visitation, the examination, on many occasions without complaint from any source, of the books, records and papers of broker-dealers interferes with the regular course of business. It may be just a fishing expedition or used for purposes of reprisal.

Its reporting requirements add to the load.

SEC interference in private controversies, e.g., proxy contests for corporate control is another evil. Here it should learn to mind its own business and have the good sense to know that owners of securities are not babes in the woods and can decide for themselves the merits and worth of corporate management. They have done so effectively long before the Commission ever came into existence.

Another basic wrong we have constantly pointed up is the hearing or trial system in cases pending before the Commission. In these the SEC acts as investigator, prosecutor, counsel, judge, jury and plaintiff. It controls the right of subpoena, may face respondents with surprise witnesses, while such respondents must obtain their subpoenas from the Commission itself. True, there is a trial examiner or hearing officer, and the Administrative Procedure Act has tried to bring some order out of this chaos. However, many of those who have appeared at these hearings can certify to the inadequacy and injustice of it all.

How can a plaintiff be expected to be impartial in his own cause?

Power seeking prosecutors may become persecutors and be indifferent to right or wrong in order to realize the ambition for a successful record.

The list of grievances hardly stops here.

Now comes the Commission and seeks to erase an exemption which it originally granted by rule. It must have given consideration to that exemption in the first instance. It must have weighed, and it was its duty to weigh the reasons therefor. When was the SEC wrong?

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Arbitrage in the Corporate Bond Market

By GUSTAVE L. LEVY*
Partner, Goldman, Sachs & Co.
Members, New York Stock Exchange

Defining arbitrage as the simultaneous purchase and sale of equivalent securities with a view to making a quick profit, Mr. Levy discusses the qualifications and activities of an arbitrageur. Lists principal categories of bonds related to arbitrage. Discusses the pricing of convertible bonds, and cites facts with reference to the new A. T. & T. convertible issue. Gives data pertaining to arbitrage in reorganization bonds.

I will attempt to try to explain the work and effect of arbitrage and the arbitrageur on the bond market. First let us have a definition of what arbitrage is. My definition, the one I have gone by for years, is that arbitrage is the simultaneous purchase and sale of equivalent securities. For example the arbitrage could be between identical stock that are commonly listed on different exchanges such as New York, and Los Angeles, or in convertible securities, between two different companies that are merging into one another, and so forth and so on. The arbitrageur is a man who trades in these types of transactions. The purpose is to try to make a simultaneous profit, a quick profit without any risk. One's capital is tied up for the purpose of making a good and fair return without taking any risk on that capital.

Gustave L. Levy

Now, what is the qualification of an arbitrageur? Well, first, an arbitrageur is supposed to be— and I emphasize "supposed to be" —an expert in bonds, preferreds, and common stocks, not only of rails and utilities but also of industrials in all their broad classifications. That is a pretty tough job, to be an expert on all those things and so we have got to skim the surface pretty well. Also, an arbitrageur is supposed to have some knowledge of corporate reorganization law and an arbitrageur must be fully aware of and know the rules of trading of the New York Stock Exchange, the American Stock Exchange, the National Association of Security Dealers and the Securities and Exchange Commission.

I have been at this business since 1928. I came up from New Orleans in 1927 and I find I know very little about it and I learn a lot every day.

*A talk by Mr. Levy at the Fifth Annual Forum on Finance, conducted by the Graduate School of Commerce, Finance, and Accounts, New York University, New York City, Sept. 2, 1955.

Three Principal Bond Categories

Arbitrage in relation to the bond market is divided into three principal categories. The first, geographical; the second, convertible bonds and subscription rights; and the third corporate bonds which are either involved in or emanate from corporate reorganization, capital simplification or merger or reorganization under one of the bankruptcy laws.

As for the first category, geographical, today there is a large business going on in foreign bonds between New York and Amsterdam, New York and Berlin, Frankfort, and so forth. I am not going to say very much about that category because I believe that this aspect will be discussed by another speaker.

The second category, convertible bonds, is to me the most interesting aspect of arbitrage in the corporate bond market. In recent years literally billions of dollars, of these convertible bonds have been issued. For instance, the telephone company alone has issued something over $3 billion convertible bonds to finance their huge expansion program which is necessitated by the large waiting list—I think it is over a million still — of potential subscribers, subscribers who have actually got their names on the books waiting telephone service.

Amongst others in the utility field who have issued this type of security are Houston Lighting & Power, Columbia Gas & Electric, and Southern California Edison.

Amongst the industrials, companies that have recently issued convertible bonds are Hertz Corporation, Grand Union Stores— you know the chain of stores that goes across the country — Inland Steel, Phillips Petroleum, and Colorado Fuel & Iron.

These convertibles have a great many advantages to the investor and I would like to just list a few. First, when convertibles are bought right they combine the safety of a bond with the appreciation potential of common stock. Second, in weak, high or uncertain markets, when you don't know what to do, you have the safety of senior issue at its so-called "investment value" ex the conversion rights, therefore the security has got a floor but it has no ceiling, which is quite an advantage in these times. The only disadvantage of convertible bonds is that they usually sell too high. In other words, the investor is willing to pay what I consider too much for the conversion or option privilege.

I would like to list a few of the principal features of the convertible bond. First, they are usually unsecured. They are usually fixed debenture bonds without any mortgage or lien on property underneath them. Second, they are most of the time convertible at a fixed price but in some cases the price rises as the years go by. The majority of them are convertible during the life of the bond but some have stepped up conversion rates — for instance, the bond might be a 15-year bond and might only be convertible for five years, some for 10 years, etc., but generally they are convertible for the life of the bond. Third, they all have call prices. The reason for this is that when the stock goes up and the conversion feature becomes effective, the issuing company likes to take advantage of the market rise and call the bonds, thereby forcing conversion. In most of the issues the call price is pretty near to par, however, a lot of them are non-callable for a year in order to give the investor a run for his money. The fourth feature is that they are usually offered directly to the public, sometimes through subscription rights, and may be or may not be underwritten. They usually sell at quite a premium so there is no necessity for underwriting, but in some cases some corporations want to just pay that extra amount of money to insure that it receives the funds it's trying to get.

Purchasers of Convertible Bonds

Now, let us see who buys these convertible bonds. First, all financial institutions buy them — banks, insurance companies, pension funds, trust funds of various kinds, investment trusts, and so forth. They buy them usually if they are of good quality. By good quality I mean if they are within the first four ratings, B AA or better. The second condition of whether or not they buy them is that the conversion price doesn't make the value over the so-called investment value too much. For example, a bond which has an investment value of par, has an A rating has a 3¼% coupon, would certainly qualify for purchase by a financial institution. If that bond sold at 115 or 120 I doubt whether any financial institution would buy at that price. On the other hand, if it sold at 105 or 106 or perhaps even as high as 110, a financial institution might buy it and wouldn't be criticized for paying too much of a premium for the conversion or call feature.

The second type who buys these bonds are private investors. Lately private investors have been the ones who have been taking the play away from institutions on this type of security. Banks around New York and around the country in general are willing to lend on one of the first four rated bonds up to 90% of the market value. The current going rate on loans to individuals is between 3½% and 4% depending upon the bank, its location, and the character of the credit of the individual borrower. This 10% margin must be maintained at all times. In other words, if you borrow at 90% on a bond that sells at 110, you will be borrowing 99 points and putting up 11 points margin. If your bond would go down two points, the bank would ask you for two points additional margin. That is what I mean by the margin having to be maintained. These investors buy these bonds for their speculative potentialities because they feel, as I said before, that there is a floor

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Observations . . .

By A. WILFRED MAY

NEW LOOK AT THE UN

UNITED NATIONS, N. Y.—Again this year, just 14 minutes after the start of the Tenth General Assembly, the world's peace-loving nations became embroiled in that proposition to seat representatives of the Central Peoples Government of the Peoples Republic of China (the Communists).

From the political analyst's viewpoint, this quick re-introduction of the China-admission controversy provides a timely keynote. It gives advance indication of the course of the Soviet representatives' anti-U. S. vituperation, which has been widely designated as a highly significant thing to watch for at this session.

A. Wilfred May

Today's proceedings reveal in the first instance, that although the routine remains unchanged from the past with respect to the procedural timetable, the spirit is different. The erstwhile display of bitterness has greatly subsided; Mr. Molotov on the rostrum seemed now to be merely going through the motions, with his sarcasm concentrated on the relatively insignificant representative of the seated Government of the Republic of China (the Nationalists), in lieu of the United States. His sting is missing, with unwonted calmness extending even to the rendition by the Russian-to-English interpreter.

But of far greater significance is the revelation through this dragging-in of the traditional China-seating controversy, of the effectiveness of the strategy of the Soviet's new "Amiable Coexistence" behavior. Citing the "success" of the Geneva Conference, Mr. Molotov fastens on our anti-China "intransigeance" the blame for stubborn blocking of just another easy step to good will. The former Washington and Moscow roles are reversed. Now it is we who are the obstructionists, the stubborn blockers of harmony. Surely to much of the world's wishful-thinkers, the Russians are the peace and good-will champions; the Americans the "ornery ones." Mr. Lodge—in lieu of the late Mr. Vishinsky—is now cast in the role of obstructionist relying on procedural maneuvers.

This effective Russian "New Look" of amiability is reflected right down the line of the respective sympathizing nations. The British position, as explained by Minister of State Anthony Nutting, recognizes Communist Chinese, but simultaneously supports the United States' position of barring them from the UN, on the ground of its being a too-hot-to-handle question. This must certainly seem to much of the public as mere sophistry, or at least as substantiating the charge of procedural obstruction to international good will.

And so on down the line: the representatives of India, Poland, Burma, Czechoslovakia, and—significantly—Yugoslavia, in supporting the Russian position, seem successfully to have put across the impression that the U. S. is blocking worldwide reconciliation, is unrealistic, and needlessly "rocking the boat" which is all ready to carry the world to coexistence.

This observer has throughout UN history wondered why the Kremlin's diplomatic strategy was not always geared thus; in lieu of their obligingly helping us by their vituperation and clear-cut revelation to the world public of their aggressive state of mind and aims.

Meeting me here today, a voluble member of the Polish delegation whom I had known in Moscow three years ago, twitted me about my country's long delay in falling in with Russia's "always existing" friendship attitude. Actually, as I reminded him on the previous occasion, he as well as all others following the anti-U. S. line of the Soviet orbit, had given me the typical *anti*-existence tirade.

The real test of the Kremlin leaders' intentions, outside the area of "amiability" or other propaganda tactics, will be revealed in coming weeks through her reaction to key questions to be raised within these UN halls, as: the Eisenhower proposal for mutual aerial inspection of military installations, and other disarmament negotiations; the Morocco and Algeria conflicts; the Indonesian and Korean problems: Cyprus with the serious repercussions in Greece and Turkey; and the possible review of the UN charter. And in the economic field, a good test of her intentions will be provided with the definitive consideration of the International Finance Corporation proposal.

And for our realistic edification outside the UN area, we must keep our eyes on Moscow's efforts to further the international Communist movement manifested by its unceasing pressure to get NATO and all other Western alliances scrapped, as a preliminary to Germany's re-union; and to force the dismantling of our European bases, with the withdrawal of American troops across the Atlantic—i.e., the entire emasculation of the West's security.

By such deeds, rather than forensic oratory, will realistic appraisal of the genuineness of the New Look be provided!

Chemicals—Pharmaceutic And Therapeutic

By IRA U. COBLEIGH

Enterprise Economist

Casting a spotlight on that section of the chemical business devoted to maintaining the health of mankind, and combating the inroads of disease.

Today while treating with chemicals, we're going to shy away from such standard items as nitrogen, ammonia, oxygen, alcohol and alkalis and talk about curative and health giving drugs. This is the section of the chemical trade where the accent is heavy on research — getting there first with serum, potion or lotion—and then merchandising it. If you turn out a good phosphate, a potash or an ammonia, dozens of big users of these stuffs wait on your doorstep to buy. But if you bring out a new wonder drug to cure gout, gangrene or gastritis, you have first to research the bugs out of it in the lab, then get it medically accepted; and finally set in motion a dynamic selling campaign so broad that this new boon to therapy gets nation, or even world wire, acclaim and sales.

Ira U. Cobleigh

You first saw this research-approval - merchandising ethical drug cycle applied to vitamins—beginning some 15 years ago; you saw it again in penicillin beginning in 1950; and you've seen it since in a broad variety of wonder drugs and antibiotics—Dramamine for seasickness, Cortizone for arthritis and, most recently, the Salk Vaccine for polio, to name but a few. The pattern is getting to be pretty familiar but, let's face it, the market places a less romantic interpretation on new cures than it did five years ago. For example, in February 1950, **G. D. Searle & Co.** common was offered for subscription at $35 a share. In that year, Searle brought out "banthine," effective in the treatment of ulcers (1% of our population has 'em); and followed this exciting item with "dramamine," a boon to the seasick-prone. So dramatically did these drugs appeal to investors, and so optimistic an earnings projection did they (the investors) conjure up, that Searle common in 17 months (by July, 1951) had risen to 120, and was split 2 for 1 (the split shares now sell at 101, and pay $2.40 out of earnings indicated around $4.25 for 1955).

This was a classic example of romantic market acceptance of the results of research, testing and marketing. Similar market swings in the 1950-52 period could have been noted in Merck, Pfizer and Squibb. Now these are all fine stocks today (Squibb has since merged with Olin-Mathiesen) but the point to note is that the introduction, today, by any of them, of a new major drug with a broad potential, would be unlikely to have the same zooming effect on the subject equity. We have learned as, in the case of penicillin, for instance, that others (after the originator) may come along with far lower cost techniques; or other competing products may be offered to provide equivalent treatment or remedy cheaper and perhaps better than the pioneer item; some of these vaunted wonder drugs just didn't live up to their billings; and finally some solved one medical problem only to create another (for example, some people react unfavorably to sulfas or penicillin).

Thus, while research in all top flight companies continues with great intensity, and new therapeutics are constantly coming into use, stock buyers today are far more temperate in their views about the proft potentials of some of these pestle products.

With this brief pharmaceutical prelude, we'll spend the next few paragraphs browsing around among some of the companies that have been doing a pretty good job in ethical drugs. A relatively small, and not too widely known one is **U. S. Vitamin Corporation,** which, by dedicating itself mainly to vitamins, has grown from $177,000 in sales in 1937 to an annual rate above $10 million for 1955. It has enjoyed, since inception, the distinguished services of Dr. Casimir Funk who created the name "vitamin" ("vita," meaning life plus "amino," an acid substance isolated for the prevention and cure of beri-beri). A featured product of U. S. Vitamin Corp. through the years has been Vi-syneral, a leading vitamin mineral product. In 1947, Methischol, valuable in promoting normal liver function, was introduced; and more recently U. S. Vitamin has been developing a series of drugs for the very young and the very old. The company has done a large export business, particularly in South America, and is expanding its markets in Europe, Africa and Australasia. Common sells over-the-counter around 12, pays 40c, and earns around 80c.

Abbott Laboratories has, for years, offered a broad and highly respected line of ethical drugs presented through smart sales and advertising methods that have kept the name of Abbott at the top of its field, and on the tip of the tongue of thousands of medicos. Abbott pioneered pentathol sodium, which lulls you into surgical slumber by spinal application, abaft. Its more recent offerings include Erythrocin, an antibiotic that works well where penicillin fails. Further, recent Abbott offerings include Tronothane, a local anaesthetic, Iberol for treatment of anemia, and Compocillin —a penicillin type for oral application. Abbott Laboratories has a splendid long-term record of sales, earnings, and dividend payments (since 1926). Abbott, at 42, paying $1.80, should not by any means be regarded as overpriced in this market.

One of the most elegant chemicals with a big slice of earning power coming from pharmaceuticals is, of course, that ever popular blue chip, and denizen of many of the largest trust and insurance portfolios, **American Cyanamid.** It took an early lead in wonder drugs with its successful development and sale of aureomycin beginning in 1950. Its Lederle Laboratories division has, more recently, been active in the development of Tetracycline, believed important in diseases such as typhus and virus pneumonia. Two other companies are reported to have patent applications on this and considerable competition may materialize here.

American Cyanamid also ranks among the largest in the sale of vitamins and vitamin concentrates. ACY should earn well over $4 for 1955, pays a $2 dividend and is a popular favorite in any board room at its current level, around 62. As a chemical company, a drug company, and a bear cat on research, ACY has proved an absolutely top drawer long term holding.

We naturally haven't time here for complete company coverage, in any instance, but the new product progress of many seasoned companies may suggest a new and serious look at their commons. For example, in addition to Cutter Laboratories, Chas. Pfizer & Co., Parke Davis & Co., Merck & Co. and American Home Products are licensees for the Salk Polio Vaccine.

Unfortunately, we have an awful lot of mental cases in our society and, for their treatment, non-habit forming anti-depressants have been sorely needed. One such is Meretran, produced by **Vick Chemical Co.** (common around 58½, paying $1.50); another is Thorozine, produced by **Smith, Kline and French.**

For sea, air or car sickness, **Pfizer** offers Bonamine; and it has also brought out a new anaesthetic, Viadril.

CIBA, a Swiss entry, with six American companies, does an annual business above $175 million, about $80 million of it in pharmaceuticals. It has 200,000 shares of common outstanding, mostly owned by Swiss people since the company has a ground rule against transfer of shares to other nationals. CIBA netted $4½ million last year and paid per share cash dividends (on 160,000 shares then outstanding) of about $14.75, American funds. CIBA has, among many other items, Serpasil to quiet you down if you have high blood pressure or are on the neurotic side; and Ritalin if you're languid and need medical stimulation.

Commercial Solvents does quite a business in antibiotics and vitamins, including bacitracin and penicillin. It too has a new item, Cycloserine, believed useful in treatment of tuberculosis and kidney infections. It has also sponsored "Penline 200," a low cost animal food supplement.

All of these are interesting companies, all are well established and all are using research as the door to new products and new profitability. (Nearly every one is going to earn more this year than last.) Chemical companies as a class devote roughly 2½% of annual gross sales to research. Some of the ones alluded to above, however, do a lot more than that —5% or 6%. Where such research is played back-to-back with top flight selling, you will find a stock that is anything but a "drug on the market."

COMING EVENTS

In Investment Field

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.

Sept. 23, 1955 (New York City) Charles Hayden Memorial Trophy Golf Tournament at Baltusrol Golf Club, Springfield, N. J.

Sept. 27, 1955 (Detroit, Mich.) Bond Club of Detroit Fall Golf Party at Meadowbrook Country Club.

Sept. 29, 1955 (Philadelphia, Pa.) Investment Traders Association of Philadelphia, annual meeting and election of officers at the Warwick Hotel.

Oct. 12, 1955 (New York City) Security Traders Association of New York Annual Beefsteak Party at the Antlers.

The State of Trade and Industry

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

Notwithstanding the continued high level of industrial production for the nation-as-a-whole in the past week, several slight output declines in industry were apparent. Compared with the similar period last year, however, a considerable gain in the production level was achieved. It was also noted that most materials were in plentiful supply.

In the field of labor it was found that claims for unemployment insurance followed a somewhat downward course.

In the week ended Sept. 10, first claims for jobless pay by unemployed persons dropped 22,800 to 160,800 from 183,600 the week before, according to the United States Department of Labor's Bureau of Employment Security. The total was the lowest since October 1952 except for the week ended Feb. 28, 1955, when claims totaled 106,700. A year ago, initial claims for the week totaled 248,800.

The latest drop was attributed to a drop in auto industry layoffs and the recalling of some workers in that industry, together with a big drop in the number of new claims coming from flood-stricken states, which had been large in recent weeks.

A drop of 30,700 in the number of idle workers receiving unemployment compensation in the week ended Sept. 3 brought the total down to 913,800. In the like week a year ago the total on jobless pay rolls was 1,606,300.

It is a good bet that 1955 will be an all-time production year for steel. The mills are really beginning to roll again after several months of frustration by maintenance, weather and vacations, "The Iron Age," national metalworking weekly, states this week.

The chances are that ingot output for the year will approach 115,000,000 tons, compared with the previous record of 111,600,000 tons established in 1953, it asserts.

More and more plants are scheduling—and maintaining—production rates in excess of 100% of capacity. The national ingot rate has been inching up steadily during the last several weeks.

It is a killing pace for the mills, this trade paper adds, with maintenance on a catch-as-catch-can basis. When a mill or a furnace breaks down it is repaired as quickly as possible and put back into production. But major maintenance is out of the way, at least for the time being.

But despite their best efforts, the mills know they are on a treadmill. They take one step forward only to be set back two steps. Incoming orders continue to run in excess of capacity—from 110 to 120% of capacity. If producers accepted all the business offered, the ratio would be 130-150%.

With 1955 already in the bag, producers and consumers are thinking anxiously about 1956. It is something to worry about. Major consuming industries are making plans for another big year with the automotive industry setting the pace, this trade authority states.

While producers have not generally opened order books for 1956, the question is academic. When the time comes, steel customers will be told what they can expect—not what they would like to get. Strict allocations are part of the program.

In the automotive industry the new 1956 model output jumped to 36% of domestic passenger car production last week from 23% in the prior week, "Ward's Automotive Reports," stated.

This statistical agency counted 122,646 car completions the past week, an increase of 53.4% from 79,940 the week previous, reflecting new model production gains of 159% at Ford Motor Co. and 70% at Chrysler Corp.

Truck production, at the same time, moved up 24% to 18,598 from 15,038 last week, but the effects of strikes were taking a greater toll than model changeovers.

"Ward's" said various strikes idled International Harvester for the fourth straight week and halted Willys and Dodge truck building last week, as well as crippling heavy-duty model production at Ford and other producers.

Meantime, United States and Canadian plants, which account for 70% of world vehicle production, scheduled their 7,000,000th car or truck of 1955 the past week, topping the 6,884,185 attained in entire 1954. The record year is entire 1950 with 8,407,240.

In the United States, "Ward's" said, the car makers reached the peak of their model changeover shutdowns last week as the

Continued on page 35

Impact of Automation in The Chemical Industry

By V. F. HANSON*
Engineering Research Laboratory
E. I. du Pont de Nemours & Company, Inc., Wilmington, Del.

In pointing out that during the past decade the average price of chemical products increased less than 40%, while labor and materials costs increased from 100% to 150%, Mr. Hanson ascribes this to technological advances in chemical engineering, particularly in the field of instrumentation and automatic control. He reviews the present status of these advances in the chemical industry and discusses administrative problems involved in promoting a program of automation.

Introduction

I am not going to talk about that mythical wonder—the Push-button plant—with its pipeline tie-in to supply and delivery sources, its fabulous control rooms, and its wondrous automatic accounting and check-writing facilities. Neither am I going to leave you with the impression that such a plant is completely visionary. While I have never seen a plant with all of these features, I have visited plants where I literally walked for miles without seeing an operator. The entire coordination and control of this plant was carried out in a central control room with one or two operators. Actually they were not operators, they were monitors—the operation was automatic and had to be automatic because of the complexity of the operation.

V. F. Hanson

Does this mean that the days of our older type of operations are numbered? Not necessarily. The degree of automation is determined as much from economic as from technological considerations. Small-scale operation can be profitable with simple batch-type equipment. To fully automatize such an operation would probably be folly. Large units producing low-priced products, on the other hand, must be extensively automatized to be profitable.

Economical Requirements

We members of the chemical industry are painfully aware of the fact that during the past 10 years the price of raw materials has more than doubled, and that labor rates have increased over 150%, whereas the sales price of chemical products has increased only 30-40%. The fact that we have not all gone broke under these circumstances indicates that a technological revolution has taken place. A heavy contributor to this revolution is the automation program. We speak of the automation program as though it were a new concept. Actually in our company this program started in 1802 when the company was founded. The incentive in those days was largely to avoid hazards in the manufacturing of black powder by substituting machines for men. Safety has been a motivating force ever since. We have other motivating forces now. These include economy of operation, but more important, they include making possible the production of a wide range of new products that could not have been made with techniques at hand only ten years ago. Another heavy contributor to the revolution has been the technological advances in automatic machinery, servomechanisms, electronics, and associated instrumentation that stemmed from war-time developments.

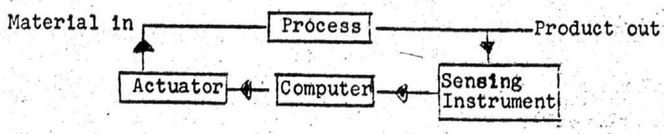
Diversity of Products

The chemical industry today is so diversified that most of the final products could hardly be classed as chemicals. For example, our company and its subsidiaries produce such widely diverse products as heavy chemicals and shotguns, fertilizers and perfumes, paints and toothbrushes, photographic film and textile fibers, to name a few. Very few of the truly chemical products reach the ultimate consumer in the form that they leave the plant. Obviously, if I were to present a comprehensive review of automation in the chemical industry, I would have to cover a lot of territory.

Automation in the Chemical Industry

To us, automation necessarily includes all those things that increase productivity and reduce cost. This must include, among other things, process equipment, materials handling, building layout, automatic machinery, and instrumentation. However, to most people in the chemical industry, automation connotes the instrumentation and automatic control devices that are employed to keep the processes under very close control. It is this area where tremendous advances have been made that greatly affect the trend of modern chemical plant design and operation and will be the subject of my discussion.

The control system for any process can be reduced to the following simple diagram:



A measurement is made on the product leaving the process. It it has deviated from the desired point, the controller or computer determines what corrective action must be taken to change the input by means of a power actuator, such as a motorized valve, so that the output will be restored to normal in a minimum of time. This is called a closed loop-control.

Modern servomechanism theory has been extremely useful in determining the dynamic behavior of the process and control system to achieve optimum control. The dazzling brilliance of the mathematical treatment of the servo theory for analyzing the dynamic behavior of process equipment and control systems has blinded most writers to the limitations imposed by one block in this diagram — the Sensing Instrument. This is too frequently regarded as just a piece of hardware, whereas it actually determines the success or failure of any control system.

To my knowledge, most failures of control systems can be attributed to limitations in the sensing instruments. These failures have generally stemmed from endeavoring to control one property on the basis of measurements made on another. In the past, we have been limited to control systems based on temperature, pressure, liquid level, flow, and a few other measurements that can be made by commercially available instruments.

Today we can buy instruments to measure and control practically any known variable. For example, we can obtain pressure-measuring elements to measure pressures from 10-10 atmospheres to 10,000 atmospheres, temperatures from absolute zero to millions of degrees, flow from a few milliliters per minute to thousands of gallons per minute.

Advances in Measuring Techniques

While these process variables are important and constitute the majority of automatic process control instrumentation, we recognized that substantial improvements in process equipment design and improvements in product quality could be achieved, if we could develop instruments to continuously measure other process variables. These would include chemical composition, color, molecular weight and viscosity of flowing streams. They would also include continuous measurement of weight-per-unit length of yarns and filaments, thickness measurements of moving webs of films and fabrics, and molecular orientation in fibers and films.

We recognized that instrument manufacturers could not be expected to develop instruments to do these things because of the high development cost, limitation of the market, and because of their lack of knowledge of the problems that required quick solutions to meet our needs.

Many chemical and petroleum companies have established research and development groups to provide equipment to meet their own requirements. In many cases, instrument companies have been licensed to make these developments available to industry as a whole. An important new line of instruments made available from these sources that have made possible several of our new operations are continuous process stream analyzers. Ten years ago there were only a few instruments available to determine gas composition continuously so that the process could be controlled automatically. Today we have techniques for analyzing any gas stream for a very wide range of components in concentrations from a few p.p.m. to 100%. These new instruments respond so rapidly that they can be coupled to controllers to automatically control the process. The most versatile of these operate on the basis of light absorption. New instruments are also available to control products on the basis of thickness, shape, color, density, viscosity, or other physical attributes that are susceptible to measurement. Research is in progress to develop instruments to analyze liquids and solids continuously. Some instruments involve miniature chemical plants to achieve the necessary selectivity required to obtain reliable analytical data.

While these developments affect the design of new plants to a decided degree, they can be substantial money-makers if applied to existing processes. I can categorically state that the only processes that would not benefit from some of the modern instruments are those having yields of 100% or better and zero labor cost.

Establishing Instrumentation Program

The question of what the chemical industry can do to exploit these developments must be answered for a group such as we have here today.

Operating supervisors are generally so burdened with day-to-day crises that they are frequently hostile to any change to their process. They are generally satisfied with their operating procedures and equipment if their production yields meet their standards. This is especially true if the supervisor has been on this particular job for several years. Therefore, top management must assume leadership if a program of automation is to be successful.

Special instrumentation groups should be set up in operating divisions to learn enough of the details of the processes to appraise the benefits of better measurement and closer control. Economically attractive installations should be made to give operating supervision first-hand experience with the benefits they get from instruments which tell them the exact status of the process at a time when corrective action can be taken.

The $64-dollar question is—where does one find technically qualified men to do this work? Such men must have a knowledge of chemistry, chemical engineering, electrical engineering, physics, instrumentation, etc. Colleges do not produce the finished product, but they have supplied us with some excellent raw material. Our training programs have been by actual "doing" under the guidance of experienced supervision. Competent maintenance personnel must be provided. The old line "meter man" will resist these new-fangled gadgets. These men must be supplemented by men having a knowledge of electronics and optics and men who can use a soldering pencil or tweezers instead of a blowtorch and a pipe wrench.

Present-day technology and commercially available equipment is capable of solving 80-90% of the profitable instrument application problems. Large financial rewards can be obtained by modernizing processes with such equipment. The major instrument companies have competent sales engineers to assist in solving these problems. This is an area in which plant groups can gain experience and more than pay their way as they grow to handle the more sophisticated development problems. This experience will serve as the basis for worthwhile research and development projects to meet the needs of the plant of the future.

Conclusion

Whereas ten years ago the investment in instruments was in the order of 1-2% of the complete plant, it has risen to 7-10% on plants built during the past four or five years. This growth of instrumentation is expected to continue as long as the total plant investment and operating costs can be reduced by making use of smaller process equipment which in turn is made possible by faster and more accurate control. There are many tantalizing opportunities to reduce over-all operating costs by having process instruments tied into computers as a part of the material control and accounting systems. Many of the major instrument companies are endeavoring to interest industry in equipment to achieve this tie-in. This will be the final link in the chain to realize the fully automatic push-button plant. In the meantime the chemical industry must continue to pioneer many of the special instruments to give instantaneous answers about the operating conditions of their processes. They must develop their own staffs to achieve success in this field. These staffs must include qualified instrument mechanics, instrument engineers, and research and development physicists. Top managegment must look into the value of the rewards to be obtained from an automation program. If it appears attractive, only their wholehearted support will make it a reality.

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

With Mann & Gould

(Special to The Financial Chronicle)

SALEM, Mass. — Walter G. Skeen has been added to the staff of Mann & Gould, 70 Washington Street.

With B. C. Morton Co.

(Special to The Financial Chronicle)

DETROIT, Mich.—John McArdle has become affiliated with B. C. Morton & Co., Penobscot Building.

Two With King Merritt

(Special to The Financial Chronicle)

DETROIT, Mich.—Zenophon P. Smith and Ronald D. Spicer have been added to the staff of King Merritt & Co., Inc.

With Interstate Secs.

(Special to The Financial Chronicle)

CHARLOTTE, N. C. — William H. Gaither is now associated with Interstate Securities Corporation, Commercial National Bank Building.

West Hudson National Offering Completed

Rippel & Co., Newark, N. J., on Sept. 20 announced that all of the 87,000 shares of common stock (par $2) of West Hudson National Bank of Harrison, N. J., which were recently offered for subscription by the bank's stockholders, were subscribed for at $4 per share.

The net proceeds from the sale of the shares are to be used to increase capital and surplus.

Continued from page 2

The Security I Like Best

position. As a condition of his employment, Coca-Cola, for the first time in its history, has given an option whereby Mr. Robinson may purchase a total of 25,000 shares of Coca-Cola stock within a period of five years at 117¼, the price prevailing when the option was given. Obviously, this option provides a tremendous incentive.

Several new developments have taken place. After tests made in company-owned bottling plants, bottles of larger size are beginning to appear on the market to meet the demand for home consumption, though not to replace the present bottle where it is best suited to the demand. After extended research, a pre-mix vending machine has been perfected to provide for demand at places where transportation and storage of bottles is a serious problem. The company, on an experimental basis, is canning Coca-Cola for certain types of export trade.

It seems reasonable to assume that many other potential sales stimulants are under consideration. While the company, since its inception has confined its business to the one product, it may consider the wisdom of utilizing its many resources by the development of other products.

Coca-Cola is the "General Motors" of the soft drink industry with gross sales of about three and one-half times that of the nearest competitor.

Financially, it is exceptionally strong. It has no long-term debt or preferred stock, and at the end of last year, its current assets, including $69,380,000 cash and U. S. Government securities, amounted to $120,738,000 as against all liabilities of $26,017,000. Over a period of years, capital expenditures are not likely to greatly exceed depreciation charges.

The trade name and product is probably better known throughout all of the free world than that of any other company. It has a dealer organization of licensed bottlers which is outstanding. The domestic soft drink business is continuing to grow, and its growth during the next several years should be accelerated by reason of the growth in population. It has a dominant position in foreign countries where the outlook for further growth is excellent.

If the new policies are successful, even to a modest extent, and if it is possible to make some improvement in profit margins (I think both can be attained), there is good reason to expect substantial growth and appreciation.

Clair S. Hall Adds

(Special to THE FINANCIAL CHRONICLE)

CINCINNATI, Ohio—Donald C. Brown is now with Clair S. Hall & Company, Fifth Third Bank Building.

Joins Foster & Marshall

(Special to THE FINANCIAL CHRONICLE)

PORTLAND, Oreg. — John D. Carter has joined the staff of Foster & Marshall, U. S. National Bank Building.

With Dean Witter Co.

(Special to THE FINANCIAL CHRONICLE)

SAN JOSE, Calif.—Wesley E. Waldron is now connected with Dean Witter & Co., 34 North First Street.

With E. D. Baring Gould

(Special to THE FINANCIAL CHRONICLE)

SANTA BARBARA, Calif. — Phillips S. Davies is now associated with E. D. Baring Gould Company, 19 East Canon Perdido Street.

Joins Walston Staff

(Special to THE FINANCIAL CHRONICLE)

LOS ANGELES, Calif.—Grady F. Galloway is now with Walston & Co., 550 South Spring Street. He was formerly with Akin-Lambert Co., Inc.

Joins Vickers Staff

(Special to THE FINANCIAL CHRONICLE)

BOSTON, Mass. — Joseph L. Gruber, Jr. is now associated with Vickers Brothers, 80 Federal St. He was previously with B. C. Morton & Co.

Three With Inv. Planning

(Special to THE FINANCIAL CHRONICLE)

BOSTON, Mass. — Stanley L. Beck, Edward M. Berly and Wallace W. O'Hara are with Investors Planning Corporation of New England, Inc., 68 Devonshire St.

With Financial Investors

(Special to THE FINANCIAL CHRONICLE)

SACRAMENTO, Calif.—Ludy E. Langer and George Tambara have become connected with Financial Investors Incorporated, 1716 Broadway.

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.

Canadian Financial Comment — Bulletin — Gardiner, Annett Limited, 330 Bay Street, Toronto 1, Ont., Canada.

Area Resources—Booklet on industrial resources of area served—Dept. M, Utah Power & Light Co., P. O. Box 899, Salt Lake City 10, Utah.

Chemical Process Industries—Bulletin on cost control—R. S. Aries & Associates, 270 Park Avenue, New York 17, N. Y. Also available is a bulletin on **"Economic Aspects of the Pharmaceutical Industries"** and a newsletter **"Chemonomics."**

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.**

Margin Buying in the Market—Discussed in current issue of "The Exchange"—Monthly magazine published by the New York Stock Exchange—$1 per year—Dept. E3, The Exchange Magazine, 11 Wall Street, New York 5, N. Y.

New Housing Authority Bonds—Bulletin—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.

Over-the-Counter-Stocks — List of 485 companies industry designated and price grouped—Troster, Singer & Co., 74 Trinity Place, New York 6, N. Y.

Products and Processes—Booklet F describing the uses of alloys, carbons, gases, chemicals and plastics—Union Carbide and Carbon Corporation, 30 East 42nd Street, New York 17, New York.

Stocks at Bargain Prices — Bulletin — Peter P. McDermott & Co., 44 Wall Street, New York 5, N. Y.

Women's Apparel Chain Stores—Outlook—Bruns, Nordeman & Co., 52 Wall Street, New York 5, N. Y.

World Copper Industry—Study—Gairdner & Company Limited, 320 Bay Street, Toronto, Ont., Canada. Also available is a brochure on the mineral resources of Africa.

* * *

A C F Industries—Analysis in current issue of "Gleanings"—Francis I. du Pont & Co., 1 Wall Street, New York 5, N. Y. Also in the same issue is an analysis of **Sterling Drug** and three suggested **Portfolio** packages.

Asbestos Corporation Limited — Analysis — L. S. Jackson & Company, Limited, 132 St. James Street, West, Montreal, Que., Canada.

Associated Spring Corp.—Memorandum—A. C. Allyn & Co., Inc., 122 South La Salle Street, Chicago 3, Ill.

Atlas Credit Corporation—Analysis—George A. Searight, 115 Broadway, New York 6, N. Y. Also available is an analysis of **Sanitary Products Corporation of Illinois.**

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

Burdines Inc.—Memorandum—Loewi & Co., 225 East Mason Street, Milwaukee 2, Wis.

Central Foundry Company—Analysis—Edward A. Purcell & Co., 50 Broadway, New York 4, N. Y. Also available is an analysis of **Long Island Lighting Company.**

Continental Assurance Co.—Memorandum—William Blair & Co., 135 South La Salle Street, Chicago 3, Ill. Also available is a memorandum on **Continental Casualty Co.**

Continued on page 47

Investment Company Portfolio Management

By LOUIS F. LICHT, Jr.*
Economist, Calvin Bullock, New York City

After describing the process of putting an investment company in position to discharge its managerial functions, Mr. Licht discusses the nature of economic analysis conducted by investment company management, together with the application of such analysis in making investment decisions and in building up and adjusting an investment portfolio. Lists and discusses four major factors in long-term economic trends that affect securities prices.

I should first like to describe to you how an investment company is organized to discharge its managerial functions and then with that as a background I shall discuss more particularly the nature of the economic analysis which its management carries on and just how such analysis is applied to the making of investment decisions. An investment company is essentially an investment cooperative. In other words, a large group of generally small investors have pooled their savings to gain the advantage of large-scale institutional investment. There is the broad diversification of risk as one objective and, as a second objective, continuous professional management. The cooperating investors employ a firm of managers such as Calvin Bullock to supervise their funds under an annual contract. Now, this annual contract and the management of the funds and the conduct of the management is under the general supervision of the Securities and Exchange Commission acting under the provisions of the Investment Company Act.

Louis F. Licht, Jr.

Our firm, as an example, manages six investment companies. These are made up of four domestic investment companies and two companies which invest largely in Canadian securities. Their total assets approximate $340 million. In addition to that we manage fairly large private investment accounts and particularly a number of large institutional accounts. The total funds under our management, come to almost a half a billion dollars, so it is a fairly sizable thing to handle and it requires that our procedures are designed to cover the broad outlook necessary to successful portfolio management over a long time and also to give that attention to detail that is required when it comes to selecting individual securities.

We always keep in mind that our final and essential job is security management. It is a highly involved thing to do. So many things have to be considered that sometimes I am reminded of a line that comes to me from a nursery rhyme—it sounds like Lewis Carroll—"The world is so full of a number of things that I am sure we should all be as happy as kings." I am sure the world is fuller of things than it was in the days when that line was written. The trouble about it is that so many of them today are of quite an alarming nature and plastered all over the front pages of the newspapers. Our job is to evaluate those things and to decide how they are going to affect corporate earnings and security values.

*An address by Mr. Licht at the Fifth Annual Forum on Finance conducted by New York University, New York City, Aug. 31, 1955.

The Investment Management Hierarchy

Now, at the top of the investment management hierarchy is the board of directors of each investment company. Each one of our investment companies has a separate board of directors. These boards are made up of distinguished representatives from the fields of general business, finance, law and others more closely connected with the investment business as such. Under the requirements of the Investment Company Act the majority of the board must be "independent." In other words, they must have no employment connection with the management company. They exercise free judgment and the supervision of investments must be subject to their inspection at all times. However, it should be stressed that the board's function is advisory and supervisory, not administrative. It does not ordinarily recommend any specific security transaction because that is entirely in the sphere of responsibility of the investment manager. We try to avoid committee management of portfolios. Committee management of portfolios tends to result in a stalemate.

The management of the portfolio is the job of the management organization. Beneath the board of directors of each investment company is a small advisory committee. These advisory committees are composed usually of three to five men and these are usually also members of the boards of directors of the individual investment companies. Their job is to refine and to more specifically define the broader policy conclusions of the board with respect to the degree of defensive or aggressive measures to be employed in the investment and management of funds over the impending future. This committee, for instance, would recommend how much cash a particular investment company should hold, how much reserve of Governments; it might also make certain recommendations on what industries are to be favored or what industries we should move out of; but there again this smaller committee does not generally recommend investment in any specific security.

The specific decisions to buy or sell are the direct responsibility of our vice-president in charge of management. In our case the Vice-President in Charge of Management is Mr. Harold Aul, for whom I am substituting today. The portfolio manager is assisted by a research department which, in our case, consists of the senior member of the Research Department, who is Mr. Aul's administrative assistant, of myself, as the economist, and ten senior research executives who have appropriate statistical and clerical help. The research executives submit their recommendations directly to Mr. Aul and his deputies and they are, of course, constantly available for consultation.

Each research executive covers a limited specialized field and devotes himself pretty exclusively to the study of his industries and the major companies within his industries.

Field Investigations

Besides doing office studies, our analysts, our research executives, do a considerable amount of field investigation. This is something that has been stressed in the financial district to a greater and greater degree as time goes on and, like everything else, has to be kept in the proper perspective. A number of years ago analysts seldom left their desks but since the war they have been going out in floods to visit various companies in industry. I sometimes think that in places they have been making a pest of themselves and as a result the various companies, particularly the larger ones, have built up a protective shell—in fact now they have almost Vice-Presidents in charge of meeting security analysts.

Because of that they tend, in some cases, to give out somewhat of a canned story. That canned story then finds it way into a brokerage report. That is unfortunately unavoidable and we, while we try to keep in touch personally with the companies and managements that we are particularly interested in, we try not to make pests of ourselves.

The members of the research department keep a steady stream of reports on their industries flowing into the hands of the portfolio administrator. Once a week the research staff gets together and exchanges views on company industry outlook and to keep our economic studies up to date. Once a month the portfolio manager prepares an approved list of securities based on the studies and recommendations of the research staff. This list carries all sections of securities. There are high-grade, medium-grade and speculative bonds in one section, various grades of preferreds in another section and a final section is made up of common stock. Within the common stock section it is broken down percentagewise, the total stock section adding up to 100% and a certain percentage figure being assigned to each industry. For instance, at one time we may decide to have 2% in banks, 7 to 8% in the steel industry, 5 to 6% in the automobile industry and then within those percentages we list the specific companies which we believe would fit into an ideal portfolio. Now, that is set up once a month. It changes as time goes on with the changing economic scene. It is a thing that is always somewhat ahead of us. We never

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Fertilizer Industry's Growth In Heavy Chemicals Field

By J. ALBERT WOODS*
President, Commercial Solvents Corporation

Stressing the importance to the entire world of the increased use of plant food, Mr. Woods urges the American fertilizer industry to look upon the world as its market, and increase its exports. Says a well-fed world is our best basis for a free world. Calls attention to four-fold increase in the use of fertilizers in last 15 years and says task before the fertilizer industry is to persuade farmers their best bet for the future is to cultivate their acres more efficiently and thus lower costs and market prices.

Commercial fertilizers, their production and use in the United States, go back just slightly over 100 years. And what a simple business it was over most of those years! The combination of sulphuric acid with phosphate rock with the resulting normal super-phosphates, the use of Chilean nitrate of soda, sulphate of ammonia, and the waste of the packing houses for our N and the importation of kanit and potash salts for our K_2O—this *was* the nature of our business. The mixing of these materials into so-called complete fertilizers required little engineering or technical skill, and capital requirements were small even for a fairly large output.

J. Albert Woods

2-8-2, 3-8-3 were considered "standard grades" and 4-12-4 was high analysis. Life was very simple and pleasant in these United States—and in the fertilizer business. It is still very pleasant—it can never be simple again.

Three wars, a changing economy, an improving educational standard, an advancing and expanding technology, a "smaller" world have all contributed to a more complex life in industry and agriculture.

In my research for this paper, it was soon apparent that I could hurl statistics at you ad infinitum and with the consistency and accuracy of a machine gun. I could nail down the past and make a good case for the future with the available facts and figures. They seem in inexhaustible supply. Like all statistics, they would be most accurate and convincing but terribly dry and boring. The decision has been taken to use them as sparingly as possible.

Two Factors

I would like to start with what to me is the simple but very interesting hypothesis that continued expansion of world fertilizer production is based on two factors: the growing human population and the rising standard of living. Based on world grain supply, an estimated 920 million people could be supported on the present North American standard of living. As current world population is 2,500 million, this means that only 40% of the people living today could be fed by our North American living standards. This fact, coupled with increases in population, predicts a tremendous potential for plant food consumption necessary to supply ever-increasing amounts of food for the world's table. It is my firm conviction that a well-fed world will be a free world. And that fact in itself is of great importance.

The economic forecasters assume that population and living standards will continue to rise, that the use of plant foods will continue to grow at the rate of about 6% annually, and that by 1970 world consumption of fertilizer will be double the amount used this year. I go further and stick my neck way out—I predict these things will be true.

Having climbed out on that limb, let us consider the causes and effects—past, present and future, of the production and use of fertilizers.

From the comparatively simple business somewhat sketchily described previously, the fertilizer industry has moved, a bit slowly at times, to an important position in the field of heavy chemicals.

Importance of Research

Research, which someone has interpreted as meaning the search for new knowledge, has played an ever increasing part in this movement, and for a decade now the pace forward has been rapidly accelerated by research witnin various segments of the industry, by government agencies, by the Land Grant Colleges and experiment stations. The event which we are celebrating on this occasion is ample proof of the role research has played and will continue to play in the production and use of plant foods.

I believe I had the good fortune as a young man to be "in" on an important bit of research that had far reaching results. About 1926, the late Charles H. MacDowell, then President of Armour Fertilizer Works, reported to his associates that B liquor was a great source of difficulty to the By-Product Gas people, that moving it was a problem and that it was a drug on the market.

Mr. MacDowell was a man of great imagination and an inspiring leader, and in his typical way he suggested we should do something about it.

A group of Armour chemists, headed by Harry C. Moore, were soon using B liquor directly in fertilizer mixtures, although the theory had prevailed up to that time that only dry materials could be used. These mixtures cured out well in the laboratory and soon the lab results of obtaining up to 1 unit of ammonia from B liquor were confirmed on a full scale factory test.

The next step was to experiment with the addition of anhydrous ammonia directly in combination, and the results were equally as promising.

Thus, for a time, Armour was at a savings of about $1 per unit the sole user of liquid nitrogen of ammonia, and a new method of production was born. True B liquor is no longer used, but large quantities of anhydrous ammonia and nitrogen solutions are now employed throughout the industry, and high concentrations of nitrogen content are now being achieved by the use of various liquid nitrogen compounds. Would that all research could be as simple and successful!

Research in the field of fertilizer production and manufacturing techniques is going ahead to an extent never before dreamed about. Revolutionary changes in processes are taking place and more will come in the future. The horizon is full of new technological opportunities. The search is on for new and improved methods of granulation, a lower cost process for the production of nitric acid, the further development of liquid fertilizers, improved methods of nitrogen fixation, the role that trace elements may play in the utilization of the major elements, and the lowering of the cost of all raw materials, which only an improved technology can tend to bring about.

Where do we intend that our research shall take us? Using the past as a guidepost to the future, we can be certain that plant food research *will achieve* these and other equally important objectives.

Consider with me for a moment the events of recent years. Ammonium nitrate, anhydrous ammonia and nitrogen solutions were almost unknown as fertilizer nitrogen carriers 20 years ago. Today they dominate the nitrogen industry in this country.

Plant food research in the last 15 years has helped to bring about a *fourfold increase* in the use of fertilizers. And that is a growth twice as great as for the *30 years* prior to that time.

There is no reason to believe that the fertilizer industry will do other than continue the same kind of intensive and active research that has spearheaded this amazing progress. There is *every* reason to believe that plant food research will be accelerated and expanded in the years ahead. We can therefore expect greater production by our industry, higher analysis fertilizers, and, in general, plant foods which will yield larger and better quality crops.

Is this the direction we wish to take? I say that it is. Yet there are factors on the scene which give cause for serious study, and unless they are taken fully into account we may be led astray.

Seek a World Market

Today the American fertilizer industry must think of the world as its market. If the world-wide shortage of food, and its political implications were not enough reason for accepting this fact, then let the conditions of the domestic plant foods market, particularly as regards nitrogen, be the deciding factor for doing so.

Last year, the American farmer fed 23 million tons of fertilizer to his crops. That amount is equal to the total tonnage of vehicles produced by our entire automo-

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*An address by Mr. Woods before the Annual Meeting, Northeastern Branch, American Society of Agronomy and 75th Anniversary Celebration Jordan Soil Fertility Plots at the Pennsylvania State University College of Agriculture, University Park, Pa.

Tax-Supported and Subsidized Power Groups, A Privileged Class

By HARLLEE BRANCH, JR.*
President, Edison Electric Institute
President, Georgia Power Company

Calling attention to a 20% minority of electric consumers, who are a privileged class, being served by tax-supported and governmentally-subsidized power, Mr. Branch claims this is a violation of the constitutional principle of universal application of laws. Calls the "yardstick" argument ridiculous, and says subsidizing a utility and permitting it special privileges is a real "give away." Cites the Wyoming and Hell's Canyon projects, and offers a program to restore equality among electric power consumers.

In 1792 George Logan, a Pennsylvania patriot and friend of Thomas Jefferson, wrote: *"The preference of partial to general interests is the greatest of all public evils."*

Americans of that day understood what he meant. They were in the midst of creating on this continent a new nation, freed from the rigid social distinctions and the privileged classes of the old world. They had fought a long and costly war of rebellion against a government which had attempted to impose discriminatory taxes and oppressive restrictions upon them for the benefit of a small but favored group in England. Emerging victorious from that struggle, they had determined to establish in this land a government of laws and not of men—*laws "universal in their operation upon all members of the community."* Here every citizen should have personal freedom and equality of economic opportunity. None should be exploited for the benefit of another. The responsibilities and burdens of citizenship, as well as its privileges, should be shared by all.

Harllee Branch, Jr.

It is a great misfortune that George Logan's warning against the preference of partial interests—repeated again and again in the writings and utterances of other American patriots—has not been heeded.

For, in 20th Century America, there is a privileged class, nurtured on government subsidies and tax-exemptions and growing lustily on preferences and special dispensations which have been written into state and Federal statutes, and even into some state constitutions!

I refer to the tax-supported and governmentally-subsidized power groups which have taken unto themselves the beguiling title of "public power."

A 20 Per Cent Minority

These groups serve a mere 20% minority of the electric consumers of America, but they enjoy important and valuable privileges not granted to the 80% and, in addition, are subsidized by being exempt from taxes which the majority are required to pay as a part of their electric bills.

Spokesmen for the 20% minority have attempted to justify their forgetting that the properties and assets of the tax-paying utility companies are also "publicly" owned and by a much larger portion of the population. The bonds and long-term debt of these companies are owned by many educational and charitable organizations and by institutions such as life insurance companies, pension funds and the like. The assets of these institutions, in turn, belong to millions of Americans representing every class of our citizenry. It is estimated that 90 million life insurance policyholders, for example, are the indirect owners of electric utility securities. Another 4 million Americans—from every walk of life, including school teachers, farmers, laborers, business and professional workers, and retired men and women—own the common and preferred stocks of the electric utilities. If governmental favors are to be parceled out in America, on the basis of "public" ownership, why should these millions of citizens be passed by?

"But," say the special pleaders for America's privileged class, "our organizations are 'non-profit' and are needed as 'yardsticks' to keep the utility companies in line." This is sheer balderdash designed to hoodwink the public and no one knows it better, I think, than those who advance such arguments. The financial subsidies and tax exemptions granted these privileged groups in some instances are used to reduce power rates or to make refunds to their customers, who are also their owners; and to pay off debts against their properties, thereby automatically increasing the value of their owners' equity. To say that such an arrangement is "non-profit" is a mere play on words. An owner who is paid dividends in the form of reduced power bills or through the enlargement of his investment receives a "profit" regardless of what name is applied to it.

The "yardstick" argument is ridiculous. A utility which is subsidized by the government, which is relieved of charges customarily paid by utility companies and which enjoys other special privileges and prerogatives is, at most, a "yardstick" only for another utility similarly privileged. My company operates in a territory immediately contiguous to that of TVA but no one—not even our most rabid critics—have ever seriously contended in a rate proceeding before our State commission that TVA's subsidized power rates constitute any valid measure of the reasonableness or unreasonableness of our rates or those of any other electric utility in our State.

It is not my purpose to criticize the rural electrification program or to question the right or propriety of any group of citizens organizing themselves into municipal electric systems, cooperatives, or public utility districts or any other type of utility organization they desire. My own company happens to be the largest private supplier of power to these groups in America. The rates they enjoy have been consistently among the lowest in the nation. It has been, and continues to be, our policy to assist these organizations in every practicable way. Our policy of cooperation has been reflected in actions going far beyond the ordinary obligations of a power supplier. My concern is not with the form or organizational setup of these groups but with the inordinate and ever-increasing governmental privileges and subsidies which their customers, representing only a small minority of the electric consumers of the nation, now enjoy at the expense and to the disadvantage of the overwhelming majority of our citizens. In the case of the cooperatives, these privileges go far beyond the modest discriminations initially demanded by them as a means of getting started, and have grown into monopoly rights which none of us would have believed it was possible for any group in this country to obtain. Such monopolistic privileges would be wrong (and they would certainly be condemned by the government-power politicians) if granted to the majority of our people. They are all the more unwarranted when granted to a minority.

A Real "Give-Away"

Many Americans, schooled in the principles of fair play and of equality of economic opportunity before the law, will be shocked to learn the extent to which the 20% minority group has achieved a special status—a sort of statutory citizenship first class, as it were.

The privileges of this group have been achieved in a step-by-step fashion which has concealed their true pattern and growing magnitude from all save the most alert observers. Generally they have been gained while their advocates were loudly charging unfairness, and even villainy, in other quarters—much in the manner of the wolf in the Aesop's fable which devoured the lamb while protesting that the lamb was threatening him.

If congressional investigators are really looking for a *"give-away"* they will find it in the prerogatives and power which have been granted to this minority group.

I regret that time does not permit a detailed catalog of all their special privileges and immunities. Mention of a few of the main ones, perhaps, will serve to indicate the extent to which discrimination is now being practiced against the majority of electric consumers in the interest of the 20%.

In the first place, the members of this privileged group do not have to pay in their electric bills their fare share of the heavy costs of the federal government because they are served electricity by agencies exempt from federal taxation. Many of them are also relieved of a substantial portion of the local and state tax burdens which are reflected in the price which the 80% majority pay for their electricity. So-called "tax equivalents" which some pay in lieu of local taxes are, at best, only a partial substitute. These payments are not generally mandatory and are made not on the basis of official assessments as in the case of taxes paid by other citizens, but on the basis of self-assessments which the taxing authorities can neither correct nor compel.

Tax Exemptions

The magnitude of this tax privilege is apparent when one is reminded that today an average of 23 cents out of every dollar collected from customers of the tax-paying electric utilities goes for the support of federal, state and local governments. The share of the federal government alone is 14 cents. In addition, the investors in the securities of electric companies are required to pay federal and, in many cases, state income taxes on their dividends and interest. In some cases they are also required to pay property taxes on the value of their holdings. These additional taxes raise the total "take" by government to 25 cents out of every electric service dollar.

Not only are local governmental power businesses exempt from federal income taxes, but the securities for financing these businesses are likewise exempt and can be sold to investors at lower interest rates than electric company securities must pay.

The late Senator George Norris, author of the TVA Act, in a revealing burst of candor, gave this evaluation of the effect of imposing property taxes on governmental power business in a debate on the Senate floor:

"A proposal from a great association of Tennessee says, in effect, 'Let the TVA property be subject to taxation the same as everybody else's property.' On my desk there is a printed amendment to be offered which provided that all property of the TVA shall be subject to taxation everywhere under the local laws of taxation. *If we go to that extreme, Senators, we can see that the TVA would be out of business in three months."* (Congressional Record, April 13, 1939, Pages 4213 and 4214.)

Mind you, the Senator was talking about state and local taxes. Federal taxes were not in the discussion. He may have been consciously exaggerating when he spoke of putting TVA out of business in three months, but he clearly showed that he had purposed in his mind to surround the TVA power business with subsidies of great proportions. The special exemptions which Senator Norris procured for TVA have been sought and largely obtained by the rest of the 20% privileged minority.

"The power to tax is the power to destroy." The grant of tax exemptions to organizations serving the 20%, while loading unprecedented taxes upon the utilities serving the 80%, operates as a double-edged sword. It promotes an artificially-favorable showing for the subsidized groups and, at the same time, hobbles and embarrasses (and, in time, could destroy) the investor-owned companies. Tax inequality, to my mind, is one of the most insidious and unconscionable of the special favors which have been granted to the subsidized-power groups.

Preference for the Privileged

But, in addition to tax-exemptions, this minority has another powerful implement of privilege—one called by the very term which George Logan used to describe "the greatest of all public evils"—namely, "preference."

I refer to the almost innocuously-worded and initially harmless gimmick in federal statutes known as the "preference clause," which has, by a series of one-sided regulations and interpretations, been converted into a virtual monopoly privilege for the subsidized-power groups to purchase under-priced electricity from federal power projects.

The power is under-priced because (1) no charge is made to the power consumer for Federal taxes, and little or no charge for state and local taxes; (2) because the proper charge for the use of money drawn from the Federal Treasury to finance the power business is shaved down; and (3) in the case of multiple-purpose projects, because of overly-generous allocations of both capital and operationg costs to non-reimbursable features such as flood control, and navigation, and by well-pruned allocations to the construction and operating costs of the power installations. A deceptively low price is thus fixed for project power.

The taxpayers of the nation (including the 80% of electric consumers served by the tax-paying utilities who for all practical purposes are virtually barred from participation in the benefits of government-generated power) must make up the difference between the price charged the customer and the actual cost of the power to the government. Moreover, it is now contended that power from governmental projects must be sold directly to preference customers even though they have no facilities for taking it at the project or for transporting it to their load centers. This means that the taxpayers (again including the 80%) must either pony up the vast expense of transmission facilities or become involved with annual wheeling and firming fees, amounting to millions of dollars a year, for the exclusive benefit of the 20%.

The irony of this situation is becoming increasingly clear to customers of the utility companies in the Southeast and Southwest as the result of the excessive claims asserted by the subsidized power groups in the Clark Hill and Kerr Dam negotiations and in testimony before certain investigative bodies.

The irony is that those who are taxed in their electric bills to help pay for the government power projects are not only effectively barred from obtaining the advantages of the underpriced project power, but must also pay, as a part of their electric bills, the cost of transporting this power to the tax-exempt 20%!

The Wyoming and Hell's Canyon Stories

You people in the Rocky Mountain region have learned, to your chagrin, of another ironical twist to the preference clause as presently interpreted. For years, you have provided an essential market for by-product power from federal reclamation dams in this area, thereby enabling the government to pay operating expenses and to provide some amortization of the tax investment in the power-producing apparatus of these projects. To take this power, you shut down existing generators and passed up the opportunity to build new ones during pre-inflationary years. Now that the cost of constructing such facilities has sky-rocketed and there is no alternative source of power immediately available, you and your customers are told that the tax-exempt and subsidized power groups may now demand that your supply of this government power be curtailed or completely cut off so that it can be diverted to them. The Wyoming story, fully publicized, will dramatically illustrate for the nation the extent of the special favors claimed by the privileged groups as well as the arrogance with which their preferred status is now asserted against the majority of American citizens.

Here in the Rocky Mountain region, close by Hell's Canyon, you are also learning what the people near Niagara have previously learned, namely, that the appetite for special privilege is limitless. The tax-exempt power groups, accustomed, under the preference clause, to the benefits of a power supply financed for them by other citizens, would now prohibit any except the government itself from developing the power potential of our waterways. They do not object to the taxpayers building such projects under government sponsorship for the special use of the privileged 20%. Indeed, they are yelling for more and more of them. But they do object to the projects being built by private enterprise for the benefit of the majority of our citizens and notwithstanding every legitimate public interest is fully safeguarded.

The economically justifiable development of the nation's water resources for irrigation, domestic and industrial use, navigation and flood control, and for the production of electricity in conjunction with these other functions, is widely recognized and accepted as desirable throughout the nation. President Eisenhower's "partnership" concept assumes that Americans can work together today as they did when this great nation was founded, and on the further premise that the federal government best serves the people by cooperating with local governments and local private enterprise in developing local resources,

*An address by Mr. Branch before the Rocky Mountain Electrical League, Jackson Hole, Wyoming, Sept. 12, 1955.

thereby keeping at a minimum the tax burdens upon the rest of the nation.

Now this seems to me a reasonable, fair, American approach to the matter. It does not rule out federal multi-purpose projects where local groups may not be willing or able to handle the entire cost. But it does encourage private capital and local enterprise to finance and build, or share in building, as many of these projects as possible so as to lessen the demands upon the already heavily-burdened Federal Treasury. Unfortunately this reasonable endeavor to achieve resource development on a fair, economical, and harmonious basis does not appeal to America's privileged class as indicated by the opposition to the Trinity River, the John Day and other partnership proposals by tax-paying utilities.

Other Special Favors

Now the preference weapon has been extended to the atomic energy field. The Atomic Energy Act of 1954 gives the subsidized power organizations preference rights to electricity produced at government atomic installations. Two months ago, on July 18, the first commercial electricity produced from the atom went into the lines of an investor-owned electric company in New York State from one of the government's experimental reactors. But the power went to a tax-paying and regulated utility's customers only because three subsidized-power groups in the area were unable to arrange for transmission. If they can accomplish this within three months from July 18, they may still get the power. Here again, the taxpaying electric power users, whose money helped finance the government's experiments in nuclear fission, are likely to play "second fiddle" to the tax-exempt and privileged minority who paid no part of these costs in their electric rates.

Another privilege of great monetary value enjoyed by a part of the 20% minority is the complete or partial exemption from ordinary interest payments on government money. TVA, for example, has received directly and indirectly from the Federal Treasury approximately $1,600,000,000 with which to build the world's largest power system. On its appropriations, TVA has not paid a single penny of interest. Its exemption from interest payments, along with other subsidies, has enabled TVA customers to purchase power at approximately one-half its true cost to the government. Here again, American taxpayers have had to make up the difference.

A similar, although less extensive interest subsidy to that enjoyed by TVA customers, has long been made available to the customers of cooperatives in the form of loans from the Federal Government at interest rates not only less than tax-paying utilities are required to pay in the competitive money markets, but also at interest rates less than the prevailing cost of money to the government itself. The burden of this differential, like that of the other subsidies I have mentioned, is being borne by the taxpayers of America.

I am sorry time does not permit a more complete and detailed catalog of the privileges enjoyed by the users of subsidized power. I hope the examples I have cited are sufficient to make you and your customers look more inquiringly into the discriminations which are being practiced against you.

The Growth of Privilege

How have such privileges and favors as these developed in democratic America; and what, if anything, can the 80% of electric power users — and the investor-owned utilities which serve them —do now to restore some semblance of equality?

Two groups having widely divergent purposes have been unwitting allies in bringing about the present situation. The object of one has been to advance the socialization of the power business in the hope of thereby extending national controls to other segments of our industry and, more and more, over the lives of the American people. The object of the second group has been simply to gain and enjoy special privileges at the expense of others. This latter group is composed of thoroughly-devoted Americans. It includes most of the rank and file and many of the leaders of the subsidized-power groups. They do not favor national socialism and authoritarian national government, and most of them are only vaguely aware—if, indeed, they are informed at all—of the extremes of discrimination now being practiced against their neighbors on the lines of the tax-paying utilities. The interests of the two groups are likely to become more divergent as time goes on provided the facts are clearly developed and effectively publicized.

The majority of Americans are not likely to be attracted by either the basic ideas or the promises of those who believe in Socialism as opposed to free enterprise. The Socialists are a threat to the free enterprise system because of their quickness and adeptness in joining forces in temporary common cause with other groups to gain the votes needed to advance their legislative purposes. They are masters of distortion and of the smear-techniques of spreading false accusations in the newspapers and magazines and over radio and television. The group includes character assassins who do not hesitate to point the finger of unwarranted suspicion at representatives of government and of business who seek to adhere to and uphold the principles of free enterprise and responsible local government upon which America was founded and upon which she has achieved unmatched prosperity.

Political Motivation and Timidity

The effectiveness of the Socialists is tragically increased when they are joined, in their immediate purposes and in their misrepresentations, by supposedly responsible officials of government seeking personal or partisan political advantage, and when their noisy and intemperate charges frighten the more timid of our leaders into silence and inaction. The Dixon-Yates, Niagara and Hell's Canyon controversies vividly illustrate what I mean, to mention only a few recent examples.

The proponents of national Socialism long ago realized that they could not come out into the open with their power schemes. They realized, too, that a government power supply, subject to the inefficiencies and the high-handed characteristics of bureaucracy could never compete for popular favor with utility service provided by the investor-owned companies. They saw that they would have to use the lure of a substantial price differential, based upon tax-exemptions and governmental subsidies to capture power markets in this country.

This combination of subsidy and priority drew to their support those who merely sought privileges and preferment and this latter group, because it was completely American, created the favorable sentiment and insured the support and votes for particular bills which enabled the outright advocates of Socialism and authoritarian control to establish their purposes. To their legislative victories they have been adding, steadily and often surreptitiously, regulations and interpretations to implement their program. Efforts to check this trend have not succeeded and will not succeed without a long and bitter struggle and without a much larger measure of clarity, cohesion and courage than has yet been demonstrated by the tax-paying utilities and the 80% of American electric power users they serve.

Surely it must be apparent that there is more at stake in restoring equality of opportunity in the power field than just the well-being of America's power companies. There is involved here the fundamental principle of equality of opportunity for all of the American people. The entire free enterprise system of America is threatened.

A Program to Restore Equality

The first step in curing this dangerously unwholesome situation seems clear to me. The statutes and regulations granting special privilege must be amended so as to restore fair play among all our citizens, and to assure that no state or region will be favored at the expense of another. Here are three amendments which will be necessary at the very start:

(a) Governmentally-owned and subsidized power groups should be required by law to pay federal, state and local taxes (or the *full* equivalent thereof) the same as the investor-owned utilities and their customers.

(b) Governmentally-owned and subsidized power groups should be required to charge rates, and repay to the government sums, which are adequate to cover the *true* cost of power including, in addition to full taxes and tax equivalents, the government's *actual* cost of money on the entire investment properly chargeable against the power business; and including an amortization rate that will actually return the money taken from the taxpayers who have become the involuntary contributors of capital for government financed power projects.

(c) By-product electricity generated at government projects, whether from water power or steam and whether using atomic energy or other sources of energy, should be sold at its fair market value at the point of generation and, to avoid discrimination between citizens, it should be allotted to applicants in proportion to the number of rural, residential and commercial customers to be served. The government should not assume any responsibility for supplying power beyond that incidentally generated at projects serving legitimate governmental functions.

A howl of protest will be raised against such amendments by the beneficiaries of present discriminations. For in the discriminations which these amendments would at least partially eliminate lies the secret of the so-called "low-cost government power" about which the American public has been so badly bamboozled in recent years.

A fight against privilege is a thoroughly worthy and American endeavor especially when waged in behalf of so substantial a majority of our citizens as those in whose interest I speak.

The question—the only question, as I see it—is whether there is left in America, and particularly in our own industry, the amount and quality of courage necessary to carry the battle to the enemy.

Let us adopt a program plainly equitable, and easy to understand. Let us then stand up and fight for it—before legislative committees, executive agencies, yes and on the public platforms and in the public forums of the nation, too—with a zeal and a cohesion which we have not always displayed. Let us do so in behalf, not of ourselves and our companies alone, but in behalf also of the 80% of American electric customers who are becoming wearier and wearier of being taxed to pay the power bills of the 20% minority.

The fight to which we are called is a just and honorable one. Will we accept the challenge—undismayed by the noisy demonstrations of the opposition and undisturbed and undeterred by the timidity and vacillations of those who should be our allies but who may desert when the going gets rough? In my opinion, the challenge can no longer be evaded by any of us—not even by those who may, for the moment, seem not to be threatened. Whenever the free enterprise system, and the freedoms it supports, is threatened anywhere in America, it is threatened everywhere.

Charles W. Hahn With Crerie & Co.

HOUSTON, Tex.—Charles W. Hahn has become associated with Crerie & Co., Electric Building, as manager of the trading department.

Crerie & Co. is affiliated with F. H. Crerie & Co., Inc., 19 Rector Street, New York City.

Chicago Analysts to Hear

CHICAGO, Ill.—H. Stuart Harrison, Vice-President of Cleveland—Cliffs Iron Company, will address the luncheon meeting of the Investment Analysts Society of Chicago on Sept. 22. His subject will be the Cleveland Cliffs Iron Company and the Iron Ore Industry.

The meeting will be held at 12:15 p.m. in the Adams Room at the Midland Hotel.

With Schirmer, Atherton

(Special to The Financial Chronicle)

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

Petroleum Is Producing a Revolution in Agriculture

By ROBERT E. WILSON*
Chairman of the Board
Standard Oil Company (Indiana)

Standard Oil executive comments on the Twentieth Century advances in agriculture, and the role played by petroleum in fostering improvements in agricultural production. Gives data on how petroleum serves farming today, and tells of the use of petroleum in agricultural research relating to insecticides, fungicides, weed killers, and other pesticides.

I could not hope to say much about agriculture that you who are closer to the subject do not know. But you may find some interest in a petroleum-industry view of the partnership between oil and agriculture.

Robert E. Wilson

First, let us consider what has happened in agriculture in the last century. It is one of the most revolutionary developments in the experience of mankind!

Somewhat less than a century ago my grandfather, Robert Wilson, for whom I was named, was a farmer in Ohio. His way of life was not much different from that in Thomas Jefferson's time, or Shakespeare's time, or the time when the Roman poet Virgil wrote about farming on Italian hills. In fact, it differed only a little from farm life in the time of Moses in ancient Egypt.

My grandfather had a plow somewhat better than the ancients' wooden one, but the power to draw it was still oxen and horses. He still sowed most of his fields by hand. He still used the mattock and hoe. Scythe and cradle were giving way to machines for making hay and harvesting wheat. But he had only a husking peg and a wagon and scoop for picking and cribbing his corn. Just as in the time of Virgil or Moses, most of the power for the farm work came from the muscles of animals and men (and often women and children).

Life was largely toil from dawn to dusk. Children got only a little education in the little red schoolhouse, because they were needed to help in the fields. Social life was limited to the immediate neighborhood; a visit to town to buy groceries or to attend church or a political rally took a day, because the trip had to be made by horse and buggy.

In my grandfather's time, however, something happened that was to change agriculture far more than anything else had ever changed it. Petroleum was "discovered" and produced in commercial quantities. At first its effect on agriculture was small. It "turned the darkness into light" in farm homes, and it provided oils and greases for vehicles and horse-drawn machinery. But then came the internal combustion engine to provide an efficient way of converting the energy in petroleum into power—and a brand new era was born!

Tractor power, trucks and automobiles, and better agricultural machines have utterly changed farm work and farm life—and farm productivity. Energy from petroleum has largely supplanted muscle power. It has vastly multiplied the farmer's capacity to get work done and has shortened the time he needs to tend his acres. In these times tractors drag the big gang plows, discs, harrows, seeders, planters, cultivators, mowers, rakes, combines, balers, cornpickers, cottonpickers, and other machines that till and plant and harvest. Elevators put the grain in bins, and self-unloading wagons transfer it to feed bunks. Farmers still frequently work from dawn to dusk—but mainly in the peaks of planting and harvesting. While he needs more than ever to know about weather, soils, crops, and livestock, it is particularly important that he be a good mechanic — and efficient operator of machines.

For another thing, isolation is gone. A journey to town is now a few minutes' swift ride, usually over a highway made with road oil or asphalt. The farm produce gets to market quickly and easily by truck.

In the household there is the convenience of oil heat and the bottled-gas cooking range. Rural education is greatly improved, partly because school buses now haul farm children to bigger and better schools and partly because petroleum has taken the load of extra work off their small backs. The farmer has gained most of the advantages of city life and yet has retained the blessings of the great open spaces.

There are a number of interesting ways in which we can measure the increased efficiency of American farms. From the landing of the Pilgrims to about 1930, the number of these farms steadily increased. Then the tide turned. Petroleum power made it possible for every farmer to handle more land. Although our population has gone on increasing, the farm population has been decreasing. In 1910, some 35% of Americans lived on farms; in 1954 only 14% of Americans lived on farms, yet they were doing a far better job of feeding and clothing the rest of us. Compare that with the demonstration of socialist efficiency offered by the Soviet Republics, where our recent farm observers found about 45% of the population still on the land, and their problem is shortages while ours is surpluses.

With the aid of petroleum power the productivity of the farm worker has risen astonishingly. Compare, for example, the man-hours required to grow 100 bushels of food 40 years ago with the hours required now. For corn the number has dropped from 135 to 26, for wheat from 106 to 25, for potatoes from 76 to 25. Cornpickers harvest an acre of corn in just a tenth the time it took with husking peg and bang board. The number of man-hours required to produce a bale of cotton has dropped from 276 to 110.

Most of these gains in productivity have occurred in the last 20 years, as tractors really took over. There has also been amazing improvement in the machines themselves. Modern combines harvest wheat in a fifth the time of the old shock-and-thresh method.

Whereas the average farm worker produced food and fiber for himself and about eight other persons in 1910, he can today provide for 25 others. One reason is the increased efficiency I have just mentioned. Another reason is that there are fewer horses and mules to help eat up the production of farms. It formerly took 65,000,000 acres to feed them. Everybody eats better today because horses are fewer. I might add that if there were several hundred fewer race horses several million persons might eat still better.

The saving in feed for horses and mules is only part of the benefit from tractors. It is reported to take about 300 hours a year of a farmer's time to take care of one horse. So, a tremendous amount of labor was going into feeding, watering, and otherwise caring for horses. By 1918 there were about 27,000,000 horses and mules on the farms. There were then only 245,000 tractors. Today the picture is very different. Only five million horses and mules are left, but there is a vastly larger amount of horsepower on farms than ever before. It is in the engines of about four and a half million tractors, two and a half million trucks, and four and a half million passenger cars. For every thousand farms in the nation, there are 800 tractors, 492 trucks, and 828 automobiles, or a total of 2.12 automotive units for every farm. Here in the corn belt the figures are higher, with 1,100 tractors, 520 trucks, and 1,050 passenger cars—a total of 2.67 units per farm.

Along with part of the credit for greater productivity, tractors must share part of the blame for farm surpluses, and resultant lower prices. However, for the long pull increases in productivity per man-hour benefit us all. The shift of people from farming to the manufacturing industries, to make some of the luxuries we're beginning to consider necessities, is one of the main reasons why we have had so great an advance in our standard of living. And over any considerable time-span the farm buying power per capita has increased faster than the buying power of people not on farms. Forty years ago the per capita income for farm residents was 33% more than the non-farm persons. Last year it was 54% greater.

Just one more number. This is a figure that gives us a clue to one of the main factors behind the changes on the farm. In the United States annual expenditures for petroleum products average $211 per farm. For the territory we serve the average is $290. To the farm industry I am glad to express our company's thanks for about a quarter of that amount.

We are grateful for this business, but I can't help pointing out that it is also a good proposition for the farmer. A few minutes ago I mentioned that in 1910 a farmer could produce food and fiber for himself and about eight other people and that he can now produce enough for three times as many people. He has increased his efficiency 200%. The two "additional farmers" plus more than that many horses and mules are obtained for a fuel expenditure of less than $300 a year. Obviously, mechanical energy really costs the farmer more than $300, because he had to buy and maintain the tractor, the corn picker, and so on. Indeed, that is where the main cost lies—in the devices that use the energy, not in the money spent for the energy itself. We see somewhat the same thing in the use of the family automobile, where the cost of gasoline is generally less than one-quarter of the over-all cost of the transportation.

The Vital Role of Petroleum In the Change

It is staggering to realize that these dynamic changes of the past 50 years have been of larger proportions than **everything** that happened in the thousands of years of farming which preceded the time of our grandfathers. Also, the change in this country has been vastly swifter and more comprehensive than in any other country of the world. Indeed, you have only to step across our

Continued on page 22

*An address by Mr. Wilson at the 8th Annual Symposium of the Board of Trade of the City of Chicago, Chicago, Ill., Sept. 8, 1955.

From Washington Ahead of the News

By CARLISLE BARGERON

The annual convention of the American Legion in Miami in the next few days is going to be in for considerable controversy and, because of the nature of the controversy, I think it is quite significant. The Legion, strongest by far of all the veterans' organizations, has been since World War I, a tremendous stabilizing influence in American life. Its advocacy of the bonus for the veterans of the First World War and its continued agitation for veterans' benefits have cost the American taxpayer an awful lot of money; the Legion is responsible to a considerable extent for the present size of the National Debt.

Carlisle Bargeron

But aside from this keeping of its hands in the public trough, a custom which has been pursued by industry and farmer, by seemingly every segment of American life and is therefore thoroughly American, the Legion has been a formidable friend on the conservative or rightest side of the great controversy that has been in progress since the early 30s. Its national commanders, and its ruling element generally, the kingmakers they have been frequently called, have been successful businessmen or lawyers, many of them with successful political ambitions. Democrats and Republicans alike, the Leftists have considered them stodgies, as pillars of conservatism.

Under this leadership the Legion with its countless posts around the country has served to perpetuate what is called the American Way. It is not so true in the larger cities but in smaller communities throughout the country community life revolves largely around the Legion posts. The fight of the Legion against Communism, subversion or just plain radicalism has filtered down through these posts and taken root.

So I say that two ideological controversies that have just arisen and which are to face the annual convention this year should bear watching. For one thing the Legion has had a way of avoiding political of ideological controversy in its midst. It has been taken for granted that its legislative program would be as usual, for benefits to the veterans, against modification of the immigration laws, for the Bricker Amendment, for national defense, against one world or any form of world sovereignity.

But just recently a Committee headed by Ray Murphy, a former national commander and one of the kingmakers, came up with a report approving the highly controversial UNESCO. It was a rather flippant report, too, making mockery of and heaping ridicule upon those who have been against this United Nations' organization.

I am not a student of UNESCO but Mrs. Roosevelt is selling it which is a tip off to me, and its supporters have been the ultra-liberals or leftists. The leftist and ultra-liberal journalists and commentators have been making hay with Murphy's report and have been hailing him as reflecting an "enlightened" Legion view.

As to whether it constitutes an "enlightened" Legion view will be determined at Miami. I hear from other "kingmakers" that it means the end of Murphy's influence in that organization. If it should represent an "enlightened" Legion view, that will be most interesting.

The other incident, just recent to develop, is that of the attack on the Fund for the Republic, supported by Ford funds and being administered by Robert M. Hutchins, by the current Legion national commander, Seaborn P. Collins. Collins said that "By shrewd grants and expenditures, the Fund for the Republic is threatening and may succeed in crippling the national security."

This, it may be said, is the widely prevalent view of the rightists. This is the view of the majority of Republican in Congress and there is no doubt that the Fund was the main objective of the investigation sought to be conducted last year by a Congressional Committee headed by Representative Carroll Reece of Tennessee. The investigation was frustrated by a Leftist Democrat member of the Committee and the Leftist press generally.

But what has Legion National Commander Collins run into? Why, a former departmental commander of Illinois has taken Collins to task, saying that the Fund has been the principal supporter of the Illinois Legion's Education for Freedom program. This could be just what Collins had in mind, the way in which the Fund has insinuated itself into a program of the Rightists. Because you can bet your boots that Dr. Hutchins is not on the Rightists' side. He would laugh heartily and utter some scholarly quips if you were to suggest that to him.

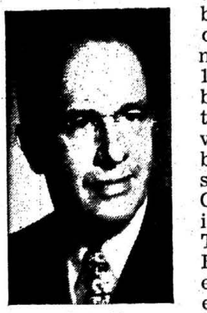
So presumably all this will be threshed out at Miami too, and the decision the Legion takes will be important to you and me.

U. S. Agriculture and World Trade

By HON. EZRA TAFT BENSON*
Secretary of Agriculture

Sec'y Benson, speaking before an international assembly, says capacity of farmers to produce has outstripped purchasing power of world consumers, and the problem is to bring farm production and supplies into better balance with market demands. Cites inequality in world food supply, and urges expansion in world trade as remedy. Discusses U. S. and foreign price support programs, and notes U. S. will not dump surplus food stocks abroad.

It is a very real pleasure to meet with the representatives of agricultural producers from so many lands and to renew friendships which date back to the organizational meeting of 1946 and even beyond that time. How well I remember those first sessions at Church House in London! The war in Europe had ended a year earlier. Peace in the Pacific was only a few months old. A tired, war-torn and hungry world was just beginning to make the difficult conversion from all-out production of guns, planes, tanks and ships to rebuilding shattered cities, fulfilling long-postponed demands for consumer goods and rehabilitating the agricultural economy. Then the United States, Canada and other major exporting nations virtually emptied their elevators and warehouses to supply the millions of tons of wheat and other grains so desperately needed by hungry people throughout the world. Then the unprecedented movement of food strained the shipping facilities of all nations.



Ezra Taft Benson

Today U. S. ships of the so-called "mothball fleet" lie immobilized in the estuaries, their holds filled with wheat. Today the commercial warehouses and the granaries and cribs on American farms bulge with large inventories of grain.

Back in 1946, as we discussed the future of world agriculture in London, it seemed there could never be quite enough to meet even the minimum requirements of a hungry world. Then our governments placed major emphasis upon providing food grains for the very good reason that so many more people could thus be fed.

Looking back upon those first meetings nine years ago, I suppose that all of us realized world agriculture would face the inevitable adjustments which have always followed major wars. Then it was a problem of too little. I am sure that none of us envisioned a problem of too much so soon.

I have two recollections of these meetings which stand out above all others. I remember vividly that representatives from the many nations constantly emphasized the long-range problems of world agriculture, rather than the emergency and obvious transitory troubles. I also recall the unanimity of opinion which marked the discussions and actions of the group.

It seems to me the course of agriculture during the last nine years has demonstrated the wisdom of that determination to keep our eyes upon the broader horizons. Through the intervening years, the International Federation of Agricultural Producers has concentrated its major attention upon promoting better understanding among farmers and their various organizations throughout the world. It has given valuable assistance to governments in the formulation of agricultural policies and programs. It has steadfastly sought to improve international trade. It has supported programs designed to help the under-developed countries. It has avoided domination by any single group or country. It has preserved its status as a representative, world-wide organization of agricultural producers.

The I. F. A. P. has helped guide world agriculture through a difficult period. It has rendered genuine assistance to agriculture in a changing world.

Agricultural Surpluses

Today agricultural production is well above prewar levels in virtually all of the world. Sizeable surpluses of some important commodities overhang international markets. The capacity of farmers to produce has outstripped the purchasing power of world consumers. In broad areas where there is continuing need for food and fiber, this lack of buying power prevents hungry and poorly-clothed people from utilizing the abundance made possible by increased agricultural efficiency and productivity.

It is an ironical fact that underconsumption is acute among large segments of the world's agricultural population. Over-simplified, it is a problem of the cotton producer who wants for bread in one country while the wheat grower in another goes shirtless. This situation points up the still urgent need in this world for better distribution and increased exchange of agricultural commodities.

It emphasizes again that some of the most perplexing problems of our times involve the world's rural population. Over the face of this earth, roughly two-thirds of the people make their living from the lands and the forests. And each night two out of three members of the human race go to bed hungry. It is a shocking indictment of man's intelligence that this should be so—that some nations should struggle with problems of abundance while others suffer in abject poverty.

Somewhere back in the dawn of history the first trade between men must have taken place. Perhaps it involved only the exchange of a club for a bearskin and possibly it didn't benefit either participant to any great extent. Nevertheless an idea was born. The tragedy is that in some respects we haven't improved our trade relationships among nations much beyond the cave-man concepts.

Some of us still cling to the belief that trade can be a one-way street—that we can build markets abroad without opening markets at home—that we can restrict the movement of goods from other countries without having similar curbs placed upon our own exports. Unless nations learn to trade upon a mutually profitable basis, the problem of agricultural surpluses in some countries and shortages in others can never be resolved.

At the moment, the question of what the exporting nations of the world propose to do about accumulated surpluses is of more importance than how they were acquired. Nevertheless, it needs to be emphasized that the farmers in my own country geared their agricultural production to the demands made upon them by their own government and by other friendly governments which were engaged in a joint struggle for survival.

Through the 1940's American farmers responded magnificently to the challenge that food would "win the war and write the peace." Agricultural output boomed to new highs year after year and still there was never quite enough. By 1950, when the seemingly insatiable demands of war and postwar rehabilitation had been met at last, eruption of the Korean War placed new, heavy demands upon U. S. farm production. Again farmers got the job done.

Many of the current difficulties confronting agriculture in the United States stem directly from all-out production efforts during World War II, during the postwar rehabilitation years, and again during the Korean conflict. The amazing production job performed by American agriculture was in our own national interest but it was also dedicated to freedom and human need everywhere. I believe it is a literal truth that millions of people now living on this earth would have perished—and other millions would never have been born—except for the vast program of food distribution undertaken through the years by the United States. I say this humbly and gratefully.

There is another point I would make with reference to the stocks of food and fiber which have been accumulated within the United States during the recent years. To a considerable extent they exist because we have refused to dump them upon world markets. We have, in effect, supported world prices of some commodities through this policy. At the same time, we have placed our own producers under rigid production controls and have sometimes relegated them to the role of residual suppliers in world markets.

The Case of Cotton

In the case of cotton, for example, U. S. production this year is expected to total about 12.7 million bales. This is somewhat less than the amount we would normally expect to consume at home and export to our traditional markets in a single year.

Thirty years ago, U. S. exports of cotton totaled around 7.5 million bales annually—about 57% of the total world trade in this commodity. This total and our share of the world market declined through the 1930's. During the 1945-53 period, we were still selling an average of 4.2 million bales of cotton abroad, or 37% of the world total. During the marketing year just ended, U. S. sales slipped to 3.5 million bales, representing only 29% of world exports.

As we begin our harvest of the 1955 cotton crop in the United States, we have on hand, largely in government storage, 11 million bales of cotton from prior crops. This carryover figure is somewhat higher than the total stocks of cotton on hand throughout the remainder of the world on Aug. 1, 1955.

Cotton is a world crop. If world cotton production exceeds consumption, as it has been doing in recent years, the accumulated surplus is a world surplus. It is a responsibility of all the world's cotton producing nations, not just a responsibility of one or two of the larger producers.

Through its own voluntary action, the United States has been saying, in effect, for several years that it would shoulder major responsibility for this world cotton surplus—that it would carry the inventory for the world and that it would move its holdings into the market only after most of the production from other nations had been sold. While the United States has sought to bring world cotton supplies into better balance with demand by reducing its own production, cotton acreage continues to expand in some other areas and markets once supplied by our own growers have been surrendered to other countries. Obviously this situation cannot exist forever.

The United States has no intention of dumping its cotton upon world markets and disrupting trade in this vital commodity. Our government is concerned, however, with checking the continued accumulation of total world stocks and making a start toward the orderly disposition of the surpluses now on hand.

We are seeking wider market outlets through a limited broadening of the export program for government-held stocks. Revisions in our farm laws 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.

As we continue our attempts to work out constructive solutions for these serious problems, we will seek the cooperation of our own cotton industry and that of the world cotton trade which has an equally important stake in the whole problem.

The Case of Wheat

The United States has an equally difficult though somewhat different problem with respect to wheat.

What are we doing about surpluses? The answer is that we are attacking the situation in several different ways.

Some stocks have been utilized as feed for drought areas; food for the Armed Forces, and foreign relief feeding. Substantial quantities have been moved through school lunch programs, and through approved welfare organizations to needy people in the United States and abroad. An effort is being made to increase domestic con-

Continued on page 30

*Speech by Secretary Benson before International Federation of Agricultural Producers, Rome, Italy, Sept. 9, 1955.

NEWS ABOUT BANKS AND BANKERS

CONSOLIDATIONS
NEW BRANCHES
NEW OFFICERS, ETC.
REVISED
CAPITALIZATIONS

Knud H. Ott has been appointed Assistant Vice-President of **Chemical Corn Exchange Bank, of New York,** N. Baxter Jackson, Chairman, announced on Sept. 16. Mr. Ott began his banking career in 1923 and was commissioned a National Bank Examiner in 1929. At Chemical, Mr. Ott will be associated with Vice-President Joseph A. McFadden at 165 Broadway.

Knud H. Ott

* * *

Thomas P. Jerman and Dale E. Sharp have been appointed Executive Vice-Presidents of **Guaranty Trust Company of New York,** it was announced on Sept. 15 by J. Luther Cleveland, Chairman of the Board. Both have been associated with the general management of the bank as Vice-Presidents. Mr. Jerman joined Guaranty in 1928. He was appointed an officer of the banking department in 1938, and a Vice-President in 1945. In 1951 Mr. Jerman became associated with general management.

Thomas P. Jerman

Dale E. Sharp

Mr. Sharp became a member of the Guaranty staff in 1931. In 1942, he became a Vice-President in charge of the company's banking relationships in the Midwest, and early this year became affiliated with general management.

* * *

Guaranty Trust Company of New York announced on Sept. 20 the appointment of William Braden as a Second Vice-President. Formerly an Assistant Treasurer identified with the bank's business on the West Coast, he now joins the trust investment department at the main office.

* * *

The following appointments in the official staff of **The Bank of New York** at 48 Wall St., New York were announced on Sept. 13 by Albert C. Simmonds, Jr., President: Banking Department — Albin R. Wenzel, Assistant Vice-President, and W. J. Leete, Assistant Treasurer; Foreign Department—John Fischer and Robert L. Edwards, Assistant Vice-Presidents; Investment Department — Raymond W. Hammell and Henry C. Van Rensselaer, Assistant Secretaries. Mr. Edwards was formerly connected with the New York Representative Office of **Barclays Bank, Ltd.**

* * *

The First National City Bank of New York announced on Sept. 16 the acquisition of the **Bank of Monrovia of Liberia,** by its wholly-owned affiliate, the **International Banking Corporation.** This brings to 60 the number of First National City overseas installations. The Bank of Monrovia becomes the second American bank on the continent of Africa. Earlier this year, First National City opened a branch in **Cairo, Egypt.**

* * *

The Executive Committee of the Board of Directors of **City Bank Farmers Trust Company of Nwe York** has appointed Sanford L. Smith a Vice-President. Mr. Smith has been a Trust Officer in the Corporate Trust Division. He joined the Farmers Loan & Trust Company in 1926, and was assigned to the Fifth Avenue Branch. He was appointed an Assistant Trust Officer of City Bank Farmers Trust Company in December, 1934 and a Trust Officer in November, 1945.

Sanford L. Smith

* * *

J. Milton Cartmell, Assistant Vice-President of **The Bank for Savings in the City of New York,** is retiring on Sept. 30, it is announced by DeCoursey Fales, President. Mr. Cartmell has been in charge of the bank's 86th Street Office since 1946. He joined the Bank as a bookkeeper 28 years ago.

* * *

The issuance of a certificate of organization for the **Bank of Tokyo Trust Company** in **New York City** was announced by the State Banking Department on Sept. 15. The institution is being formed with a capital of $1,000,000 and surplus of $500,000.

* * *

Approval was given on Sept. 14 by the New York State Banking Department to a certificate authorizing the **South Side Bank of Bay Shore, N. Y.** to increase its capital stock from $250,000, in 10,000 shares, par $25 per share, to $487,500, consisting of 19,500 shares, of the same par value. The Banking Department also indicated on Aug. 11 that the bank had filed an application on Aug. 10 to change its name from the South Side Bank to the **State Bank of Suffolk.**

* * *

As of July 29 the New York State Banking Department approved the plans to increase the capital stock of the **County Trust Co. of White Plains, N. Y.** from $5,894,750, consisting of 1,178,-950 shares, par value $5 per share, to $6,094,750, consisting of 1,218,-950 shares, also $5 per share. As of June 30 the County Trust Company increased its capital from $4,719,750 to $5,894,750.

* * *

Stockholders of **The Pennsylvania Company for Banking and Trusts** and **The First National Bank of Philadelphia,** both of **Philadelphia, Pa.** at special meetings on Sept. 19 voted to merge the two institutions on a share-for-share basis. The name of the consolidated institution will be **The First Pennsylvania Banking and Trust Company.** Subject to approval by the banking authorities, the merger will become effective at the close of business on Sept. 30. The approval of the merger by the boards of directors of the two banks was announced on June 23 and reference to the proposed merger appeared in our June 30 issue, page 3020.

The merger agreement approved by the stockholders provides for 25 directors to serve on the board of The First Pennsylvania Banking and Trust Company. As of the effective date of the merger, the directors will be:

Leonard T. Beale, Charles G. Berwind, Revelle W. Brown, Alexander J. Cassatt, Robert H. Colley, William L. Day, Chairman. Anthony G. Felix, Chairman of Executive Committee, Bankers Securities Corporation; Lionel Y. Greene, David H. Harshaw, G. Joseph Keady, William F. Kelly, President; William Fulton Kurtz, Chairman of Executive Committee. Robert E. MacNeal, John McShain, Edward T. Moynahan, Albert J. Nesbitt, Arthur E. Pew, Walter A. Rigg, Chairman Berks County Trust Co., E. A. Roberts. Isaac W. Roberts, manager, the Philadelphia Saving Fund Society; James M. Symes, Charles R. Tyson, William B. Walker, Executive Vice-President, formerly President of The First National Bank, and Morris Wolf.

As of last June 30, the combined assets of The Pennsylvania Company and First National totaled $1,058,782,293, and deposits of the two banks totaled $950,587,767. The First Pennsylvania Company will have 27 offices located in central city and in neighborhoods throughout the Philadelphia metropolitan area. The main office of the consolidated bank will be in the Packard Building, 15th and Chestnut Streets.

* * *

A merger of **The First National Bank of Delaware County at Media, Pa.,** into the **Provident Trust Company of Philadelphia** was approved by stockholders of both banks at special meetings on Sept. 14. The surviving institution will be Provident Trust. The plan provides for an increase in the capital stock of Provident Trust from 160,000 shares, par value $20, to 390,000 shares, par value $10. Stockholders of Provident Trust will receive two shares of the new $10 par value stock for each present share of $20 par, while stockholders of The First National Bank of Delaware County will receive 1.8 shares of new Provident stock for each share of First National. The merged banks on the basis of June 30, 1955 figures, had combined resources of $210,930,-000, deposits of $187,095,000 and capital funds of $21,403,000. Plans for the merger were noted in our issue of June 23, page 2876.

* * *

As of Sept. 6, the **First National Bank of Freeport, Pa.,** reported a capital of $150,000, increased from $50,000. The increase resulted from a stock dividend of $50,000 and the sale of $50,000 of new stock.

* * *

A charter was issued on Sept. 2 by the Comptroller of the Currency at Washington for the **Downers Grove National Bank of Downers Grove, Ill.** The bank has been formed with a capital of $150,000 and surplus of $100,000. The primary organization has been formed with William F. Meyers as President, and Jay J. De Lay as Cashier.

* * *

A stock dividend of $100,000, effective Sept. 6, has brought about an increase in the capital of the **Aberdeen National Bank, of Aberdeen, So. Dakota,** from $100,000 to $200,000.

* * *

An increase of $50,000 in the capital of the **First National Bank of Gainesville, Ga.,** as a result of the sale of new stock of that amount, has brought the capital up to $150,000, from $100,000, effective Sept. 8.

* * *

In separate meetings on Sept. 15, stockholders of both **The National Bank of Commerce in New Orleans** and the **Louisiana Bank & Trust Company,** likewise of New Orleans, unanimously approved the consolidation of the two institutions. The merger plans were approved by the directors of both banks in June and was subsequently approved by the Comptroller of the Currency in Washington. The actual consolidation will take place Oct. 3. The consolidated banks will be known as **The National Bank of Commerce in New Orleans.** The plans for the merger were noted in our July 14 issue, page 184. Dale Graham, President of The National Bank of Commerce in New Orleans, will remain as head of the enlarged bank. Percy H. Sitges, President of Louisiana Bank & Trust Company, will become Chairman of the Executive Committee. John A. Oulliber of The National Bank of Commerce and Eugene McCarroll of the Louisiana Bank will continue as Executive Vice-Presidents. All other officers of both institutions will be named to their present titles, and all employees will be retained. The enlarged bank will have approximately $12 million of capital funds, about $240 million of resources, and eight branch offices. The present quarters of the Louisiana Bank will continue in operation as a branch for a short time. This is the first bank merger in New Orleans in over 25 years.

* * *

Stockholders of the **First National Bank in Dallas,** in **Dallas, Texas,** will vote Oct. 5 on a proposed $10,000,000 increase in the bank's capital structure. Directors on Sept. 13 voted to recommend the increase. President Ben H. Wooten said the action was taken "because of the continuing growth of the Southwest and the bank's desire to keep pace with it." The increase would give First National a capital structure of $50,000,000. It would have capital of $22,000,-000 and surplus of $28,000,000. The capital structure has been $40,-000,000 with capital and surplus each $20,000,000. The proposal calls for the issuance of 200,000 shares of new capital stock, which would be offered stockholders of record Oct. 5 at $30 a share, one new share for each 10 held. From the stock revenue, the bank would add $2,000,000 to its capital and $4,000,000 to surplus. Another $4,-000,000 would be transferred from undivided profits into surplus, making a total of $22,000,000 capital and $28,000,000 surplus. In addition, the bank would have in excess of $5,000,000 in undivided profits and $4,000,000 in reserve for contingencies. Mr. Wooten said that the bank would continue to pay its annual dividend of $1.30 a share. At the time they voted the proposed capital increase, the directors also voted a regular third quarter dividend of 32½c a share, payable Sept. 30 to stockholders of record Sept. 15. The quarterly dividend totaled $650,-000. The proposed capital structure increase would be the bank's fifth in the five years Mr. Wooten has been President. In 1950 the bank's capital structure totaled $15,000,000. In that year, it was increased $9,000,000 to a total of $24,000,000. In 1952 a $6,000,000 increase raised the figure to $30,000,-000. Merger with the **Dallas National Bank** in 1954 added another $5,000,000. Also last year a stock dividend added another $1,000,000 and a new stock issue added another $4,000,000, bringing the total to $40,000,000.

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Proposals for a $10,437,500 increase in the capital structure of the **Republic National Bank, of Dallas, Texas** bringing the bank's capital and surplus to $70,000,000 and its total capitalization, including reserves, to approximately $82,000,000, will be submitted to shareholders for approval Oct. 4, Karl Hoblitzelle, Chairman of the Board, and Fred F. Florence, President, announced on Sept. 19. In addition a stock dividend of 112,500 shares will be distributed to shareholders. The stock dividend and value of rights to subscribe to additional shares, it is said will represent a current market value of approximately $9,000,000 accruing to shareholders. Simultaneously with completion of these proposals, certain affiliates wholly-owned for the benefit of Republic's shareholders, will pay a net cash dividend of $2,000,000 directly to the bank. The directors in adopting unanimously resolutions setting forth proposals for the increase and stock dividend, called for a special meeting of shareholders on Oct. 4, to act thereon.

Proposals scheduled for submission to shareholders provide for:

(1) A stock dividend of 112,500 shares of the par value of $12, amounting to 5% of the 2,250,000 shares presently outstanding, or a capital stock increase of $1,350,000, issued to stockholders of record as of Oct. 4. The stock dividend would be on the basis of one additional share for each 20 owned.

(2) An additional 187,500 shares of stock, of the par value of $12 each, would be offered ratably, with pre-emptive rights to the shareholders of record as of Oct. 4, at $45 per share, thereby providing $8,437,500, of which $2,250,000 would be allocated to new capital stock and $6,187,500 to surplus. Shareholders will be entitled to subscribe for one additional share for each 12 shares owned.

"The proposed stock dividend of 112,500 shares, together with current market value of rights of shareholders to subscribe to the 187,500 shares, represents a total value of approximately $9,000,000 accruing to our shareholders" Mr. Florence said." This is in addition to the distribution to our shareholders of a stock dividend of 170,000 shares on Oct. 29, 1954," he added. The advices from the bank also said.

The $2,000,000 net cash dividend to be paid to the bank by affiliates, together with the $8,437,-500 realized from the sale of stock, will bring to $10,437,500 the new capital funds being paid into the bank. Of this amount, $3,600,000 will be allocated to new capital stock $6,400,000 to surplus, and the remaining $437,500 to undivided profits. When concluded, the proposals will bring Republic's capital, surplus and undivided profits to approximately $74,000,-000. Including Contingency Reserves in excess of $8,000,000, total capital funds exceed $82,000,000.

* * *

At a special shareholders' meeting on Sept. 13 over 80% of the outstanding capital stock of **The Bank of California N. A. of San Francisco** was represented in person or proxy. The meeting approved the plan to increase the capital stock of the bank through the issuance of 52,200 shares, which will first be offered to its own shareholders at $70 a share. The stock not subscribed will be resold through a group of underwriters headed by Blyth & Co. and Dean Witter & Co. Simultaneously it was announced that upon completion of this financing, the bank's capital and surplus will be increased to $30,000,000, through the transfer of $846,000, from undivided profit account to surplus. The plans to increase the capital were referred to in these columns Aug. 18, page 693.

* * *

The Board of Directors of **Citizens National Trust & Savings Bank of Los Angeles, Calif.** has declined the proposal under date of Aug. 15, made by **First Western Bank and Trust Company,** of **San Francisco,** for a merger of the two banks. Roy A. Britt, President of Citizens National Bank made the announcement following a special meeting of the Board of Directors at which the action was taken. Mr. Britt said:

"The Board of Directors and the Executive Committee of Citizens National Trust & Savings Bank of Los Angeles made a careful and thorough study and analysis of the proposal of First Western Bank and Trust Company, of San Francisco. As a result of such study and analysis, the Board of Directors declined the proposal and by resolution declared its opinion that the proposed merger of Citizens National Bank with First Western Bank would not be in the best interest of Citizens National Trust & Savings Bank of Los Angeles, or its shareholders, depositors, customers, or correspondent banks."

Mr. Britt also stated that "for more than 65 years it (the Citizens) has well and faithfully served Los Angeles and the Southland." He added "Its deposits and earnings are showing a substantial increase." Citizens National Trust & Savings Bank of Los Angeles with resources said to exceed $450,000,000 has its head office at Fifth and Spring Streets, Los Angeles, and 39 branches in the city or vicinity. Five of these branches have been opened within the last 10 months.

* * *

The offer of the **First Western Bank and Trust Company of San Francisco** to merge with the **First National Bank of Sunnyvale, Calif.** has been approved by that bank's board of directors, T. P. Coats, Chairman of First Western's board, announced on Sept. 15. His statement followed an announcement in Sunnyvale by Walter H. Field, President of the First National, that First Western offer was being submitted to First National's shareholders with a favorable recommendation. The First National has deposits of more than $1,500,000. First Western now has an office in nearby Mountain View and two offices in adjacent Los Altos.

* * *

Announcement has been made by the Board of Governors of the Federal Reserve System that the **Farmers and Merchants Bank of East Long Beach, at Long Beach, Calif.**, a State member of the Reserve System, changed its title as of July 28 to the **Farmers and Merchants Bank of Southern Counties.**

First Boston Group Offer Ohio Pow. Bds.

The First Boston Corp. headed an underwriting group which offered yesterday (Sept. 21) a new issue of $17,000,000 of 3⅜% first mortgage bonds, due 1985, of Ohio Power Co. The bonds, which were priced at 101.039 and accrued interest to yield 3.32% to maturity, were awarded to the group at competitive sale on Sept. 20 on a bid of 100.4299%.

The new bonds are redeemable at regular call prices ranging from 104⅛ if redeemed during the 12 months beginning Sept. 1, 1955 to 100 if called after Sept. 1, 1984; special redemption prices are scaled from 101⅛ to 100.

Proceeds from the sale of the bonds and from the concurrent sale of 60,000 shares of preferred stock, together with funds from the sale of 60,000 additional shares of the utility's common stock to American Gas & Electric Co., parent, will be used to prepay $11,900,000 in bank notes, issued for construction purposes, and the balance will be applied to current construction expenses. The company estimates that the cost of its program for the period July 1, 1955 to Dec. 31, 1956, at approximately $80,000,000. Upon completion of the program, the generating capacity of the utility's system will have been increased by 345,000 kilowatts. The company is engaged principally in supplying electric service at retail and wholesale throughout an extensive part of Ohio. Total operating revenues for the 12 months ended June 30, 1955, amounted to $88,883,000 and net income was $15,924,000.

The Outlook for Money Rates

By MARCUS NADLER*

Professor of Finance
Graduate School of Business Administration
New York University

Dr. Nadler foresees a loosening of money rates through action of the Federal Reserve authorities as soon as business activity shows signs of decreasing and the excesses in the use of credit has come to an end. Says, in spite of present optimism, business activity in the not too distant future is bound to witness a moderate decline.

The present tightness in the money market will not last much longer and will give way to considerable ease the moment the objective of the present credit policies of the Reserve authorities has been achieved. Since the Treasury-Federal Reserve accord of March, 1951, the money market and credit and debt management policies of the monetary authorities have been dominated by general business conditions. Whenever business activity assumed the character of a boom, money rates hardened, the availability of bank credit was reduced and bond prices declined. The moment business activity began to decline, accompanied by an increase in unemployment, the demand for credit subsided, the Reserve authorities adopted a policy of credit ease, money rates began to decline and prices of high-grade bonds to rise.

Marcus Nadler

The sharp increase in business activity during 1955, accompanied as it was by a rapid increase in bank credit, consumer indebtedness and total private indebtedness in general, forced the Reserve authorities to adopt restrictive credit measures, irrespective of the criticism that such a policy might arouse. The choice before the monetary authorities was either to permit the healthy recovery to assume the character of an exaggerated boom, followed by a serious decline, or to temper the boom and perhaps cause a decline in business activity which would not be serious nor of long duration.

The Business Outlook

In spite of the great optimism which prevails at present, business activity in the not too distant future is bound to witness a moderate decline. Home starts are already decreasing, the output of automobiles cannot be maintained at the rate of the first eight months of the year, and inventories are accumulating. Moreover, general credit restriction, if pursued long and persistently enough, is always effective. It tends to reduce the offering of public and corporate securities, hence adversely affects public and business spending. The reduction in the availability of bank credit forces in many instances the liquidation of inventories. While it is impossible to time accurately the turn in business, various factors lead to the conclusion that the decline, moderate though it may be, will occur either toward the end of the year or the early part of next year.

Trend of Money Rates

The moment business activity shows signs of decreasing and the excesses in the use of credit have come to an end, the credit policies of the Reserve authorities will undergo a change. Through open-market operations and the lowering of reserve requirements, the Reserve authorities will create sufficient reserves not merely to enable the member banks to repay their indebtedness to the Reserve banks, but also, through the creation of excess reserve balances, will enable them to purchase government as well as other securities. A decline in business activity will lead to a decline in the demand for credit, an increase in the availability of bank credit, a lowering of interest rates and an increase in prices of high-grade bonds.

The credit policies of the Reserve authorities on the whole have been sound. They would have been more effective if they had had the power, through qualitative control, to influence more directly consumer credit and real estate loans. Moreover, the Reserve authorities themselves by restricting their open-market operations exclusively to Treasury bills handicapped their own policy, at least to some extent.

The credit and debt management policies this time were much more carefully conceived and much more skillfully carried out than during the first half of 1953. The pressure on the availability of bank credit during the last few months was slow but persistent. The decline in government bond prices was orderly and at no time did the market assume a chaotic character.

Monetary discipline as a general rule is more effective if fiscal discipline is also applied. Unfortunately the fact that during the period of the greatest boom in peacetime, the Treasury operated with a deficit, handicapped the effectiveness of the credit policies of the Reserve authorities.

Whenever the demand for credit from both the private and public sector is great, money rates are bound to go up. The ideal situation would be if a material increase in the demand for credit and capital from the private sector of the economy could be accompanied by a decrease in the demand from the public sector. This would lead not only to greater economic stability but would also remove excessive swings in the money market.

As was the case during 1948-49, 1953-54, so the present upswing in money rates does not represent a secular trend. The rather sharp upswing in money is a temporary development and will reverse itself the moment the over-optimism has disappeared and business activity shows any signs of a decline.

*Summary of an address by Dr. Nadler before the Investment Seminar of the New York State Bankers Association, New York City, Sept. 16, 1955.

Astor & Ross to Admit

Charles H. Hoffman, member of the New York Stock Exchange, will become a partner in Astor & Ross, 111 Broadway, New York City, members of the New York Stock Exchange, on Oct. 1.

Edwards & Hanly Admit

HEMPSTEAD, N. Y.—Edwards & Hanly, 100 North Franklin Street, members of the New York Stock Exchange, will admit John C. Cronin, George M. Corning and Robert W. Terry, all of Jackson Heights, to partnership in the firm as of Oct. 1. Mr. Cronin and Mr. Corning were formerly resident managers for Orvis Brothers & Co.

Bond Club of Detroit Elects Officers

DETROIT, Mich.—The Bond Club of Detroit, commencing its fortieth year, has elected Victor P. Dhooge of Manley, Bennett & Co. as President with Herbert Schollenberger, Jr., of Campbell, McCarty Co. as Vice-President and H. A. McDonald, Jr. of McDonald, Moore & Co., as Secretary-Treasurer.

Victor P. Dhooge

H. Schollenberger, Jr.

H. A. McDonald, Jr.

The Board of Directors includes the officers, and Charles C. Bechtel, Watling, Lerchen & Co.; Cecil R. Cummings, First of Michigan Corporation; T. Norris Hitchman, Kenower, MacArthur & Co.; Milo Osborn, Paine, Webber, Jackson and Curtis.

The Club's first activity of the year will be the Annual Fall Gold Party to be held at Meadowbrook Country Club in Detroit on Tuesday, Sept. 27, 1955. The party will feature golf, dinner, awarding of prizes and other activities and will be restricted to members only.

Roy W. Hancock

Roy W. Hancock, President of Hancock, Blackstock & Co., Atlanta, Ga., passed away suddenly Sept. 20. Mr. Hancock was President of the Georgia Security Dealers Association.

D. E. Duncan Opens

WALDRON, Ark. — Donald E. Duncan is engaging in a securities business from offices here.

Two With Salomon Bros.

(Special to THE FINANCIAL CHRONICLE)

CHICAGO, Ill. — Charles H. Gerken and Roy W. Michel, Jr. have become associated with Salomon Bros. & Hutzler, 231 South La Salle Street. Mr. Michel was formerly with Stone & Webster Securities Corporation and prior thereto with Blyth & Co., Inc.

Outlook for Automation

By DEAN E. WOOLDRIDGE*
President, The Ramo-Wooldridge Corp., Los Angeles, Calif.

Mr. Wooldridge points out though there is nothing basically new about automation, it has received a tremendous boost from the application of electronic techniques. Says automation is essentially a field of tool-making for the enhancement of the efficiency of the frequently nontechnical operations of business and industry. Predicts automation will become one of nation's largest industries. Finds techniques of military automation can be applied to business, and holds there is ground for rapid, efficient progress toward factory automation.


Dr. D. E. Wooldridge

I believe that any speaker who today addresses himself to the subject of automation feels an almost irresistible urge to start by defining the subject. This is probably because, while he may know what he means by the term, he is not quite sure that the word means the same thing to anyone else in the audience. While starting a speech with a definition of the subject isn't necessarily a bad idea, for this particular subject there seems to be an unusual tendency for the defining process to get out of hand. There is more than one instance on record of a speaker whose definition continued until the chairman rang the warning bell at the end of the speech. I'm going to try to avoid this particular pitfall, but I'm afraid that I, too, feel the need of starting with some kind of definition of automation that is suitably tailored to the particular set of prejudices that I want to promulgate.

I'll tackle this matter of definition in a very nonrigorous and incomplete way. I'll assume that, in a general way, the word "automation" connotes to all of us the employment of machinery or equipment to perform operations that would otherwise have to be done by human beings. In this sense, automation is a very old field indeed. However, as a starting point for my remarks, I need a statement of the aspect of automation that is new, and which therefore may have most to do with determining the modern implications of the subject.

The Impact of Electronics

I believe that the thing that is new about automation, and that is therefore responsible for the unusual interest in the subject today, is the advent of electronic methods of control and computation. I believe that when the mechanical ingenuity that has characterized the steady development of automatic machinery and equipment during the past 100 years is supplemented by these powerful new electronic techniques, the potentialities of the field of automation are almost discontinuously increased by a very large factor. While it may be true that there is nothing basically new about automation, in the same sense there is no basic difference between an atomic bomb and an old-fashioned TNT explosive. Both produce large bangs and destructive effects. Nevertheless, we are all well aware by now that the quantitative superiority of the destructive effect of the new weapon is so very great that for most practical purposes it may be considered a qualitatively different device than earlier bombs. While the discrepancy between the potentialities of automation with the newer electronics techniques and the potentialities of automation without these techniques is probably not as great as the difference between the explosive power of atom bombs and TNT, nevertheless I feel that this analogy is not entirely invalid, and that we are justified in treating the automation of today and the near future as almost qualitatively a different kind of thing than the automation of the past.

As a result of the application of electronic techniques of control and computation to the relatively well established field of design of automatic equipment, modern automation possesses two very important basic properties. The first of these properties has to do with the character of the equipment. There is one thing that nearly all factory control, process control, or data-processing problems have in common—they require the employment of electronic and electro-mechanical equipment of a high degree of technical complexity. I wonder how many of you have stopped to reflect upon the tremendous change that has occurred since the beginning of the last war in our attitude toward complex electronic equipment. In 1941, the most complicated piece of electronic equipment that anyone had considered using in any extensive fashion was a television receiver, and one of the reasons the practical advent of television had been stalled for several years was that so many people were afraid of its technical complexity. Why, almost 30 vacuum tubes had to be made to work together all at one time; not only that, but the operating characteristics of the components had to be maintained with a degree of precision that was frequently well beyond the then current state of the electronics art. Even many of the more sophisticated in the electronics field seriously questioned whether the maintenance and reliability problems could be solved for such extraordinary complicated apparatus. By comparison, the assemblage of electronic gear that goes into a typical automation system today employs hundreds and sometimes even thousands of vacuum tubes or their equivalents, together with the associated electronic and mechanical components.

What has happened in the years since 1941 is that military necessity has forced us to devise and employ exceedingly complex electronic equipment. As a result, we are all much less frightened by such things than we would otherwise be. This is partly because electronic equipment has been made more reliable, partly because we were too much afraid of it before the war, and partly because, familiarity has bred in all of us a certain amount of brashness. The result is a willingness to attempt to make very complicated equipment work, at least in situations where we are convinced there will be a big pay-off if we succeed. I think it is quite safe to say that the fact that this discussion of the immediate implications of modern automation to business and industry is being held in the year 1955, instead of

Continued on page 32

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

THE MARKET . . . AND YOU

By WALLACE STREETE

The stock market has behaved strangely since our last report. For one thing the rail-road average finally confirmed the emergence of the industrial index into all-time high ground, but if this was a signal it seemed to escape most traders.

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Within two days of topping its previous high since 1929 the rail list turned dead and overall daily volume contracted as much as 20% to rule just above the slow days that preceded the Labor Day holiday.

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Then too, we had several additional sessions wherein the only headway pricewise was done by a handful of pivotals—the leading motors, steels, aircrafts and a chemical issue or two.

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Such markets have aroused skepticism on the part of some market commentators, who expressed the thought that the rises in the average, especially the upside breakout of the rail average, are deliberately being maneuvered in order to give the appearance of strength. They admit, however, that they have not been able to detect any such deliberate moves of creating an appearance of strength while undertaking the liquidation of other securities on a broad scale.

A Strange Session

Monday's session was the strangest of all. For a major portion of the day the industrial average tacked on a good gain only because of smart runups in General Motors, Bethlehem, duPont, Chrysler and U. S. Steel. There was almost no other leader ruling better than steady in the period, with a vast number of issues trickling lower. If the pattern had remained in force throughout the session we would have witnessed a paradox of averages showing a good gain in a day when declines vastly predominated.

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As was to be expected, some of the recent high-flying issues, including U. S. Gypsum, Visking, Rohm & Haas, Reynolds Metal, Magma Copper and Firestone Tire, ran out of steam. Gillette Safety Razor, which out maneuvered Eversharp in getting control of Paper-Mate, had several big sessions but by the time of this report also began to fade.

Favorites-of-the-Week

While Bethlehem and U. S. Steel were getting the big play in the period when pivotals were having their inning, the steel shocker of the week turned out to be Wheeling Steel. It spurted sharply as several houses turned the spotlight on it as a lagging but well deserving investment in the heavy metal field. It too was getting a mention from the "let's split them boys."

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Phillips "Pete" found favor during the week and it was being "touted" widely as is Standard Oil Co. (Indiana).

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Boeing and Douglas led the aircraft group higher in one of the best showings of strength this week. Boeing resumed its upswing after recently giving up five of a long 12-point advance. From a group standpoint one of the best overall performance of late has been this section of the list. It has made progress consistently since late July.

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The mercantile issues came to notice only because Montgomery Ward put on a good spurt this week. They have been quietly inching ahead for some time as record retail department store sales become assured for 1955.

Rising Specialties

As the week progressed and the market interest veered a bit away from the key stocks, such specialties as Crescent Corp., Marquette Cement, Zenith Radio and H. J. Heinz found themselves in favor with a large number of investors. Each tacked on a good gain on fair volume.

* * *

The American Stock Exchange has one of the wonder shares on its list — Mesabi Iron—but the issue did little this week despite a rash of publicity about its runup of the past few years. On that exchange International Petroleum, Eastern Gas, Kaiser Motors, Barium Steel and Canadian Marconi continued among the most active, all managing some gain.

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The Stock Exchange's monthly report on its short position made interesting reading in that it pointed up, probably for the first time, just how much arbitraging there is these days in certain "big board" issues.

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American Telephone, for instance, had a total short interest of 142,291 shares as of Sept. 15. It was the top "short," and compared with only 20,278 shares a month earlier. Another "arbitrage" issue, Monsanto Chemical (it has a merger plan with Lion Oil which involves exchange of shares) as per the latest report jumped its short position to 107,753 shares from 39,884 shares a month earlier. It now ranks as No. 4 in the line of the biggest 12 short issues.

Merger Item

The Diamond Match-Allied Chemical merger rumors take on more weight each day, with the latest word in Street circles being that some news is due within a week or so.

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General Railway Signal has been in demand recently as it became more apparent that the railroad industry will have a good income year. Perhaps more than any other industry the railroads are faced with the problem of cost control. While heretofore the emphasis for cutting costs has been toward dieselization, now it is shifting to track maintenance, and updating its signaling setup is considered one of the best ways ultimately to reduce the cost of maintaining its trackage.

[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.]

Baltimore & Ohio RR. Completes Huge Refinancing Program

The Baltimore & Ohio RR. Co. has now assured itself of the sale or exchange of $280,000,000 in three series of first consolidated mortgage bonds through an investment banking group headed jointly by Glore, Forgan & Co., Halsey, Stuart & Co. Inc., and Alex. Brown & Sons. This is the largest refinancing ever accomplished by a railroad, other than through reorganization.

The new bonds consist of $80,000,000 in series A 3⅞% bonds, due in 1970; $80,000,000 in series B 4% bonds, due in 1980; and $120,000,000 series C 4¼% bonds, due in 1995. They were offered publicly on Aug. 30 for sale by the underwriters on a "best efforts" basis at 99% for the series A bonds, 98¾% for the series B bonds and 100% for the series C bonds or for exchange for outstanding issues.

By Sept. 19, sales and exchanges had reached the point (over 75% of the total) at which the underwriters were committed to purchase the remaining balance of the $280,000,000 in bonds. This assured the Baltimore & Ohio of the consummation of the largest portion of its refinancing program, which also included the sale of $35,000,000 in 3½% notes to a group of commercial banks and the placement of $32,000,000 in Baltimore & Ohio Chicago Terminal RR. first mortgage bonds with institutional investors. The issuance, sale and exchange of the present issue are subject to Interstate Commerce Commission approval and subject to the usual requirements of contracts of this nature.

The underwriters are currently offering $21,518,000 of the series A bonds and $47,804,500 of the series B bonds for sale at 99% and 98¾% respectively. Commitments were received previously for all the series C bonds and the remainder of the series A and series B bonds.

I. B. A. Receives Slate for 1956

George W. Davis, partner, Davis, Skaggs & Co., San Francisco, has been nominated for President, Investment Bankers Association of America, it was announced by Walter A. Schmidt of Poole, Roberts & Parke, Philadelphia, President of the Association. The announcement was made following the Fall Meeting of the IBA Board of Governors, Sept. 16 and 17, at the Edgewater Beach Hotel, Chicago.


George W. Davis


Andrew M. Baird


Robert H. Craft


John C. Hagan, Jr.


Wm. C. Jackson, Jr.


Delmont K. Pfeffer


Walter A. Schmidt

Named with Mr. Davis were the following nominees for Vice-President:

Andrew M. Baird, A. G. Becker & Co. Inc., Chicago.
Robert H. Craft, American Securities Corp., New York.
John C. Hagan, Jr., Mason-Hagan, Inc., Richmond.
William C. Jackson, Jr., First Southwest Co., Dallas.
Delmont K. Pfeffer, The First National City Bank of New York, New York.

The Association will act on the slate at its Annual Convention, Nov. 27-Dec. 2, 1955, at the Hollywood Beach Hotel, Hollywood, Fla. Nomination is tantamount to election. The new President and the Vice-Presidents will be installed Dec. 1, and will hold an organization meeting the following day.

Chemical Additives to Greatly Improve Petroleum Fuels

Petro-chemist tells American Chemical Society, because of chemical additives, we will have better gasolines, jet fuels, diesel fuels, and heating oils in future.

Dr. Harold Beatty of Ethyl Corporation told the 128th national meeting of the American Chemical Society at Minneapolis that better gasolines, jet fuels, diesel fuels, and heating oils can be expected in the future because of progress in the use of chemical additives.

Dr. Beatty stated that gasolines alone already contain one or more of nine different kinds of additives, designed to meet such problems as knocking, rust, carburetor icing, and gum deposits. He predicted a further increase in both the number of additives and the benefits to be obtained from them, because of modern demands for greater quantities of higher quality fuels.

In his paper on "Fuel Additives: Problems and Progress," written jointly with the late Dr. Graham Edgar, a former Vice-President of Ethyl Corporation, Dr. Beatty pointed out that the technology of fuels and additives is so complex that even the experts do not always agree as to what actually takes place during burning. For one thing, fuels differ from each other in composition, and hence in how they burn and how they benefit from a given chemical additive. Moreover, some additives are excellent under certain conditions and less beneficial under others.

Dr. Beatty predicted, however, that knowledge obtained from additional basic research would make it possible to develop new additives and to make better use of present ones. These advances will be aided by new instruments, engine-research techniques, and other test procedures.

Among the many needs for new additives which are already evident, Dr. Beatty listed more effective modifiers or removers of deposits in combustion chambers, additives to promote the complete burning of gasolines, combustion improvers to reduce smoke from jet and diesel fuels, and stabilizers for jet fuels exposed to high temperatures.

"These and other possibilities present a challenge to the petroleum industry and to those who supply its additives," he said. "The problems are difficult, but the potential rewards are great. Collectively, we have made much progress in past years. We look forward with confidence to further progress in the future."

Elected Directors

Callahan Zinc-Lead Co. has increased its Board of Directors from six to nine members with the election of three new members, Joseph T. Hall, President, announced.

The new directors are: Gordon Dean, who is associated with Lehman Brothers; Joseph H. Hirshhorn, metal mining executive; and Philip D. Wilson, consulting mining engineer and geologist.

The White House Conference on Education

By ROGER W. BABSON

Noting that a White House Conference on Education is to take place, beginning Nov. 28, Mr. Babson points out the local communities should cooperate at the "grass roots" by making surveys of their educational needs. Says school buildings are too costly, and offers a proposal to relieve the teacher shortage.

The first White House Conference on Education has been called by President Eisenhower to meet in Washington, Nov. 28, through Dec. 1. Why will this be such an important meeting?


Roger W. Babson

The first reason is because there is an acute shortage of teachers. Hence, we must find a way to attract many more good people into the teaching profession. There is a shocking inadequacy of school housing. Cities and towns already overburdened by heavy tax loads must also find a way to build many more school buildings *much more cheaply* than they have in the past.

Just 24 months ago our population totaled 160,000,000. Today it has passed 165,000,000, and is increasing at a rate of about 2,700,000 a year. This means that for every 100 students now in the classrooms, there will be 121 by 1960, and 136 by 1965. There will be 476,000 new classrooms needed by 1960, plus the teachers to fill them. It has been estimated that our schools will need $10 billion more *annually* to operate in 1965 than they do today. It is to cope with this crisis that the White House Conference has been called.

Local Preparations Needed

At least 40 state school board associations have already had regional planning meetings. Local citizens' meetings by the thousands will get into full swing this month. At a National School Boards Association meeting scheduled for Sept. 29 to Oct. 1 in Kansas City, Mo., the question will be discussed as to how business, industry, and the professions can contribute techniques and ideas that will be useful in the field of education. May I urge readers to get into these discussions at the grass roots.

How many school children must your community accommodate during the next decade? How much of the problem can be solved by remodeling old buildings and how much new building will be needed? Is your community paying high enough salaries to keep its good teachers and to attract new teachers? How much will the annual operating budget have to be increased by 1965? How will this affect the tax rate? How will we get the most judicious use of school dollars? These are questions to which, as an intelligent citizen, you should have objective, unprejudiced answers I hope the White House Conference will move in this direction.

Solution to the Teacher Shortage

One of my readers, Mr. William C. Wooten of Greensboro, N. C., has come up with a suggestion for relieving the teacher shortage. I hope my readers will give this idea some consideration. He proposes a free college education with a bachelors' degree for all qualified students of state universities who will agree to become teachers for a certain number of years in our public schools upon graduation from such a state university. He says that since most states now have publicly operated universities, it would be a relatively simple matter to arrange for a paid up education.

I believe that we have scores of intelligent persons of excellent character not entirely financially able to attend college, who would accept such an arrangement. This plan offers the way to attract and hold within the teaching profession a number of bright young people. Furthermore, it offers to these prospectives teachers a post-college training in human nature and executive experience such as an intern has at a hospital before getting his M.D. Any such teacher after successfully completing such additional years of teaching should perhaps be awarded an M.A. degree. If any teacher should desire thereafter to change from teaching into some other work, these years of post-training would help in getting a good position, or—in case of an unmarried woman—a good husband! Of course, some details would have to be worked out for men becoming eligible for military service. I hope the White House Conference will not allow itself to get bogged down in educational gobbledegook, but will discuss the above serious problems with dispatch, and in a democratic and realistic manner.

John D. Farnham Now With Lehman Brothers

Lehman Brothers, 1 William Street, New York City, members of the New York Stock Exchange, announced yesterday that John D. Farnham has become associated with the firm. Mr. Farnham heretofore has been head of John D. Farnham & Associates, St. Paul, Minn., corporate financial consultants and specialists in the corporate merger field. Prior to formation of his own firm in 1946, Mr. Farnham was engaged in law practice in New York, Washington, D. C. and Chicago, Ill.

Mr. Farnham is a graduate of Harvard College, Class of 1923 and Harvard Law School, Class of 1926.

Babbage & Kessinger Formed in Lexington

(Special to THE FINANCIAL CHRONICLE)

LEXINGTON, Ky.—Babbage & Kessinger has been formed with offices in the Security Trust Building to engage in a securities business. Partners are Robert A. Babbage and Thomas B. Kessinger. Both were formerly officers of the Kentucky Company.

The Financial Community's Interest in Market Research

By RUDDICK C. LAWRENCE*

Vice-President, The New York Stock Exchange

Predicting market research will play a more important role in the financial community's planning from now on, New York Stock Exchange official points out America's corporations must raise from $40 to $80 billion in equity capital between now and 1965. This, he says, will require custom-tailored, personal service, and efficient and aggressive merchandizing and marketing of securities. Cites activities of the N. Y. S. E. in the pursuit of its goal to increase number of corporation shareholders.

The business of the New York Stock Exchange is greatly indebted to research. You may have noticed, for example, that Exchange advertising repeats time and again, "Before you invest, get the facts."

Ruddick C. Lawrence

That approach to investing has given birth in the past 20 years to a whole new profession — the security analyst. Now our firms spend millions of dollars a year on securities research. Their activities in the research field have given all of us a sounder basis for investing and more factual information than was ever before available.

But, you may ask, why should the Exchange be interested in "market research?" Isn't it true that the Exchange has nothing to buy or to sell? We own no stocks nor do we do business directly with the public.

Until recently our industry had done little market research. With a few notable exceptions, our member firms are relatively small, local businesses which are in no position to undertake market research on a nation-wide scale.

The Exchange's interest in market research stems from, among other developments, two studies which exploded some myths about our business. The first was the pioneering study of shareownership undertaken for us by the Brookings Institution. That project originated from two questions asked by Keith Funston as the new President of the Exchange. He wanted to know "How many stockowners are there?" And "who are they?" Estimates had ranged from 10-20 million, but nobody knew the answer.

But Brookings showed us that in 1952 there were 8½ million shareowners altogether and only 6½ million shareowners in publicly-owned companies. To others this finding was even more startling—75% of the nation's shareowners had incomes of less than $10,000.

The second study was the natural result of the question raised by the first—"What can we do about it?" Stewart Dougal conducted a survey of the business. This study documented the need for expanding cooperative efforts to keep our business healthy and for new methods for merchandising stock. One result: the Monthly Investment Plan, which we subsequently developed and member firms of the Exchange put into effect last year. More recently, we have developed a new model statute making it easier to give stock to minors which is already law in 10 states.

A Revolution in the National Market Place

Another reason for the Exchange's interest in market research is that the revolution in the national marketplace is having even greater impact on our financial markets. You are all familiar of course with the projections for the America of 1965—a land of 190 million people, with a gross national product of $535 billion. Based on projections of the Joint Committee on the Economic Report, the Exchange estimates that between now and 1965 our corporations will need a staggering $375 billion for plants, products, tools and jobs. We estimate that of this amount from $40 to $80 billion of new **equity** securities may be offered to the public. This represents two to four times the recent annual rate for new equity financing.

Institutional investors alone can't supply that kind of money. We must look to literally millions of American investors to furnish the new equity capital necessary to our expanding economy.

This means that mass production, mass distribution and mass consumption must be matched by mass investment. It means that a large part of our business must wed custom-tailored, personal service to broad scale merchandising and marketing. Many firms are exploring new sales and advertising techniques and are expanding their facilities to serve this vast new market.

After studying the research and information available a couple of years ago, it seemed clear that the Exchange should concentrate on a single basic objective — a goal which could tie together all of its own public program as well as the activities of our members and the entire financial community. That long range goal, we decided, is to help create on a sound basis a nation of shareowners. From this thinking emerged the theme used in all of our advertising and public relations. "Own Your Share of American Business." Here we had a point of view which we felt expressed the basic function of our business and which put us on the side of industry, of government and of the people.

As you probably know, we have a lot of "bosses" at the Exchange. There are some 33 Governors and 1,366 members. Besides, we have looking over our shoulders several government agencies, 1,200 listed companies and finally millions of shareowners. Under these circumstances it is not only necessary to be right—we must **prove** it. So research not only helps us **find** the answer but enables us to prove that answer once we have found it.

Myths About the Securities Market

In trying to find the answer we often have the pleasure of puncturing a lot of myths about the securities business: Such myths as—

—Only the wealthy can afford to buy stocks.

—People who use credit in market are gamblers.

—Prices are set by the Exchange.

In getting the facts, we needed to test our themes, to explore our markets and to check distribution and the product.

We decided upon three research projects:

First: A study of public opinion in the mass market;

Second: A field check of public reaction to the new Monthly Investment Plan; and

Third: A survey in depth of upper income investors.

Our analysis shows the principle target of three markets toward which member firms' efforts to broaden shareownership should be directed:

(1) The 2,000,000 non-shareowning families with incomes of $5,000 or over who have considered investing in common stock in the past year.

(2) The 5½ million non-shareowners in the executive and professional groups.

(3) The broad mass market of 12,000,000 non-shareownering families with incomes of $5,000 and over.

But as you know so well, the best research is a waste of money unless it is used. How many wonderful research studies are lying in some executive's bottom deskdrawer? Getting the greatest possible mileage out of good research is something of an art, and I'm sure all of you are experts.

At the Exchange we try to make our research work hard for us. Take for example those three market studies:

First, each was analyzed carefully and studied by management and operating departments. The facts have been of great help not only in expanding the Exchange's educational activities but also in helping to shape those programs.

Next, they were published in a book—"The Public Speaks to the Exchange Community." Not just an ordinary book. It was designed to summarize and highlight the important findings and it's enlivened by cartoons. This book, by the way, went to all of our listed companies, to government officials and to educators—as well as to members and member firms of the Exchange across the country.

The New Advertising Campaign

Our new advertising campaign draws liberally upon the survey findings.

Incidentally, the first ad of the new campaign appeared on Sept. 13. I wonder how many of you happened to see it?

Well, here's the ad. And it's a good illustration of how our research findings are put to work. You will notice that we continue to stress the basic theme—"Own Your Share of American Business."

Each ad has an introductory lead. This one goes like this:

"A recent nation-wide survey showed that at least 19 million Americans would like to know more about investing in stocks. This advertisement, one of a series being published to help broaden understanding of the stock market, explains how and why dividends are paid. We hope you'll find it informative and worthwhile."

Each ad will feature a different salient finding of the survey.

The copy will deal with misconceptions or areas of ignorance, for example—

"What are dividends—who gets 'em?"

"What is a common stock—and why?"

(Only 23% of adults can define common stock properly. And they were four times more likely to consider common stock investment for their extra dollars as those who can't define it.)

Every piece of copy urges the reader to get in touch with a broker, for further help and information and offers literature to extend the educational process.

Because our studies show that many people can't distinguish between member and non-member firms and don't know the location of a broker, we are offering our members tie-in ads and will list their names in the classified pages of some 400 telephone directories.

Of course, research can't substitute for judgement and in some respects we have rejected our survey conclusions and go contrary to orthodox advertising techniques. As a matter of public policy, we stress at every opportunity four cautionary points:

(1) Understand the risk — and tailor your investment to the amount of risk you can afford to take;

(2) Be sure you have a cash reserve for emergencies;

(3) Get the facts, and

(4) Seek good advice.

I'm sure that if most advertisers were to place such handicaps on their agencies, there would be a wave of mass suicides along Madison Avenue.

The answer is that we just don't want people to invest in stocks unless they know what they are doing and unless they are able to do so on a sound basis.

They were used in major speeches by our President and staff.

They were worked into all of our new speech material and displays for the new nation-wide speakers bureau and community relations program for our members and member firms.

They were sent to newspapers and magazine editors, radio and TV people, and helped to stimulate a number of major articles about our business.

The findings were submitted to the Fulbright Committee in support of our public policies.

Our new educational director will use them in schools and colleges.

The surveys were reproduced in slide presentations for meetings of our own industry and of other interested groups.

The research will also help in working with our listed companies on employee and stockholder education about the profit system and common stocks.

Finally, of course, the studies have stimulated many of our firms to develop and expand their own educational and merchandising activities.

Our best estimates show that during the past three years the number of shareowners in publicly-owned companies has increased by one million and now stands at 7½ million.

Getting Facts in Other Fields

Of course we turn to our Research Department for getting the facts in many other fields:

—Keeping us posted on economic trends affecting our market.

—Following the use of credit in our market.

—Tracing the tremendous growth in institutional investing.

—Developing material for our campaign against the tax on capital gains and double taxation of dividends.

And, of course, we haven't even begun to answer the continuing flow of questions and problems which arise from the tremendous changes taking place in the market for investments. For example:

To what extent can our members afford to add manpower and facilities to open up these new makets?

Is the sales compensation for handling listed common stocks adequate in relation to other securities?

How will increasing institutional investing affect our market—and what new market facilities—if any—are called for?

How many new shareowners are coming into our market year by year?

In short, we believe the financial community, in common with all industry, must—if it is to get across to millions of people the potentials of our dynamic economy and the opportunities which it presents for all of us—turn increasingly to market research.

*An address by Mr. Lawrence at a meeting of the Marketing Research Council, New York City, Sept. 15, 1955.

Customers Brokers Elect New Officers

At a meeting Sept. 21 the Association of Customers' Brokers elected officers for the 1955-1956 year. The slate chosen includes:

Nicholas E. Crane

Albert F. Frank

J. Harold Smith

Gerald Wilstead

President: Nicholas E. Crane of Dean Witter & Co.

Vice-President: Albert F. Frank of Ladenburg, Thalmann & Co.

Secretary: J. Harold Smith of Hirsch & Co.

Treasurer: Gerald L. Wilstead of Hallgarten & Co.

Also named to serve on the Executive Committee were Todd G. Alexander of Auchincloss, Parker & Redpath for a one year term and Mrs. Hazel S. Anderson of Gude, Winmill & Co., Edward A. Horn of Kuhn, Loeb & Co., Leo J. Larkin of Carl M. Loeb, Rhoades & Co. and Edward S. Wilson of Hallgarten & Co. for two year terms.

Salomon Bros. Places Associates Investm't 4.20% Preferred Stk.

Associates Investment Co. on Sept. 15 sold $10,000,000 of 4.20% preferred stock at par ($100 per share). The stock was placed privately with institutional investors by Salomon Bros. & Hutzler.

This issue is subject to a sinking fund of 10% per annum commencing in 1957, Robert L. Oare, Board Chairman, announced.

"The addition of this new capital places Associates capital and surplus funds in excess of $100,000,000 and is a forward step in the normal growth of the company," Mr. Oare said. The proceeds are being initially applied to reduce short-term borrowings.

Greenberg, Strong Formed

DENVER, Colo. — Greenberg, Strong & Co. has been formed with offices at 1700 Broadway to conduct a securities business. Officers are Gerald M. Greenberg, President; Leonard S. Fox, Secretary - Treasurer; and William J. Owen, Vice-President. Mr. Greenberg was formerly with Hicks, Newton & Co., Inc.

De Witt Conklin Admits O'Connell As Partner

De Witt Conklin Organization, 100 Broadway, New York City, stockholder and financial relations firm, have announced the admission of Daniel D. O'Connell to general partnership. Stanton D. Loring has withdrawn as a general partner of the firm.

Plant and Equipment Outlays Still Rising

Joint statement of SEC and Department of Commerce says business will spend this year $27.9 billion on new plant and equipment, or about 3% more than scheduled last January.

Businessmen expect plant and equipment expenditures to increase steadily during the remainder of 1955 to a record rate in the last three months of the year. According to reports received in late July and August by the Securities and Exchange Commission and the Department of Commerce, business will spend $27.9 billion this year on new plant and equipment, about 3% more than scheduled at the beginning of the year. If programs for the last six months materialize, 1955 outlays will be 4% above last year and only 1% below the all-time high of $28.3 billion in 1953.

The survey indicates actual outlays at seasonally adjusted annual rates of $25.6 billion and $27.2 billion during the first and second quarters of this year and planned spending of $29.0 billion and $29.7 billion in the third and fourth quarters. About half the $4 billion scheduled annual rate of increase from the first to the fourth quarter is accounted for by manufacturing concerns, particularly durable goods industries. Commercial companies, railroads and utilities also show a sharp uptrend in the rate of expenditure.

Manufacturing companies plan to spend $11.2 billion for plant and equipment in 1955, slightly more than in 1954 and 6% below the peak year 1953. Expenditures by durable goods industries for 1955 are scheduled at 5% above 1954 with non-durable goods companies anticipating a 2% decline. The upward revision in manufacturing plans as compared with those made earlier this year reflect increased programs in the durable goods industries; the decline expected by non-durable goods concerns is in line with the programs reported in the previous survey.

The railroad industry, reflecting sharply improved operations, made on a relative basis the most substantial revision in its plans—almost 20% higher than expected in the survey conducted in February. Transportation, other than railroad and gas utilities, also have increased their plans for capital outlays while other industries' expectations are generally in line with the anticipations for this period made in the earlier survey.

Expenditures for 1955 (including anticipations for the second half of the year) are compared with outlays for 1954 below and in the accompanying table.

	(Millions of Dollars) 1954	1955	% Change
Manufacturing	11,038	11,193	+1
Durable goods industries	5,091	5,365	+5
Non-durable goods industries	5,948	5,828	—2
Mining	975	895	—8
Railroad	854	910	+7
Transportation, other than rail	1,512	1,563	+3
Public utilities	4,219	4,445	+5
Commercial and other	8,230	8,891	+8
Total	26,827	27,896	+4

Manufacturers' Outlays

Strength was generally evident throughout the durable goods segment and virtually every industry shows an upward trend during 1955. The iron and steel industry is planning expenditures for this year 15% above last year. Non-electrical machinery firms are planning outlays 14% above 1954 while the stone, clay and glass industry is expecting to make record outlays 28% above last year. The transportation equipment industry (including motor vehicles) is planning expenditures in 1955 quite close to the record rate in 1954; this industry earlier this year had expected a sizable reduction in capital expenditures. Nonferrous metals industries expect somewhat lower outlays this year.

Among the non-durable goods groups, food, textile, paper and rubber companies all increased their programs for this year over what they had planned in the beginning of the year. On the other hand, the chemical industry shows a downward revision of 7% and is now expecting lower outlays than last year. The petroleum industry has slightly reduced its plans but still expects to spend in 1955 about the same record amount as in the last few years, approximately $2.7 billion.

Non-Manufacturing Trends

The increased outlays on the part of railroads reflect higher earnings and the initiation of new modernization programs. All of the increase is in the form of equipment, 12% more than last year, with outlays for road improvements in 1955 remaining at about the same level as last year.

As for other non-manufacturing industries, gas companies are expecting record outlays 28% above 1954, while wholesale and retail trade concerns are planning almost 15% higher outlays than last year.

The above summary is based on estimates of plant and equipment expenditures by industry groups. The basic data for this release were derived from reports submitted by corporations registered with the Securities and Exchange Commission and by a large sample of non-registered manufacturing and trade companies, non-corporate as well as corporate, reporting to the Department of Commerce. The estimates presented are universe totals based on the sample data.

With Johnson, Lane Space

(Special to The Financial Chronicle)

SAVANNAH, Ga.—Freeman N. Jelks, Jr. has been added to the staff of Johnson, Lane, Space & Co., Inc., Bay & Drayton Streets.

With Merrill Lynch

(Special to The Financial Chronicle)

CHICAGO, Ill.—Edith H. Wu has become affiliated with Merrill Lynch, Pierce, Fenner & Beane, Board of Trade Building.

Joins Julien Collins

(Special to The Financial Chronicle)

CHICAGO, Ill.—Robert W. McGowen has joined the staff of Julien Collins & Company, 105 South La Salle Street, members of the Midwest Stock Exchange.

With Equitable Secs.

(Special to The Financial Chronicle)

NEW ORLEANS, La.—Linus N. Hardy is now connected with Equitable Securities Corporation, Whitney Bank Building.

Calls Attention to Investment Opportunities In Outboard Motor Industry

W. J. Webb, Vice-President of Outboard, Marine and Manufacturing Company, says there is an insufficient investment of private capital in this, the fastest growing recreational industry. Holds stability of boating as a recreation is reflected in outboard motor sales.

A lack of knowledge about the burgeoning outboard motor market has resulted in an insufficient investment of private capital in the country's fastest-growing recreational industry. This is the opinion of W. J. Webb, Vice-President of Outboard, Marine and Manufacturing Co. Mr. Webb said the outboard industry, in a growth state for the past five years, offers an unlimited opportunity for investment in the facilities to handle such craft. The industry also offers an opportunity for investment in retail outlets, marine equipment and in services related to the maintenance of boats and motors.

W. J. Webb

Mr. Webb, Division Manager of Evinrude Motors, Milwaukee, said the total number of boats now in use far exceeds the number of ramps, berths, docks and marinas needed to accommodate them. It is the construction of these facilities, he said, which offers a long-term investment for private capital.

"In addition," he continued, "a large percent of retailers and distributors in the business have insufficient working capital to realize their potential. Floor planning and consumer credit is not the answer. More dealers and more distributors need more capital to sell their boats, motors and accessories."

Mr. Webb decried references to the popularity of boating as a "boating boom."

"This is no boom," he said. "Boating is an accepted recreation. Its stability is reflected in outboard motor sales for the past five years." A total of 170,000 outboard motors was sold in 1941, the biggest prewar year for the outboard industry. From 1950-1955, the annual average of motors sold was 398,000.

Mr. Webb said that 500,000 motors worth $150,000,000 will be sold by the industry this year. By the end of the year, some 50,000 outboard cruisers are expected to be sold. These craft, with their motors, will represent an investment of close to $100,000,000 by the nation's buyers. No estimate is made of the total number of outboard runabouts—from 12 to 16 feet in length—which will be sold by the end of the year.

Mr. Webb described the need for docking facilities at the introduction in New York City of Evinrude's 1956 line of outboard motors. The company has introduced a nine motor line, ranging from three to 30 horsepower.

"Our marketing nine motors," he noted, "illustrates the wide variety of boating as it exists today. We have engineered a motor for every purpose—fishing, water skiing, cruising and just plain boating. These are the activities attracting new boat-owners and each new boat-owner faces the problem of where to berth his craft.

"The growth of boating is comparable to the growth of the automotive industry 30 years ago. First came the cars, then the need to build highways and service stations. Boating has the 'highways' in natural waterways. What is needed now are the 'service stations' in the form of ramps and marinas. It's the marina which provides berthing facilities, fuel, ice, accessories and provisions for the boat-owner."

While there is no estimate of the total number of outboard marinas now in use, 450 such projects throughout the country are known to be in various stages of planning or construction at present.

"Whatever the total number," according to Mr. Webb, "they will never meet the immediate demand. Here in metropolitan New York, space in marinas within a 50-mile radius is spoken for a year in advance. This is not a local condition—it exists nationwide. It is the continued growth of boating, the need for facilities and the acceptance of the sport by those in the medium-income group which offers an investment opportunity hitherto overlooked by private capital."

Mun. Bond Women Elect New Officers

At the annual meeting of The Municipal Bond Women's Club of New York, Anna F. Schreiber, of Mitchell, Pershing, Shetterly & Mitchell, was elected President, succeeding Elsie T. Schuyler, of the Chemical Corn Exchange Bank. Other new officers are: Eleanor J. Kube, of R. L. Day & Co., Vice-President; Mareb G. Vogel, of the Northern Trust Company, Treasurer; and Joan P. O'Brien, of Caldwell, Marshall, Trimble and Mitchell, Secretary.

Miss A. F. Schreiber

Justina V. Taylor of The Chase Manhattan Bank, and Mary Ciarlo, of "The Bond Buyer," were elected members of the board of governors to serve for two years. Elsie T. Schuyler, retiring President, Emma B. Brehn, R. W. Pressprich & Co., and Helen Davis Kane are also members of the board of governors.

A. A. Mott Co. Formed

A. A. Mott Co., Inc., has been formed with offices at 230 Fifth Avenue, New York City to engage in a securities business.

Seaboard Securities Opens

GREAT NECK, N. Y.—Martin M. Swirsky and Edith Helfand have formed Seaboard Securities with offices at 1 Cutter Mill Road.

Now Utah General Secs.

SALT LAKE CITY, Utah—The firm name of Utah National Securities Corporation, Ness Building, has been changed to Utah General Securities, Inc.

LETTER TO THE EDITOR:

Can We Prevent a Depression?

Dr. Willford I. King, Economic Analyst, writes "Chronicle," though there are plenty of danger signals flying, and built-in economic stabilizers are "merely a figment of the imagination," intelligent action by Federal monetary authorities can prevent any serious aftermath when the present boom collapses.

Editor, Commercial and Financial Chronicle:

Are we heading for another crash like that of 1929 to 1932? This is a question which not only economists but thousands of thoughtful business men are asking themselves nowadays.

Willford I. King

Plenty of danger signals are flying. Nearly all lines of business are booming—and most severe recessions have been the aftermaths of big booms. Stock prices have risen until price-earnings ratios are in general far above normal. Automobile sales have broken all records. But, most ominous of all, is the huge expansion of consumer credit. And, after all, there is a limit to the extent to which lenders can be induced to extend credit to optimistic purchasers of cars, television sets, household goods, and vacation trips; for, eventually, most of the borrowers will have the major parts of their incomes mortgaged for many months ahead.

Note also that it does not take a *shrinkage* in total credit volume to put a crimp in the nation's aggregate buying power. All that is necessary is *a cessation of credit expansion*, for the total volume of buying is dominated by the net volume of *new spending power*—an amount comprised of the algebraic sum of the *national income* and any *change* in the volume of money plus demand deposits. As long as credit volume is growing, demand deposits tend to expand and thereby constitute a *plus* item in the net-new-spending-power total. But, when borrowing volume stops growing; the plus item—namely demand deposits—tends to become stationary, and, when this happens, net new spending power consists solely of the national income component—no credit item being included; so the net-new-spending-power total is *reduced* in size. Any such reduction tends to cut down total spending and thus initiate a recession.

But now we witness the appearance of a revived chorus chanting the old New Era tune, but accompanying it with new words. One of the revised verses tells us that we now have a potent safeguard against disaster—a huge baby crop! These infants are said to assure us of an almost unlimited *demand* not only for additional baby equipment but also for new housing and furnishings. These enthusiastic choristers have changed the old proverb, "If wishes were horses, beggars might ride," into, "Since wishes are horses, beggars can ride." Apparently they all skipped those pages in their economics textbooks that pointed out that, while wants in the aggregate always far outstrip possible production, *wants, unaccompanied by buying power, create no demand whatever*. And just how do more babies add anything to buying power? As a matter of fact, by keeping mothers from working for money, they often *reduce* the family's ability to buy goods.

Another verse in the revived New Era song assures us that we are now protected against depression by certain "built-in stabilizers," important among which are social security and other pensions, and especially unemployment insurance. The new song seems to assume that the money required to meet such payments falls down from Heaven—no hint being given of any other source. Or perhaps their reasoning parallels that of the legendary Indian who knew that the way to lengthen his blanket was to cut a piece off of one end and sew it onto the other! Obviously, taking a billion from the taxpayers and giving it to pensioners does not increase total spending power by one iota.

Possibly the members of the new chorus have been taken in by the long-ago exploded Keynesian canard that most people habitually engage in hoarding—something which ample statistical evidence proves is contrary to fact. Perhaps they are at heart inflationists who expect the government to print whatever new money it needs to dole out—ignoring the fact that such action filches away the value of all bonds, mortgages, deposits, annuities, and life insurance accumulated by the thrifty.

But experience in Britain between World Wars I and II certainly did prove that unemployment insurance can be a wonderful "built-in stabilizer." By paying reasonably adequate doles to those out of work, the British Government stabilized unemployment at a high level, and thus kept depression going, for two whole decades! By following a similar policy, the German Government paralyzed industry so completely that, finally, German business men, in desperation, turned to Hitler in the hope of relief.

Since the notion that the "built-in stabilizers" will aid in preventing the advent of another recession is merely a figment of the imagination, does it follow that the present big boom, like most of its similar predecessors, is destined to usher in a big depression, and that the best thing to do is to prepare to meet it with resignation? Not at all! Ways of preventing depressions have been worked out. Therefore, in the absence of destructive war or crop failures, application of the proper preventive measures can keep any major general collapse of business activity from developing. What course of action is required?

As pointed out above, the mortgaging of future income may soon be carried to such an extent as to force the cessation of credit expansion, and, unless offset, such a cessation is likely to cause the net amount of new spending power to fall, and the total dollar demand for the products of industry to shrink. With the present high degree of wage-rate rigidity imposed by the labor monopolies, wage rates will not be cut, and, without wage cuts, manufacturers cannot materially lower the prices of their products. Hence, any reduction in the new-spending-power total tends to lessen the physical volume of sales, and thus lead to unemployment and depression.

Fortunately, a device is available which, if applied properly, can prevent this malign sequence of events from developing. When the cessation of credit expansion begins to reduce the new-spending-power total, the Federal Reserve Banks, with the cooperation of the United States Treasury, can begin buying in outstanding Federal notes and bonds. By such action, the total volume of demand deposits, and hence the new-spending-power total, can be prevented from shrinking, and recession can be nipped in the bud.

In the past, there would have been no likelihood of any such intelligent action being taken by Federal officials, but the skill shown by the Humphrey, Burgess, Martin team in preventing the depression slated for 1954, and their success in stabilizing the price level for the last three years makes promising the outlook for scientific action preventing any serious aftermath when the present boom collapses.

WILLFORD I. KING
Economic Analyst

28 Shore Road
Douglaston, New York
September 19, 1955

Trust Co. of Ga. Promotes Bray, Howell

ATLANTA, Ga. — The Trust Company of Georgia has announced the promotion of two men in its bond department and

Robert M. Bray   Clark Howell, Jr.

one in the trust department. In the bond department, Robert M. Bray was named Assistant Vice-President and Clark Howell, Jr., Assistant Secretary. In the trust department, Adlai S. Grove, Jr. was elected Assistant Trust Officer. The announcement was made today by Marshall B. Hall, President, following a meeting of the Board of Directors.

Mr. Bray has been with the Trust Company in its bond department since June of 1949 and spent several years in the office of the bank's New York representative, as well as travelling widely throughout the eastern United States. He was named Assistant Secretary in 1953.

Mr. Howell, was engaged in the real estates business in Atlanta, and then spent several years with the Atlanta "Constitution," where he was a news reporter on general assignment and Business Editor. He joined the Trust Company in 1952 as new business representative in its trust department.

Mr. Grove, after private law practice and experience with Delta Air Lines, Inc., joined the Trust Company in 1951 as new business representative in its trust department.

M. I. Grizer Opens

Martin I. Grizer is engaging in a securities business from offices at 520 Fifth Avenue, New York City.

Markowitz Opens Office

BELLE HARBOR, N. Y.—Leon Markowitz has opened an office at 268 B 135th Street, to conduct a securities business.

Mesmer in Buffalo

BUFFALO, N. Y. — Frederick H. Mesmer is conducting a securities business from offices at 266 Pearl Street.

Continued from first page

Licensing and Financing Foreign Chemical Operations

to participate on more than a proportional basis in this boom.

For example, in 1939 the U. S. shipped only $22.5 million worth of drugs abroad, whereas in 1954 it exported $320 million, on top of the foreign packaging, processing or manufacturing operations. Compared to $150 million before the war, the export of chemicals from the U.S.A. now amounts to about one billion dollars yearly and provides a solid basis for foreign development. For example, 29.6% of all resins, 30.9% of all sulfur, 11.1% of all phenol, 27.3% of all penicillin, 66.2% of all DDT, 45.6% of all copper sulfate, 28.5% of all carbon black is finding foreign buyers. Wherever it is practical from the economic and market point of view to manufacture a given chemical in a country the use of "know-how" and skills eventually prevails over imports.

While before 1929, most of the investments were in public utilities, the chemical process industries have predominated during the last two decades. The pulp and paper production of Canada, mining and smelting enterprises throughout the world, and more recent, petroleum outlays in Venezuela and Saudi Arabia, are the more publicized, yet by no means the only significant foreign investment.

U. S. Foreign Chemical Processing Industries

In 1955 American investment in chemical process manufacture abroad totals an estimated $2,000,000,000 while an additional $3,500,000,000 is invested in petroleum. There has been a steady increase in such investments since 1945, when $1,300,000,000 was invested in chemical process manufacture and $1,500,000,000 in petroleum.

Favorable climates have existed in some countries for enterprises which have developed natural resources, such as petroleum. In other instances (such as within the sterling area) there have been investments for local consumption or for exports to other countries who had shortages of dollars.

The effectiveness of the technical assistance programs in stimulating and accelerating sound economic development will be the measure of its success. Certain basic requisites for a program to fulfill this purpose as given by the UN plan, are indicated below:

I

A Practical Approach

Development in each country must grow out of that country's particular needs, desires and potentialities. It is impossible to transfer a given pattern of development intact from one area to another. A technical assistance program will be judged largely by its practical success in adapting and combining scientific-findings and technical experience from many sources to meet the requirements and resources of particular countries.

Techniques used in highly-developed countries are not always suited to conditions in less developed areas. The techniques recommended to under-developed countries must be fully proven and practical ones and suitable for use in the particular recipient country. Otherwise there is a danger that under-developed countries may be saddled with unusable facilities and unworkable methods, at a stage when they still lack the knowledge necessary to perfect or replace them. This has been witnessed many times by the writer and his associates.

It is important that the objective of balanced development be kept constantly in mind. The success of specific forms of assistance must be judged in part by the extent to which it encourages a realistic conception of economic development and the formulation by the government concerned of a consistent general program!

II

Favorable Environment

Any comprehensive program of economic development will involve far-reaching changes in the social and economic structure of an under-developed country. The proposed technical assistance activities are intended to help the underdeveloped countries to help themselves in developing their resources and their productive capacity. This purpose cannot be achieved unless the countries concerned are willing themselves to take vigorous action to establish the internal conditions upon which sound development depends.

Far reaching changes may also be necessary in the attitudes and habits of the people. Workers for newly developed industries must be drawn largely from the farm population, whose families may have lived on the land for centuries; they must adjust themselves to new surroundings and learn new work habits and disciplines. Individuals possessed of financial resources must be prepared to invest in new productive enterprises, and not merely to hold their wealth in land, precious metals or commodity stocks. Merchants must learn to think in terms of wider markets and narrow margins instead of maximum profits on a small volume of sales. Traditional methods of soil cultivation and handicraft must often be modernized. New crops and new breeds of live stock may be introduced.

III

Personnel

Essential for any program of technical aid is an adequate supply of qualified experts. The larger the technical aid, the greater will be the difficulty in obtaining a sufficient number of experts. The quality of the experts is even more important than their number, for inappropriate or unimaginative technical advice, given at a critical stage in the planning or execution of a development program may be ruinously costly. It is essential that the persons chosen to advise or assist under - developed countries be wholly disinterested and that they should, in addition to their technical qualifications, have an understanding of the basic problems which face the countries in which they serve.

Technical assistance in the industrial field may be required at several stages. In the first place, careful economic and engineering studies are necessary to determine what industries can be advantageously developed with the raw materials, power, markets, capital and man-power available in a given country.

Once it is decided that a certain type of industrial development is desirable, it is usually necessary to undertake more detailed investigation and planning for a specific project—to define the economic size for a plant, to decide which of several alternative processes to use, to determine what auxiliary facilities such as power, transportation and water will be needed, and to estimate production and marketing costs.

Finally, technical assistance will be required in the construction and initial operation of the plant. Engineering drawings and specifications must be prepared; equipment must be procured and its installation supervised; early operating difficulties must be eliminated; and local managers and technicians must be trained to run the plant themselves. Such technical help would be provided by private engineering firms or manufacturing organizations.

The practical difficulties in doing overseas licensing or manufacturing are lack of convertibility and foreign exchange difficulties in getting equipment and supplies in and money out. Lack of stability which encompasses economic, social and political conditions, attitude toward importing "know-how," goods, laws and regulations, taxation and guarantees.

The tendency for a chemical manufacturing company is, under the proper circumstances, to sell goods directly to a foreign concern. However, with foreign exchange difficulties, in long range planning one might recognize that the established trade will be eventually cut off. To circumvent this happening, the first step is to condescend to license the foreign company under a patent to manufacture. However, this usually brings about the next step of contributing "know-how." Very often agreements are reached on supplying "know-how" by manufacturers or consultants even in the absence of patent protection.

Then comes about the step of sending technical people over there to organize plant installation and/or production. Sometimes a company has trained foreign personnel locally and then sent them back to operate their own plants.

Methods of Financing

Companies transacting business of making investments abroad realize profits in a number of ways. one general set-up of foreign "know-how" by a leading American company provided for an initial down payment of substance, earned royalties were credited against part of the payment. Fiscal authorities, of course, have to approve all financial arrangements.

When a company has a financial interest in a foreign company the amount of dividends that might be taken out can be appreciable. There is one case of an investment in Japan where all the dividends earned thereon can be taken out. When the investment participation is small there are restrictions.

Sometimes it is possible to furnish equipment instead of dollars and get a credit as a capital item. This is not possible in all countries and requires approval of an import license but is particularly useful in South America.

Consultants and most companies make investments in the form of technology. For example, Monsanto Chemical Company has kept foreign cash investments to a minimum. The interest of stockholders of companies is to receive dividends in their own currencies. This means that any profit and eventually investments should be gotten out in dollars.

If all foreign currencies were stable and freely convertible to U. S. dollars, a direct dollar investment would entail no other than the normal business risk. However, since the contrary is the case, most American concerns usually make only a portion of their investment abroad by direct conversion of dollars. In order to encourage foreign investment, our own government offers insurance through the investment guarantee program of the Foreign Operations. Administration. The FOA issues two types of insurance contracts, namely, insurance of convertibility and insurance against expropriation.

Taking into account the risks of devaluation and fund blocking limiting the remittability of profits and repatriation of invested dollar capital, it is desirable to borrow a maximum portion of the investment in the local currency.

In most countries there are requirements that a portion of the equity be held by nationals of the country. This provides an alternative source of financing. In addition, there are definite advantages in good-will of the authorities and the people toward an enterprise in which nationals have an interest.

In any case it is desirable to have a partner who will also be making certain direct contributions to the business. For instance, the local partner might well bring distribution and sales "know-how" to the joint enterprise, while the foreign company or consultant supplies the technical manufacturing "know-how."

Chemical companies find it often particularly desirable to provide raw materials as part of their investment in the foreign manufacturing plant. Many investment and foreign exchange laws make provision for this practice.

Examples of Licensing Operations

One very fruitful country which has aided licensing has been Japan. For instance, the formation and operation of Asahi-Dow Limited has been indicated as an outstanding success. Similarly the Phillips Petroleum Company actively promotes licensing of "know-how" by trade journals advertising, technical articles and personal sales contacts. Full "know-how" and technical assistance is given assuring an operable process. Phillips has no program of financing or participating with others in financing such operations.

A specialty chemicals manufacturer with an annual business of $10,000,000 has a flexible program in a dozen countries with investments ranging from zero to 100% and royalties for trade-mark and "know-how" of about 5% of net sales price. An ingenious export provision compelling the use of designated distributors prevents undue international competition.

A typical guaranteed investment is that of the Hayden Chemical Company in France. Heyden invested in cash and technical services for a streptomycin plant and its receipts were eligible for conversion, including dividends and stock.

Processes controlled by Aries have been licensed in some countries for down payments plus royalties for 15 years or less at approximately 5% of net sales price of the chemicals manufactured. Exclusive licenses for individual countries are preferred and the local exchange control offices approve the contracts in advance. Technical services such as plant start-up are provided at a per diem fee. Wherever possible engineering is done in the country concerned in order to save dollars and specify local equipment. The workability of the processes is guaranteed .

The Aula Chemical Company has been successful in licensing its emulsion printing textile pigments to several countries involving patents, the use of tradenames and continued assistance. Conditions have been a down payment, royalties of over 5% and minimum royalties to keep the licenses exclusive for the countries concerned.

The question of payment or royalty rates for the use of patented and secret chemical processes and products and for the use of technical "'know-how" and information by licensees presents a difficult problem upon which little has been published. Such rates and payments naturally vary greatly. So far, a methodical process for determining rates has never been established and in all probability never will be formulated. The reasonableness of a royalty or payment involves many complex factors. At best, a good royalty can be defined as a rate which is arrived at from the normal processes of negotiation between a willing licensor and a willing licensee in a free competitive market.

The basis for the payment of a royalty are many. To the licensee, for example, the patented or secret process or product must have some outstanding merit. It must fit into the economy, and the market picture, and it must have some features which are unique and superior in some manner to other processes and products of similar asture or of similar use. The royalty rate must reflect the importance of the process or product to the licensee. In other words, the licensee must recognize the value of the process or product.

The determination of a proper royalty rate is complex. For every case, the economic and technical factors surrounding the invention will present a different picture. The reasons for paying for the use of patented or secret information vary from license to license, from process to process, from product to product. The extent of a royalty payment will vary generally with the following factors:

(1) The value of the process or product in our competitive economy.

(2) The completeness of the process or product; the amount of research which has been expended to "perfect" the process or product or conversely the amount of research the licensee will have to expend in order to bring the process or product to commercial fruitition.

(3) Is the license exclusive or non-exclusive to the licensee?

(4) Can the licensee assign his rights and issue sub-licensee to other interested parties.

(5) The size of the territory in which the license is effective.

(6) The length of time the license is effective.

(7) If patented, is the patent protection effective or is there a possibility of infringement proceedings?

(8) Who receives the right to future inventions and extensions on the process or product?

Royalties vary between 1½% and 5% of net sales. In general foreign licensing is done on the basis of "know-how" rather than a patent alone.

Licensing and financing chemical process operations will increase in tempo during the next decade and alert managers will take advantage of the profit opportunities which it offers.

Jay Kaufmann Admit

Jay W. Kaufmann & Co., 111 Broadway, New York City, members of the American Stock Exchange, have admitted Roland E. Jean and Noel B. Sanborn to partnership.

To Be Goodman Partner

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

Newhard Cook Branch

HARRISBURG, Ill.—Newhard, Cook & Co. have opened a branch office at 111 North Main Street under the direction of George H. Mugge.

Stein Bros. Boyce Branch

EASTON, Md.—Stein Bros. & Boyce have opened a branch of office at 123 North Washington Street under the management of Peter S. Thomson

With Barry Mitchell

(Special to THE FINANCIAL CHRONICLE)

NEW ORLEANS, La.—Philip F. Hack and Mildred B are now associated with Barry Mitchell & Co. of Lake Providence. Office is located in the Maritime Building.

Better Anti-Knock Gasoline Forecast By Chemists

Two research scientists in laboratories of the Ethyl Corporation reveal better means of utilization of tetraethyl lead as an anti-knock agent in gasoline.

New information on the antiknock action of tetraethyl lead—which may lead to more effective utilization of this gasoline antiknock agent as well as a broader understanding of gasoline combustion—was presented here at the 128th national meeting of the American Chemical Society in Minneapolis on Sept. 15.

The findings were contained in two papers presented by Dr. Ellis B. Rifkin, Cleveland Walcutt, and Dr. Alexander Ross of the Ethyl Corporation research laboratories in Detroit. The research reported is part of a comprehensive investigation of the fundamentals of antiknock action being undertaken by the Ethyl laboratories.

Contrary to previous reports, the authors declared, very fine lead particles suspended in the fuel do not show antiknock activity. On the other hand, they revealed that the breaking apart of the tetraethyl lead compound in the gasoline-air mixture just before its combustion may be an important factor in its antiknock mechanism.

An equation, developed by the authors, showed that this decomposition of TEL is related to the temperatures of the end gases in the engine. The end gases are the last gases to burn as the flame sweeps across the cylinders.

Although different fuels and additives were tested, the reports stated that none had any direct effect on the rate of the reaction, "but many of them promoted the decomposition of TEL indirectly because they caused heat to be given off, raising the temperature of the gases."

The tests were made in a highly instrumented laboratory engine, operated by a separate motor. The engine research technique, together with the equation derived in the research program, are expected to be highly useful both in the further investigation of TEL's antiknock action and in the study of end gas temperatures.

Tetraethyl lead, the authors pointed out, has been used as a gasoline antiknock for over 30 years, and much is now known about its effectiveness in fuels and engines under a wide variety of operating conditions. However, they added, the practical difficulties encountered in following the course of chemical reactions occurring in a few thousandths of a second have thus far prevented a clear knowledge of the chemical behavior of TEL in the engine, and the way it suppresses knock. The comprehensive studies under way in the Ethyl laboratories are designed to re-examine the most basic data in the field and to develop information which may shed new light on the antiknock action of TEL.

Belmont Director

Election of August Belmont, Vice-President and a director of Dillon, Read & Co. Inc., to the board of directors of Congoleum-Nairn Inc., manufacturers of smooth surface floor and wall coverings, was announced by F. J. Andre, President. He fills a vacancy created by the resignation of Charles S. McCain. Mr. Belmont, who is also a director of American Viscose Corp., has been in the investment banking business since graduating from Harvard College in 1931.

August Belmont

Joins A. M. Krensky

(Special to THE FINANCIAL CHRONICLE)

CHICAGO, Ill.—Joseph B. Annenberg has become affiliated with Arthur M. Krensky & Co., 141 West Jackson Boulevard, members of the New York and Midwest Stock Exchanges.

Harold W. Lara Opens

ROCHESTER, N. Y.—Harold W. Lara is engaging in a securities business from offices at 241 Sanford Street.

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Petroleum Is Producing a Revolution in Agriculture

southern border, or go to Ethiopia, to see agriculture nearly as primitive as it was in Moses' time. Perhaps we ought to examine in more details the factors that have made the difference.

I suspect that if you were asked to name the **main** cause of the changes, you would off-hand say machines. If so, I would remind you that there was a harvesting machine in Caesar's "all Gaul." Heavy, cumbersome steam engines were used to draw implements in England beginning in 1850. The mowing machine, self-binder, tedder, swath turner, drill, potato digger, and many other machines were developed in the first place for operation with human or horse labor.

It was only when the relatively light internal combustion tractor came along, only about 50 years ago, and when an abundant supply of petroleum energy became available at low cost that agricultural progress really began jumping.

Neither engine nor fuel could have wrought the changes alone. Together they provided the dynamic force needed to change agriculture. An industry powered weakly by burning of food and feed in man and beast has become one in which tireless engines, powered by stored-up energy from the sun, readily take over the most of the hard work.

You are most familiar with the story of the automobile and the tractor than you are, perhaps, with the development of their motive power—gasoline. Do you know that in 1909 it looked as if the use of automotive engines was going to be limited to a small number because of insufficient gasoline?

Crude petroleum consists almost entirely of compounds of the elements hydrogen and carbon, known as hydrocarbons. Hundreds of different hydrocarbons are present in every sample of crude oil.

In many ways hydrocarbons are the ideal fuel. Of all the elements, hydrogen has the highest heat of combustion — about 52,000 Btu's per pound. But hydrogen is a gas, not very suitable to ship around or handle. The element having the next highest heat of combustion is carbon, which gives about 14,500 Btu's per pound. It, however, is a solid which cannot be vaporized to any appreciable extent at temperatures below 6300 degrees F. Combination of the two fortunately provides hundreds of hydrocarbons liquid at ordinary temperatures, readily vaporizable to give combustible mixtures with air, and with heats of combustion slightly about 19,000 Btu's per pound—more than 50% higher than that of coal.

So we have in crude oil a natural and abundant source of the best fuel for most purposes that man has discovered. And in making this statement I do not except atomic fuels. Despite their colossal energy, they are as yet unmanageable for farm or land transportation uses and so are not what we could call a good fuel.

Though practically all hydrocarbons are good fuels, by no means all hydrocarbons make good gasoline. In 1910 the yield of gasoline from crude was only about 18%, and only a little more could have been obtained by better methods of fractionating the crude oil into gasoline, kerosene, and other cuts. Yet automobiles, even in the relatively small number of that early day, were beginning to need a great deal more fuel.

It was our own Drs. William M. Burton and Robert E. Humphreys who faced that problem and found the solution. In 1912 they developed the cracking process, in which heavy oils were heated in a vessel, under pressure, to the point where their large molecules were broken up into smaller ones. These closely resembled the gasoline obtainable from crude by ordinary distillation, but were even better in anti-knock characteristics. Through the cracking process it became possible within a few years to obtain about twice as much gasoline from each barrel of crude.

About the same time also great new supplies of crude were discovered and developed in Kansas, Oklahoma, and Texas. The petroleum age had set in. The supply of fuels for a truly mechanized agriculture was in sight.

Fuels for agriculture, fuels and lubricants for all forms of transportation. The methods of transportation included a brand-new one, by air. The airplane had not been possible at all until the highly concentrated energy of petroleum was on the market! Tractors, of a sort, were possible even in the day of steam, but steam could not have produced the Flying Farmers.

How Petroleum Serves in Farming Today

We in the petroleum industry are quite proud of the role our products play in farm operation and farm living today. Out of the total consumption of motor fuel in 1950, farmers consumed about one-sixth. And they used many other petroleum products.

Liquefied gases are fuels for cookstoves and space heaters, for water tank heaters, and for operating tractors.

Kerosene still lights lamps and lanterns. Kerosene and heater oil fuel many kitchen stoves, room heaters, and water heaters.

Butadiene is one of the principal components of the tires that farmers use on vehicles and tractors.

Synthetic plastic waxes are in farm paints, so are naphthas.

White oils are used for medicines, in packing of eggs, in hydraulic lifts and brakes. Petroleum oils are also the base for many agricultural sprays.

Paraffin wax seals fruit jars, makes milk cartons leak-proof, and provides wax paper for the pantry shelves.

Lubricating oils of many kinds lubricate the farm and household machinery and vehicles.

Rust-preventing compounds are a big feature in seasonal storing of farm machinery.

Asphalts and road oils are used more extensively on country roads than any other surfacing material and are a component of many roofs of farm buildings.

The demand for petrochemicals for farm uses has increased tremendously in recent years. For example, the petroleum industry began making ammonia from hydrocarbon gases in 1931. In 20 years it has multiplied its output about thirtyfold. Ammonia is the major source of the nitrogen used in the manufacture of farm fertilizers. Its application to soils in gaseous form is also increasing rapidly.

Petroleum is today an important source of sulfur, used in making sulfuric acid, vital in the manufacture of superphosphates.

Plant hormones, such as 2, 4-D, extensively used now in control of weeds and brush, are petroleum derivaties.

A relatively new family of herbicides known as "substituted ureas" are used to inhibit growth of vegetation in certain soils. Others applied at planting time prevent emergence of some of the deepest-rooted weeds.

Even the farmer's woodpile has been affected. In many cases heating oils and liquefied petroleum gas have practically put the woodpile out of business.

All of these many different petroleum products have had the added convenience of being delivered to the farm. Do you know that oil companies began delivering to farmers only a few years after Uncle Sam started the rural free delivery of mail? The reason for the direct delivery, in our case at least, is something nobody will be likely to believe, but I'll tell you anyway. It was that the managers of our sales fields became disturbed over the high prices that local grocers were charging farmers for kerosene. The managers thought the farmers deserved a better break. So they began sending their horse-drawn tank wagons out on country roads to sell directly. They sold at the tank-wagon rate. To this day the farmer, because he buys in wholesale quantities, gets his gasoline at a slightly lower average price than the customers of the city service station.

One of the many surprises the visiting Russian farmers encountered in the United States was the fact that our oil industry delivers both gasoline and fertilizers direct to the farm.

Supplying farmers with petroleum products is a big job. I'd like to give you a fairly graphic picture of just how big it is. Of the petroleum products consumed in the Middle West, it happens that the percentage going to the farmers is just about the same as the percentage of the region's total business enjoyed by the Standard Oil Company (Indiana). A glance at our operations will therefore give you a rough idea of what is needed to supply Middlewestern farm needs only. It adds up like this:

17,000 oil wells and our wells are much larger than the national average.

Six refineries with an average capacity, per refinery, of 65,000 barrels a day. And that means six rather large refineries.

12,000 miles of pipeline to get crude to the refineries and products to distribution points. And tankers and barges capable of carrying about 60% as much oil as the pipelines. In addition, thousands of tank cars, transport trucks, and delivery trucks.

The process of transporting oil, beginning with the pipelining of crude to refineries and going on to the shipping of products to bulk plants and their distribution to farms, is done at amazingly low cost. Considering the tremendous investment in pipelines and storage tanks and tank steamers and tank cars, and tank trucks, and considering all the labor involved in transporting oil, you might think transportation one of the major elements in the price the farmer eventually pays. Such is not the case. In the integrated system operated by Standard Oil and its subsidiaries, we pump crude oil on the average perhaps 700 miles from oil wells to refineries. We ship gasoline by various facilities another 200 miles to local bulk plants. And we distribute it 10 miles by truck. And the total transportation cost is only about three cents for a gallon weighing seven pounds! The same price you pay to send a one-ounce letter for a shorter average distance. (Still there are some people who think the same government that runs the post-office could run our industry at lower cost!)

Vast, efficient facilities bring the farmer his oil products at low cost. And the industry's great research programs, costing over $150 million annually, are making those products steadily better.

The largest part of oil industry research is of course directed toward improving our major product, gasoline. Better gasoline helps the farmers, just as it helps everyone else, but a surprising amount of our research is specifically affected by farm needs. For example, the lead content of our regular grade of gasoline is influenced by the percentage of lead that farm tractors can tolerate under their conditions of operation. When a refiner must restrict the lead content of gasoline, he turns to more expensive means of raising octane number. He must produce specially tailored hydrocarbons, which themselves have high octane numbers and so do not require much lead.

Lubricant research also is influenced by farm needs. The farmer is a good customer for greases and many other products, such as heavy-duty rust-preventing compounds for the protection of machinery stored outdoors. Every now and then there is an unexpected benefit. When Mica Axle Grease was introduced, back in the 90's, it not only was a good axle grease, but also proved useful in a totally different way. When put on rubbing posts for hogs, it turned out to be a good delousing agent. Sales for that purpose have continued right up to the present time.

This brings us to our biggest item of agricultural research—on insecticides, fungicides, weed killers, and other pesticides. For a long time the oil industry has been helping to solve farm problems other than those connected with trucks, tractors, and farm machinery. At Standard Oil, we were especially interested in the farmer, because we were already doing a lot of business with him, selling him his fuels and lubricants.

Warns of Limits in Industrial Uses of Nuclear Operations

Alfred N. Rogers, of the Atomic Energy Commission, tells industrial and engineering chemists that in nuclear science and engineering there are only two types in which "atomic" methods are justified in industry.

In a paper read before the Division of Industrial and Engineering Chemistry at the 128th national meeting of the American Chemical Society held in Minneapolis on Sept. 13, Alfred N. Rogers, of the Atomic Energy Commission, warned that there are numerous limitations to the use of nuclear techniques in industry. In his talk, Mr. Rogers made the following observations:

"Nuclear science and engineering have captured the imagination of the world. Therefore, there has been a growing tendency to propose the use of nuclear techniques for operations which can be performed as well, and perhaps more cheaply by conventional methods.

"Radiation devices are still very expensive to purchase and install, and to use, primarily because of the equipment and precautions necessary to protect the workers handling them and residents in the surrounding area.

"There are only two types of activities in which 'atomic' methods are justified.

"First, there are gauging and chemical problems which can be solved **only** by means of radiation. For example, the continuous measurement of the thickness of hot steel strip during rolling is very difficult or almost impossible by mechanical devices but can be performed very simply and accurately by measuring the percentage of gamma radiation absorbed by the strip. Similarly, radiation absorption is used for controlling the amount of abrasive applied to sandpaper or emery cloth. In chemical work, irradiation toughens polyethylene plastic and permits it to be used at higher temperatures without deforming; and this result cannot be accomplished by any other means at present.

"Secondly, nuclear methods will perform some jobs cheaper and better than existing methods. A comparatively low radiation dose will sterilize insect eggs in flour and grain, preventing the hatching of insects in such foodstuffs. Irradiation appears to compare favorably with the cost of fumigation used at present.

"Thus for many proposed applications, the cost of operation of nuclear devices, including monitoring equipment and personnel, must be carefully calculated. One other word of caution is necessary. Some proposed uses of radioisotopes would require more of the isotope than is available. For example, the sterilization of all the meat of **one** large packer by gamma irradiation would require more cesium-137 than now exists in the United States.

"The picture is not as dark as it first appears, however, because the AEC is now erecting a plant at Oak Ridge for the separation of hundreds of thousands of curies of fission products per year. Further, an ever-increasing quantity of by-product isotopes will become available as the U. S. nuclear power program gets into full swing."

Pearson, Murphy Co. Being Formed in N. Y.

Pearson, Murphy & Co., Inc., will be formed with offices at 50 Broad Street, New York City, to deal in unlisted securities. William

Wm. O. Pearson **C. O'B. Murphy III**

O. Pearson will be President, and will be in charge of syndicate and underwriting. Charles O'Brien Murphy 3rd will be Vice-President in charge of dealer relations and trading. Mr. Pearson was formerly with John R. Boland & Co., Merrill Lynch, Pierce, Fenner & Beane, and Hayden, Stone & Co. Mr. Murphy was previously with John R. Boland & Co. and Merrill Lynch, Pierce, Fenner & Beane.

Krensky in New Quarters

CHICAGO, Ill. — Arthur M. Krenskyk & Co., Inc., members of the New York Stock Exchange, will move into larger offices in the Chicago Board of Trade Building, 141 West Jackson Boulevard, it is announced by Arthur M. Krensky, President.

The new offices, which will be located on the 14th floor of the Board of Trade, will be more than double the size of the space occupied at present on the 13th floor.

Sterling Convertibility Postponed Indefinitely

By PAUL EINZIG

Dr. Einzig, on the basis of statements made by the head of the British Treasury, finds that restoring convertibility of sterling is more remote than at any time since 1952. Sees uncertainty in Britain's domestic outlook, with a likelihood that the disinflationary measures adopted may prove ineffective because of pressure of excessive wage demands.

LONDON, Eng.—The statement of the British Chancellor of the Exchequer, Mr. Butler, at the meeting of the International Monetary Fund on Sept. 14 removed any lingering doubt about the broad principles of Britain's monetary policy. It is now perfectly obvious that there is no intention to make any changes in the status or the value of sterling. Mr. Butler disclaimed in most emphatic terms any intention of restoring convertibility in the near future. And when he said "near future" he obviously did not mean just the next few months. He meant that convertibility stands indefinitely postponed, pending some fundamental changes in the situation. Indeed, we may say without fear of contradiction that Mr. Butler's statement left us further removed from convertibility than we were at any time since the adoption of the Commonwealth Plan in 1952.

Paul Einzig

After he assumed office after the change of Government in 1951, Mr. Butler developed a high degree of enthusiasm for convertibility. In that respect, is in no other respect, he was inclined to follow Dr. Dalton's footsteps. Fortunately for him, for the Conservative Party, for the British nation and for the entire Sterling Area, he was, unlike Dr. Dalton, able to restrain his enthusiasm. Instead of plunging into premature convertibility he had the patience to wait for the fulfilment of certain well-considered preliminary conditions. As fate would have it, at no particular moment were all those conditions approached to a reasonable degree at the same time. Today they are more remote than they were at the time when the Commonwealth Plan was adopted.

Meanwhile, the gold reserve had its ups and downs but today its size is obviously inadequate. What is worse, it tends to decline further. The pace of the outflow of gold is not alarming, but the mere fact of its declining trend is in itself sufficient to cool the ardour of supporters of early convertibility. As Mr. Butler rightly remarked, this is not the time to assume incalculable additional risks.

Another reason for the indefinite postponement of convertibility lies in the uncertainty of Britain's domestic outlook. It is difficult to foresee at the present moment whether the disinflationary measures adopted by the Government and those it may adopt in the future will be able to check the pressure of excessive wages demands. It remains to be seen whether it will be practicable to have a trial of strength with the Trade Unions by carrying credit cuts to such an extent as to force employers to resist wages demands. And even if the Government is prepared to take the risk, the outcome of the trial of strength cannot be foreseen. Possibly the wage-price spiral may be brought to a halt, but only at the cost of a number of major strikes. Their effect on the balance of payments may prove to be too heavy, and it may offset for some time the beneficial effects of the successful resistance to inflation. Until we know how we stand in this respect, it would be folly to proceed further towards convertibility.

Indeed, Mr. Butler went so far as to allude to the possibility of a reversal of progress to that end. He envisaged the possibility of retaliations to the recent protectionist moves in the United States. It would be difficult to exaggerate the moral effect of the comparatively minor decisions concerning import duty on light bicycles and concerning the allocation of a Chief Joseph Dam contract. Even many of those who have been consistently in favor of immediate convertibility are now inclined to reconsider their attitude. To opponents of convertibility and supporters of discriminatory trading methods those decisions brought welcome reinforcement beyond their sanguine hopes. Until now most of them felt impelled to pay lip service to the need for regarding convertibility as the ultimate goal. Now they are in a position to advocate openly the maintenance of exchange restrictions and discrimination in perpetuity. They point out triumphantly that the ease with which the United States slid back into protectionism has made it evident that it would not be safe to depend on the American policy of liberalizing trade.

Needless to say, Mr. Butler himself does not go so far. He still sincerely hopes that it will be possible to return to convertibility during his Chancellorship. But, being a realist, he cannot afford to disregard the change in British opinion. Nor can he disregard the fact that a liberalization of dollar trade which is one of the basic conditions of convertibility is now more remote than ever. For this reason alone he cannot think in terms of convertibility this year or next year. The only condition in which it is now considered safe to return to convertibility is that the gold reserve and the domestic economy must be strengthened to a sufficient extent to enable Britain to risk convertibility independently of the fluctuations in the American attitude towards liberalization of trade. This must mean that the target figure of the gold reserve has been raised well above the level at which it was a few months ago.

The postponement of convertibility means, of course, that the decision about widening the margin of sterling fluctuations has also been postponed. The idea has not been abandoned but there is no decision. Owing to the deferment of convertibility, however, the possibility of the depreciation of sterling through widening the margin of its fluctuations has now become so remote that businessmen and speculators, who are only concerned with the prospects for the next six months or 12 months, may safely ignore it. Most of them will probably ignore it. This means that, as soon as there are indications of an improvement in domestic conditions, sterling is bound to benefit by it to a considerable degree.

Railroad Securities

Chicago, Milwaukee, St. Paul & Pacific

One of the more speculative issues that has been attracting considerable interest, and at higher prices, for some months now is the common stock of Chicago, Milwaukee, St. Paul & Pacific. Recent successive new highs have represented a price gain of nearly 100% from the low established earlier this year. As a matter of fact, at the close last week the stock was within a small fraction of its 1951 high and except for that is selling higher than in any year since the speculative railroad stock boom of 1946. Obviously, there are many speculators who are convinced that St. Paul has finally turned the corner as there is nothing in its past history that would justify any enthusiasm. During the past 10 years there have been three years when deficits were reported on the common, after sinking and other reserve funds, and only three years when earnings reached as high as $2.00 a share. The top earnings were $4.37 a share in 1950, under the influence of the Korean War. The road also earned almost $4.00 a share in 1945, the last year of World War II. In 1952 it reported $2.32, declining in each of the next two years to $1.67 last year.

The current year to date has witnessed a very sharp improvement in reported earnings. Trafficwise, the performance has not been impressive and for the seven months through July there was an increase of only 1.4% in gross revenues. This was considerably less than was indicated for the Class I carriers as a whole. Partly through strict control over maintenance outlays and partly through improved operating efficiency, as mirrored in a lower transportation ratio, the overall operating ratio was cut more than three points on the higher gross. The increment to net income from these sources was augmented to an important extent by a special credit of $2,660,000 taken in May in connection with settlement of the long standing tax dispute with the Federal Government. With this non-recurring credit the year-to-year improvement in common share earnings, after funds, amounted to $3.67. While there is likely to be a tax adjustment later in the year because of the reversal of the Government's policy with respect to accrued expense items, 1955 will witness the best earnings since 1950 and results may approach the record of that year. However, more than $1 of these earnings will be represented by the non-recurring interest credit taken last May and referred to above.

There are a number of developments that many analysts feel will considerably improve the basic position of St. Paul and result in more consistent earning power in coming years than has been witnessed in the past. On the operating side, the company attained 100% dieselization in 1954 and has constructed one of the most modern push-button yards in the country at Bensonville. Full utilization of these facilities has resulted in a consistent downtrend in transportation costs, with the transportation ratio for the seven months through July down to 39.3%. For the year as a whole this all-important ratio will be the lowest for any year since the war. Earning power will also be bolstered to the tune of about $0.70 a share through the exchange of 600,000 shares of 5% preferred into 5% income bonds. This is also a permanent accretion. Finally, the company jointly with Chicago & North Western has employed an engineering firm to study the two systems with the view toward coordination of some services and elimination of duplicate facilities. This report may be out shortly and it is felt that it should point the way to many important economies. While considerable time will presumably be necessary to implement any such suggestions there seems to be little question but that the step holds promise of material improvement in the operating status of both properties. Eventually such steps could lead to actual merger.

Reveals a New Tough, Lustrous Chemical Plastic

James A. Melchore, of the American Cyanamid Company Research Division, gives information regarding a new low-cost plastic chemically related to polystyrene, which can be used in many products, "from aircraft parts to zither cases."

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Disclosing the results of rigorous tests in which, he said, the new plastic outshone styrene-based material in virtually every case, James A. Melchore of the American Cyanamid Company's research division asserted that the improved plastic molding compound should open up even broader fields of application. Styrene plastic, which can be made crystal clear or in a variety of sparkling colors, is widely used in such diversified products as electronic equipment, highway signs, toys, and textile machinery.

The new material, a chemical cousin of styrene known as methylstyrene, possesses all of styrene's desirable properties and out-performs it in resisting impact and high temperature distortion, according to Mr. Melchore, who is group leader in the product research department at the company's laboratories at Stamford, Conn.

Like styrene, methylstyrene becomes an even better product when mixed with another plastic material, acrylonitrile, the chemist observed. He said methylstyrene appeared superior to styrene either alone or in combination.

Placed in boiling water, articles made of methylstyrene held their shape even after 2½ hours, whereas styrene-based products began to twist out of shape almost at once, reported Mr. Melchore. In standard impact and strength tests, the new material also performed better than styrene plastic, he added. Moreover, the improved product was said to be made by a relatively simple process from readily available and inexpensive materials.

"Polystyrene (styrene plastic), because of its many excellent properties, processibility, and low cost, has developed into today's largest volume injection molding compound," the speaker pointed out. "Its principal shortcomings have been brittleness, lack of heat resistance, and crazing (the appearance, in time, of many fine cracks). Several types of modified polystyrenes have been offered commercially. Impact resistance has been obtained by modification with a rubbery constituent. As to heat resistance, while some improvement has been obtained, it has not been sufficiently great to be of much value. Where good heat resistance has been obtained, it usually has been at the expense of color, clarity, and cost.

"Polymethylstyrene (the form in which methylstyrene appears in plastic) is an attractive compound, since in addition to possessing excellent heat resistance, it possesses all the desirable properties of polystyrene. . . . The heat resistance of polymethylstyrene was compared to that of commercial heat resistant polystyrenes in two radio cabinets. In both cases the cabinet from commercial heat resistant polystyrenes distorted beyond practical use after a very short exposure to 212 degrees Fahrenheit, whereas the polymethylstyrene cabinets showed no distortion after 30 minutes at 212 degrees Fahrenheit. In fact, the dimensional change was less than 3/100ths of 1%.

"Polymethylstyrene has been evaluated in the common makes of injection molding presses as well as in many types of molds. The usual types of mold gating have been employed. In general, the methylstyrene material possesses the excellent moldability of styrene plastic and requires but minor alterations in molding conditions.

"Just as polymethylstyrene has improved heat resistance over polystyrene, so the methylstyrene-acrylonitrile mixture possesses heat resistance better than the corresponding styrene-acrylonitrile mixture. The methylstyrene-acrylonitrile plastic is appealing in that it combines toughness, heat resistance, and reasonably low cost with improved resistance to crazing, chemicals, and abrasion.

"The excellent heat resistance of methylstyrene materials should not only upgrade the quality of molding in many existing applications but should also open up new fields of application. . . . Methylstyrene has been found to be at least an equivalent for styrene in many varied fields. This methylstyrene has been evaluated in GR-S formulations and found to be an equivalent for styrene. . . . In surface coatings methylstyrene has been successfully evaluated in latex and styrenated alkyd paints. With alkyds methylstyrene can be more advantageously used than styrene because of the increased compatibility with less expensive solvents. Methylstyrene has also shown promise in paper, textile, and polyester resin applications."

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Sterling Convertibility Postponed Indefinitely

By PAUL EINZIG

Dr. Einzig, on the basis of statements made by the head of the British Treasury, finds that restoring convertibility of sterling is more remote than at any time since 1952. Sees uncertainty in Britain's domestic outlook, with a likelihood that the disinflationary measures adopted may prove ineffective because of pressure of excessive wage demands.

LONDON, Eng.—The statement of the British Chancellor of the Exchequer, Mr. Butler, at the meeting of the International Monetary Fund on Sept. 14 removed any lingering doubt about the broad principles of Britain's monetary policy. It is now perfectly obvious that there is no intention to make any changes in the status or the value of sterling. Mr. Butler disclaimed in most emphatic terms any intention of restoring convertibility in the near future. And when he said "near future" he obviously did not mean just the next few months. He meant that convertibility stands indefinitely postponed, pending some fundamental changes in the situation. Indeed, we may say without fear of contradiction that Mr. Butler's statement left us further removed from convertibility than we were at any time since the adoption of the Commonwealth Plan in 1952.

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After he assumed office after the change of Government in 1951, Mr. Butler developed a high degree of enthusiasm for convertibility. In that respect, is in no other respect, he was inclined to follow Dr. Dalton's footsteps. Fortunately for him, for the Conservative Party, for the British nation and for the entire Sterling Area, he was, unlike Dr. Dalton, able to restrain his enthusiasm. Instead of plunging into premature convertibility he had the patience to wait for the fulfilment of certain well-considered preliminary conditions. As fate would have it, at no particular moment were all those conditions approached to a reasonable degree at the same time. Today they are more remote than they were at the time when the Commonwealth Plan was adopted.

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Indeed, Mr. Butler went so far as to allude to the possibility of a reversal of progress to that end. He envisaged the possibility of retaliations to the recent protectionist moves in the United States. It would be difficult to exaggerate the moral effect of the comparatively minor decisions concerning import duty on light bicycles and concerning the allocation of a Chief Joseph Dam contract. Even many of those who have been consistently in favor of immediate convertibility are now inclined to reconsider their attitude. To opponents of convertibility and supporters of discriminatory trading methods those decisions brought welcome reinforcement beyond their sanguine hopes. Until now most of them felt impelled to pay lip service to the need for regarding convertibility as the ultimate goal. Now they are in a position to advocate openly the maintenance of exchange restrictions and discrimination in perpetuity. They point out triumphantly that the ease with which the United States slid back into protectionism has made it evident that it would not be safe to depend on the American policy of liberalizing trade.

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Securities Salesman's Corner

By JOHN DUTTON

NO FOOLIN'

This Is a True Story

Some salesmen can't find enough customers—it happens in every line of business. They are always asking for leads—they want their firms to spend more on advertising — they complain the other fellow gets the best walk-in prospects, some of them even think they are short changed when it comes to passing out the best territories or prospect inquiries in response to advertising. If these men spent one-half the time and energy thinking up sound ways to make good contacts on their own they wouldn't have time for such complaints—they would be too busy working and doing business. Here's a sample:

It Was Right Around the Corner

I saw this one happen just last week. There was an underwriting that was headed by a national firm with offices all over the U. S. A. This underwriting had considerable local interest in the city where I live, because the home office of the company selling the stock is therein located. On the morning of the announced release of the stock there must have been at least 100 customers' representatives that had the same opportunity but only one man did something about it.

Although he was not connected directly with the principal underwriter but with an associated firm in the underwriting, he walked over to the office of the issuing company, only two blocks away from his own office. He announced himself, told them who he was and that he had some stock to offer in their company. He took five orders from five new accounts and finished up his firm's allotment. The main office of the company was only one block away from the principal branch office of the head of the underwriting syndicate and yet this man got the orders. Not a single one of the other members of this alert salesman's firm bothered to make the call that he did. They **all thought that surely the principal underwriter had seriously canvassed all possible employees of the issuing firm.**

Don't take anything for granted!

Why Say More?

Now isn't this a story? Isn't this something? No one thought to make a few calls, even pick up the telephone, check to see if all the employees of the issuing firm had been solicited. Only one man did it. Talk about new accounts, prospects, people to do business with; they are all over the place. Every firm in your city does business with some national organization, or some other local organization. The car dealers sell Chrysler and General Motors Products. The Insurance men in your city sell Connecticut General; Life of Virginia; Gulf Life; Travellers; Home Insurance, and all the others. The directors of the banks are interested in local and nationally known business concerns—many from an investment standpoint. Your clothing stores sell Timely suits; Manhattan shirts, and International shoes. Your newspaper publishers buy Bowater Paper, and your grocers buy and sell a host of nationally known foods from Gerber Baby Foods to Foremost Milk. The list is legion. Why doesn't someone ask them if they want to buy some stock in these companies? Your prospects are everywhere—why say more?

Elected Directors

Harold Allen and Herman E. Muller have been elected to the Board of Trustees of American Surety Company of New York, it was announced by A. F. Lafrentz, Chairman. Mr. Allen also has been elected a member of the company's Executive Committee.

Mr. Allen is a special partner in the investment banking firm of Allen & Co., New York. He is a director and chairman of the board of the Cosmopolitan Life Insurance Company, Memphis, Tennessee, and a director of Alabama Gas Corporation, Birmingham, Alabama.

Mr. Muller is senior partner of Milligan, Muller & Company, certified public accounting firm, New York City, and Muller Bennett & Associates, management consultants. He is a trustee and chairman of the board of Ithaca College, and treasurer and director of Doctors' Hospital, New York City.

La Branche & Wood Ptnr.

Steven H. Wood, member of the New York Stock Exchange, will be admitted to partnership in La Branche & Wood, 120 Broadway, New York City, members of the New York Stock Exchange.

Continued from page 9

Fertilizer Industry's Growth In Heavy Chemicals Field

bile industry for the past two years.

What has been the effect of this on our agricultural production? It is estimated that fertilizer and lime are responsible for one fourth of this total yield, so the effect is certainly substantial.

Therefore, the use of our products has been a major factor in bringing about an American agricultural production which today is producing sizable surpluses of grain and fibers.

And what about the production of fertilizer itself? Today, only potash of the three principal plant foods is being consumed on the North American continent in greater quantities than it is being produced and that situation will soon be changed.

The most dramatic change which has taken place in the United States fertilizer industry during the past several years is the tremendous growth in our synthetic ammonia production capacity. Together with other nitrogen sources, this has resulted in three and a half million tons available this year. The requirements of industry and export are estimated at one million tons. Agriculture's demand is for 2,200,000 tons. It would seem that we are left with a sizable surplus of 300,000 tons of nitrogen in a variety of forms.

A surplus of farm production and a surplus of the plant foods that account for a large part of it—do they mean we are headed for trouble?

Those of you who have lived as long in the plant foods business as I have, probably spend just about as much time as I do talking "shop." In discussions about this situation I have heard three opinions most often expressed. They all are optimistic in varying degrees, but from different points of view.

There are those who will tell you that a nitrogen surplus will exist until 1957 or '58, when agricultural demand will catch up with supply.

Others among my friends take an opposite view: that fertilizer consumption will increase more rapidly than previously and that no oversupply will exist.

And finally, I have been told that during the next few years a world-wide nitrogen shortage will exist which will cause the United States to increase its exports of fertilizer to the point where our production facilities will be fully occupied.

I cannot find the pattern for the future of our industry in any one of these forecasts, although I believe there are important elements of truth in all three.

As far as I am concerned, there is no pat set of factors which is going to create a rosy future for our industry.

That there is a great need for vastly increased quantities of our plant foods at home and abroad is a certainty.

U. S. Fertilizer Consumption Is Low

Here in the United States the amount of fertilizer consumed for each acre under cultivation is low—very low—compared with certain other areas of the world. The countries of western Europe, and Japan, for example, consume many times the amount of plant food per acre than do we here in the United States. They do because they have to, in order to feed their people.

There is good reason to believe we are moving in the same direction, and for much the same reason.

While I have been standing before you here, four new customers for farm products have been joining the market every minute. That is the nature of our growing population trend. With the amount of land under cultivation about the same today as it was 40 years ago, we must rely in the largest measure upon getting greater crop yields from the same or less acreage.

This is true for at least two other reasons.

If the farmer is to find a market for the full yield of his acres, his price per marketed unit must be no more than his customers are able and willing to pay. Today's farm surpluses exist, not because the people of our country are all so well fed or clothed that they do not need or cannot utilize the farmer's full production, but because the farmer cannot, in fairness to himself as a businessman, *and* to his family, sell *all* of his yield at the going market price. It is essential, therefore, to make every effort towards cost reduction, as all good business does, in order that lower prices can be achieved and larger markets opened.

If he is to come into the farm market with the products of his labors pegged at a lower price per unit, then his investment in farm machinery, real estate, good seed, salaries and capital improvements, as well as his expenditure of effort and his use of good management, must be spread across a greater yield. This yield must come, not from the cultivation of *more* acreage which tends to *raise* his costs. It must come, instead, from working the *same* or *less* acres *better* and *more efficiently* in an effort to *lower costs* and *market prices.*

The adequate use of plant foods by the American farmer, along with better farm management, adequate mechanization, good seed and the effective use of pesticides, is his pattern of progress if he is to meet the demands of a growing market at a price the market will bear.

The *third* reason for making every cultivated acre yield the fullest possible production is vital in the defense of this nation. The infinite power of the American industrial economy stems in the largest measure from the high percentage of our citizens who man our schools, laboratories, factories and offices, as well as the people on our farms. The United States, of all the nations in the world, requires less people on its farms in order to feed its total population. One American farm worker produces enough food to meet the needs of 17 of his non-farming fellow citizens. Compare this with the fact that in Communist Russia one farm worker can produce only enough to feed two others.

Notwithstanding the fact that our present population of 161 million people is expected to expand to some 200 million in 1975, this nation is by no means the best endowed along these lines. Other nations, some of them with ideological views diametrically opposed to our own, enjoy a manpower far in excess of the United States, and their populations can be expected to increase as ours does in the years ahead. If we are to remain strong, our strength must flow from maximum utilization of trained manpower *on the farm as well as* in industry.

Use of Fertilizer on the Increase

The use of plant foods by the American farmer is on the increase. Every year since World War II we have averaged a 10% increase in plant food use. In these years almost three-fourths of the total plant food used has been in mixtures of the three basic plant foods, nitrogen, phosphorus and potash.

There is also an increased use of *two* of the plant foods as separate items. Nitrogen, particularly, and potash to a lesser degree, are experiencing broader application, independent of other plant foods.

Moreover, there is a steadily increasing demand for higher analysis plant foods. Higher analysis material means less handling and less freight to the farmer per unit of plant food. As the technology of fertilizer manufacture improves, this trend toward higher analysis material should continue at an accelerated rate.

Yet, to think that the farmer is going to solve all of the problems of our industry by taking our full production because it is logical for him, under present conditions, to do so, is in my opinion just *wishful thinking.*

The fact remains that today, this year, our industry is producing more plant food, particularly nitrogen, than the farmer is consuming. The farmer is no different from any other customer in that he must be sold. If anything, as a group, the farmer is possessed of more skepticism and more sales resistance, than the average buyer group.

And we can be thankful that he is. It has always been true that the greater the challenge to American business, the greater have been its attainments in better products at lower cost.

Let us face the fact that we in the plant food business have entered upon the most competitive, and therefore the most interesting and promising period in our history.

The real challenge to our industry does not lie in one manufacturer vying with another for existing business. Our combined job is far more exciting than that.

Just as the men of science in the fertilizer industry face vast new frontiers of product development and improvement, so do those who are also interested in marketing the results of your efforts, face new frontiers. We must *educate, inform* and *sell* the *farmer* on either using more plant foods where his present consumption is less than adequate, or using high analysis material where he has not used it before—or both.

Summary

Let me sum up insofar as the future of fertilizer use in this country is concerned:

Yes, there are farm surpluses today.

Yes, there is a nitrogen surplus today. But these are relatively minor problems in view of the great market-potential that exists for our products. That is, they are minor problems if our industry continues with top level effectiveness to create new and better plant foods, to open new markets and enlarge existing ones. Working in our favor is a rapid growth of population, the necessity for maintaining our national strength and our desire to maintain a high standard of living.

To those who speak of a coming world-wide nitrogen shortage, I say that the shortage exists *now;* the need and the demand for nitrogen exists—the problem is having it in the right place at the right time.

The entire world aspires to the American standard of living. But the fact of the matter is that under present world grain supply conditions, the world cannot, on the average, feed itself better than the *Asiatic* standard.

I advance no political doctrine when I reiterate that a well-fed world is our best basis for a free world. There can be neither comfort nor security in always having a full stomach, nor in the promise of continuing to have one, while your neighbors, near or far, are existing on a starvation diet.

To seek to make the United States the bread basket of the world is, in my opinion, sheer folly, and I am sure that such a proposal has few, if any, supporters among those who have any understanding of the facts.

To attempt to do so would either fail in the trying, lead to a sharp reduction in our American standard of living, or both.

The reasonable alternative to such a course is the challenge now before us. We of the American fertilizer industry must marshal our research, our production and our ability to sell good and useful plant foods in a broad and long term effort which will help the world to *adequately feed itself*.

On the face of the matter it would seem that there is considerable similarity between our problem at home and our challenge abroad. World production and consumption figures of the three basic plant foods show that larger quantities of nitrogen, phosphorus and potash are being made than are being used. However, the upward trend of the world's population and the universal desire to live one's life on the American standard belie the seemingly significance of these figures.

The only real significance of these figures is the accusing finger they point to the world wide lack of knowledge of the importance to peace and universal prosperity of plant foods.

Outside of the United States and some European countries there are very few areas where there seems to be anything approaching an adequate understanding of the role of man-made plant foods in putting meat and vegetables on the world's table.

An adequate supply of food for the world's people is so basic to the business of living that I cannot envision artificial trade barriers interfering with trends leading to such a goal.

Better understanding of the use and value of plant foods, and the role they play in raising the yield per acre, is the essence of developing conditions in the world market for the profitable distribution of plant foods made in America.

In this effort we must prepare to meet the widely varied needs of the world's farmers with products that not only are useful but are within their economic reach. Lower cost production of higher analysis fertilizer is, of course, a part of the answer. But equally important is recognition of the types of formulations of plant foods required by farmers in the three major farming groups found in the world today.

Countries with irrigated and flooded crops use much more nitrogen than phosphorus.

The dry land farmer in temperate climates uses from one to two units of nitrogen for each unit of prosphorus.

Countries with large acreages in pasture or with extensive dry areas use mainly phosphorus.

The American farmer consumes about two-thirds of our country's total fertilizer consumption in mixed forms, as well as he should. Heavy use of mixed plant foods is sound where large land areas must be fertilized and labor costs are high.

However, in other countries, where farms are smaller and much of the fertilization is done by hand at low labor cost, the most efficient way *may be* to make separate applications of nitrogen, phosphatic and potash fertilizers. Through separate applications, a better balance of plant foods for the crop and soil involved may be obtained.

I bring these facts before you because they point up the type of thinking, planning and development we all must be doing, if we are to find our rightful position in the world plant foods market.

The future of the fertilizer industry is a bright one, both in the immediate and long term future.

There are important trends at work in our favor, at home and abroad, as the world's population increases and its desire for a higher standard of living grows stronger. What we must avoid is passive waiting for the trends to enhance our businesses. It behooves us to recognize the challenge of greater production of still better products at lower cost. As an industry we must place emphasis upon the expansion of existing markets and the opening of new ones throughout the world, rather than waste all of our precious time scrapping over existing ones.

There is every reason for our industry to move ahead at home and abroad with a firm and purposeful step.

The future beckons to the American fertilizer industry. It remains only for us to recognize that our successes will stem from adequately satisfying a great world need, the *crying* need for food.

I firmly believe that we have it within our power to clearly focus our total effort upon meeting this requirement, and that we will do *just that* in the *years ahead*.

38 Teams Compete For Hayden Trophy

Thirty-eight teams—the largest number in more than a decade—will compete Sept. 23 in the 27th Annual Charles Hayden Memorial Trophy Golf Tournament. Representing a like number of New York securities firms, the golf teams will vie for the Charles Hayden golf trophy and many other prizes at the Baltusrol Golf Club, Springfield, N. J. The trophy itself has been donated by the partners of Hayden, Stone & Co. and is kept in perpetual play as a memorial to the late Charles Hayden, founder of the firm.

Muir, Dumke, Light To Be NYSE Members

SALT LAKE CITY, Utah—Muir, Dumke & Light, 80 South Main Street, members of the Salt Lake City and San Francisco Stock Exchanges, on Sept. 29 will acquire a membership in the New York Stock Exchange. Edmund W. Dumke will be the partner to hold the membership. Other partners are Richard W. Muir, Given A. Light, Jr., general partners; Val A. Browning, John Val Browning, E. R. Dumke, E. R. Dumke, Jr., J. D. Moyle and Edward O. Muir, limited partners.

Reveals Extent of Credit in Securities Market

Keith Funston, President of the New York Stock Exchange, discloses results of special study on use of credit in financing long- and short-term investments, and in trading in securities.

The public uses about $2.5 billion to finance its long- and short-term investments and a little less than $1 billion for trading transactions, Keith Funston, President of the New York Stock Exchange, disclosed as among the highlights of a special study of credit in the securities market made by the Exchange.


Keith Funston

Writing in the September issue of "The Exchange" magazine, Mr. Funston said the Stock Exchange analyzed the $4.5 billion which banks had loaned to brokers, securities dealers and individuals as of June 30 this year.

Of that total, Mr. Funston said, $1.3 billion was used for long-term investments by that part of the public who preferred to employ credit when purchasing securities. Short-term investments by the public accounted for $1.2 billion and trading transactions $9 billion—a total of $3.4 billion.

"To put the total in some perspective," he commented, "the recent market value of all stocks listed on the Exchange alone was roughly $200 billion. Credit figures in the Exchange's study, however, cover all securities markets."

The study defined a long-term investment as one held for six months or longer, a short-term investment as one held for one to six months and a trading transaction as one closed out or expected to be closed out within 30 days.

The Exchange President pointed out that on the New York Stock Exchange a heavy majority of all purchases are on a cash basis.

"For instance," he said, "in an analysis of transactions on two days selected at random in June this year, a total of 35,641 purchases were made by public individuals, of which 11,193 were on margin. Of those 11,193 margin purchases, 75% were for short- and long-term investment. Margin purchases for trading transactions amounted to 2,332."

The Exchange's credit study showed that the securities industry was using a total of $1.1 billion to carry out certain important but little-known functions. Some of this credit was used in specialized ways, ranging from the work of the odd-lot dealer to the inventories of large underwriting houses. The great bulk, though — amounting to $970 million—was used by brokers and dealers all over the country in the course of their day-to-day business.

"Somewhat surprisingly," he continued, "more than half of the $970 million was used to finance inventories of U. S. Government bonds ($250 million) and municipal bonds ($260 million). And of the $460 million used to finance inventories of corporate securities, at least a portion was for corporate bonds.

"These inventories represented in part securities held in brokers' and dealers' portfolios for long- or short-term investment or trading; in part, stocks and bonds held in order to be prepared to meet the needs of customers."

In discussing the more specialized uses of credit in the securities business, Mr. Funston said that underwriters of new corporate and municipal securities were estimated to have outstanding $65 million in credit on June 30 to facilitate the flow of new capital to industry, and state and local governments.

When a corporation issues new securities, he said, ordinarily the underwriter pays the issuing company outright. It may take weeks or even months, though, before the underwriter sells the entire issue to investors.

Specialists and odd-lot dealers on the New York Stock Exchange and other exchanges were using $60 million in credit, Mr. Funston continued. The specialist has the job of helping to maintain orderly and liquid markets in securities and in the course of his operations frequently must employ substantial amounts of capital and credit.

The odd-lot dealers finance inventories of stocks on which they draw in servicing investors who want to buy from one to 99 shares, rather than the customary 100-share round lot.

Securities firms, Mr. Funston added, used an estimated $30 million in credit to help finance their customers' cash transactions—stocks and bonds in transfer or transit pending receipt of payment from the buyer.

Mr. Funston noted that the results of the study applied only to June 30, but added: "Variations occur from day to day—some may be substantial—but by and large the relative pattern may be regarded as definitive at the present time."

King Merritt Adds

(Special to THE FINANCIAL CHRONICLE)

SPRINGFIELD, Mo.—Mrs. Vera M. Griffey, Joseph J. Phipps, John T. Nunnink and James E. Severns are now with King Merritt & Co. Inc., Woodruff Building.

With Ross, Borton Firm

(Special to THE FINANCIAL CHRONICLE)

CLEVELAND, Ohio—Mrs. Ruth S. Jett has joined the staff of Ross, Borton & Simon, Inc., The 1010 Euclid Building. Mrs. Jett was formerly with Prescott & Co.

Continued from page 4

Arbitrage in the Corporate Bond Market

on the downside, but no ceiling on the upside. Thus losses can be minimized and gains are as high as the sky. We have had some convertibles that sold as high as 300 and many have sold at 200. The last telephone issue got as high as 150-151 and was available to investors at around 116-118 during the life of the subscription rights. Another type who buys these securities is the wealthy investor who is not sure of the market and is not sure his judgment is correct. He sells out common stock and replaces with convertibles to use as a backlog security. If he is wrong, then his converts will go up with the market and if he is right, he is protected on the down side at the investment value of the bonds.

Pricing of Convertible Bonds

Now, let us see what makes the price of the convertible bond. First — and the importance of these isn't in the order that I read them—is the rating. The higher grade the bond, normally the higher price it will sell. An AAA bond, all things being equal, will sell higher than a AA and A, and so forth and so on. Second is the interest rate. The higher the interest rate, the higher the price of the bond, all other things being equal. The third and most important—important to my mind—is the conversion price. The smaller the premium above the market, the higher the convertible will sell, all other things being equal. The fourth, and the least important, is the size of the issue. If the issue is a small size, it will usually sell higher than a similar type, identical larger-sized issue.

Convertibles sell at a varying relationship to the stock into which it is convertible. Some sell at premiums over the stock, some sell at discounts, some sell right on parity. I would like to give you an example of each type.

A bond that sells at premium is the Hertz 4% convertible subordinated debentures. There are only a small amount of them. I think they issued a little under five million bonds and they are due in 15 years. They are convertible into stock during the whole 15-year life of the bond at a price of 55. Well, the stock sells just about 55 and the bonds sell at 115, so they are roughly 15% above the conversion price right now. The reason for that is that your investor is intrigued and romanticized more or less by the possibilities inherent in the Hertz Corporation. Its prime business is auto truck rental, its secondary business is private car rental. You probably know or have read that a lot of large corporations have been selling their truck fleets, getting the cash which they can use in their normal business and they then rent trucks from Hertz and other people in similar businesses. The rent is a charge on income before taxes and therefore a tax deductible business expense, and in addition the company gets use of the capital previously tied up in truck fleets. Many investors believe that Hertz has a great future and are willing to pay 15% premium for a call on Hertz stock for 15 years or until the bond is called for redemption.

Now, an example of a bond that sells at a discount is a recent issue of Southern California Edison convertibles. Those are 3¼s of 1970. They are convertible into stock at $42.85 per share. The bonds are selling at 117, the stock is selling at roughly 52½, so each bond is convertible into approximately 2 3/10 shares. That would make them actually 123 on a straight arbitrage basis, so therefore they are selling at six points under their conversion value. Well, there is a reason for that. The reason is that the bonds are not convertible until Feb. 1, 1957, and then only one-third of the issue is convertible during the first year that the conversion feature is operative, the second year, another third, and the third year, the balance—whatever is left.

The reason the company made such a feature is quite an ingenious one. It gets the use of this money—I think they sold about 40 million of the bonds, immediately. However, you know, it takes some time to build utility plants from the date that the plans are initiated until the plant is actually yielding a 6% return. So by staggering the conversion the company feels that by the time the bonds are ready to be converted into stock, that the common stock will be earning additional money from the new plants built by this $40 million. Therefore there will no dilution in the earnings of Southern California Edison.

The New Telephone Convertibles

We have got a prime example of a bond that sells right on parity with us today. You have all probably read about the huge new issue of American Telephone convertibles that is now being offered to the stockholders, in the amount of about $640 million. Rights are being sent to stockholders of record Aug. 23, and you will have read in the newspapers today of the huge job the postman has got to do in mailing out these rights. They will be mailed over the weekend and be in the stockholders hands next Tuesday or Wednesday depending on the state of the mails. The rights expire on Oct. 16. The bonds are 12-year, 3⅞s debentures and they have an AA rating. The investment value of those bonds, in my opinion, is about a 3.10% basis or 107.72. The bond is currently trading at 125 to 126, so you can see that there is quite a premium above their investment value. Each $1,000 bond is convertible into 10 shares of Telephone common stock after the stockholder pays $48 a share for that right to convert. The first conversion date is Dec. 13, 1955, that is three months from now, roughly. The bonds are not callable until Oct. 13, 1957, so in this case they give you a two-year run for your money before you are threatened with a call and the first call price is 106.65, declining gradually each year by a small fraction.

The handling of this issue will tax all the facilities of the arbitrage and bond trading community. If the same pattern is followed as was followed in the last Telephone convertible issue, about 37% of the original stockholders will take up or subscribe for their pro rata new bond, both in number and amount. It is funny, but they both coincide; 37% of the stockholders individually took up the old issue and they took about 37% of the total amount of bonds. If the same pattern is followed in this issue, the arbitrage and bond-trading community, in New York City primarily, will have to handle about 32 million rights, the equivalent of $400,000,000 of bonds. In other words, we will have to buy 32 million rights on the floor of the New York Stock Exchange from banks, brokers and other dealers and from financial institutions around the country. And in turn when we buy these rights, we can get rid of the proceeds in two ways, one by selling out the new Telephone convertible debentures, or two, hedging by selling the stock short on the New York Stock Exchange.

To dispose of $400 million bonds is a big job. It is my personal opinion—I have been wrong before and I may be wrong again—that very few financial institutions will buy these bonds because, number one, most of them have already got Telephone stock, and, number two, when you buy these bonds at 125 to 126, which is some 18 points above the investment value, all you are really doing is buying the stock. There is no real stopping point on these bonds on the way down until they get to around 107-8-9, somewhere in there. So I think that the bulk of these bonds will have to be distributed to private investors.

The banks in New York are willing to lend 90% on this issue. In other words, the man who buys these bonds at 125, will have to put up about a 13-point margin. The banks will charge him 3¾% — most of them will, in New York—and that margin will have to be maintained, so most of these bonds, in my opinion, will go into the hands of private investors who want to get a good run for their money and think the Telephone stock is cheap at around the current level.

The bonds are not convertible until Dec. 13. In between now and Dec. 13, there will be record dates for two Telephone dividends, one of record Sept. 12 and one of record around Dec. 10. A buyer of these bonds will lose those two dividends — in other words, the stock that you get on Dec. 13 will not carry these two dividends. An arbitrageur must add this 4½ points to the conversion price. This coupon conversion, Dec. 13, a purchaser of bonds at 125 will receive common stock equivalent to Telephone stock today at 177½.

Now, you say to me, why don't I buy these bonds at 125 myself and sell the stock at 178½ and I will make a point profit? Well, I can do that, but it is not all as gravyish as it seems because I have got to go out and borrow Telephone stock from the day that I made the transaction to the date of Dec. 13. I have got to be assured of my supply from now until Dec. 13. Although today I can borrow Telephone stock freely and at a flat rate—in other words, I pay no premium for it—I am not sure that between now and Dec. 13 that the stock might go to a premium and then my profit would all be wiped out.

For you who are interested in convertible bonds, convertible preferreds, and option warrants, Fitch Publishing Company publishes a book semi-annually called the Fitch "Blue Book," which lists all the major convertible bonds, preferreds and option warrants and gives the principal features such as conversion price, call prices and where the bonds are traded and so forth. Fitch Publishing Company publishes it twice a year with the changes and new issues and eliminates those that have been called and so on.

Goldman, Sachs & Co. are about to publish a book for circulation among the financial community which will give a selected list of convertible bonds. We intend to keep that up to date semi-annually, adding and subtracting and changing as the necessity arises.

Arbitrage of Reorganization Bonds

Now we come to the last category of arbitrage as it affects the corporate bond market. These are bonds which are either involved in or emanate from simplification of capital structure, merger, or corporate reorganization. A prime example of a company in all three phases—reorganization, simplification, merger—is the current Missouri-Pacific reorganization. Missouri-Pacific, as most of you know, has been in bankruptcy since 1933. Here it is 1955 and it is still not out, although we live in high hopes that this is the finale. We believe that the current plan will be consummated about Jan. 1, 1956. The plan has been approved by the security holders, by a majority of all classes—two-thirds of all but two classes, I believe—the law being that if two-thirds of all classes approve—two-thirds of those voting of all classes approve, it is mandatory upon the judge to confirm the plan. If you don't the court has the right to use its discretion and confirm the plan.

The Federal District Court in St. Louis, Judge Moore, approved the plan about three or four months ago. Confirmation hearings were held 30 days ago and we are eagerly awaiting any day now for the judge to confirm the plan. Two classes of security holders are appealing the plan and the appeals have been heard in the Circuit Court of Appeals—and we expect a decision of that Court some time in late September. The appellants, assuming that the Circuit Court upholds the District Court, will probably serve a petition to the Supreme Court for a writ of certiori. We don't know yet whether or not the appellants will go that far but if they do we are hopeful that the Supreme Court will deny the petition and that will be sufficient time to consummate the plan on Jan. 1, 1956.

Now, let me tell you what has happened in the MOP. Reorganization. The MOP and its two subsidiary companies, the NOTM and the IGN are being merged. Excluding [equivalent trust] certificates which are outstanding, there are a total of some 20 issues of Missouri Pacific, International Great Northern and NOTM securities outstanding. Through the merger, the reorganized company will have eight issues of securities outstanding. There will be three classes of First Mortgage Bonds, Series A, B and C. There will be two classes of Income Bonds, Income A and Income B, and will be a 5% Debenture, and then two classes of common stock, Class A and Class B. That is a total of eight issues—a reduction from 20—which is a pretty good job of simplification, although the capitalization is not reduced very much.

Now, the problem here for the corporate bond community and the arbitrageurs is twofold. First, we function through our arbitrage operation by buying the old bonds and selling the bonds and stocks. This brings the price of the old securities into line with the value which the trading community puts on the new securities. Right now we think that confirmation is near and we are willing to lay our money on the line anywhere from 5% to 9% flat. For instance, on the First Mortgage Bonds, which are the safest, we are willing to arbitrage at 5% On the Missouri-Pacific Preferred and the International Great Northern Adjustment Bonds we want to get about 9% because it is a little more risky, the risk being if something should go wrong and the plan flops we are long the old security and we have got no hedge on the other side. On the other hand, if the plan does go through we make that 5 or 9%, whatever it is, flat, profit, less our carrying charges, and expenses.

Secondly we distribute to new investors the new securities not desirable to the old holders. For instance, holders of MOP secured 5¼s receive a package consisting of new First Mortgage Bonds, Income Bonds, Class A Common. The old holder of 5¼s might want to keep his first mortgage part and sell off his income bonds and common stock, so we distribute the income bonds to sophisticated investors who want a large yield on a bond—and the bonds yield around 6 to 6½%—knowing full well the inherent risks in a second-grade security, and we distribute the common stock to people who want to be in equity situations.

Arbitraguer provides many other functions which are not related to bonds which I won't go into at this time.

T. M. McDonnell Director

T. Murray McDonnell, a partner in McDonnell and Company, New York City, was elected a director of the Murray Manufacturing Corporation, makers of electric protective devices.

Mr. McDonnell replaces Peter F. Drucker, industrial consultant, who has resigned as a director but will remain as a consultant to the Board.

Jackson Appointed To Govt. Post.

William H. Jackson, partner in J. H. Whitney & Co., has been appointed an adviser to John Foster Dulles, Secretary of State, to accompany him to the meeting of the "Big Four" foreign ministers in Geneva. Mr. Jackson's assignment will concern the elimination of barriers interfering with free communications and peaceful trade between the Communist and non-Communist areas.

Charles E. Spiegelberg

Charles E. Spiegelberg, partner in Mervin Ash & Co., passed away Sept. 9.

First Western Securities Formed on Coast

SAN FRANCISCO, Calif.—First Western Securities Corporation is being formed with offices in the Russ Building.

Directors of the new corporation are George Clark, Andre E. Doassans and Catherine C. Mullin.

Form Federated Brokerage

SALT LAKE CITY, Utah—Federated Brokerage. Inc., has been formed with offices at 261 South State Street to engage in a securities business. Officers are Steve Netolicky, President; Jacques B. Bell, Vice-President; J. Richard Bell, Secretary; and Marilyn Netolicky, Treasurer.

Forms Benjamin Co.

HOUSTON, Tex. — David J. Benjamin is engaging in a securities business from offices at 5012 Almeda under the firm name of Benjamin & Company.

Bergmann Co. Opens

SAN ANTONIO, Tex. — Ely I. Bergmann is conducting a securities business from offices at 126 Bradon Drive, East, under the firm name of Bergmann & Co.

With McCarley Co.

GREENVILLE, S. C. — Mrs. Katharine P. Dickson has joined the staff of McCarley & Company, Inc., South Carolina National Bank Building.

Our Reporter on Governments

By JOHN T. CHIPPENDALE, JR.

Competition for the available funds still goes on at a rapid pace and even though some interim relief may be forthcoming, the money markets are expected to be kept on the tight side by the monetary authorities. The Treasury will be coming into the money market soon to get new funds and this will not help the squeeze which is still very much on. There appears to be no important change in attitude as far as certain followers of the money market are concerned since a rediscount rate of 2½% would not be a surprise to them. Also the "prime bank rate" might be lifted to 3½% at any time, in the opinion of some money market specialists.

Despite the tight money condition, there is a fairly good attitude in the Government market and the rather narrow range of prices appears to bear this out. The corporate and tax-free issues have also been acting better, which indicates that money is available when yields are attractive.

Treasury Financing May Ease Condition

The money market is still tight, but in spite of this the Government bond market continues to fluctuate pretty much within the price ranges which have been established recently. There is the same demand for the near-term obligations even though the money to purchase the most liquid Treasury securities is not on the plentiful side by any means. The monetary authorities are keeping the pressure on as is evidenced by the sales of Treasury bills again last week by the Federal Reserve Banks.

Nonetheless, it is believed in most quarters on the financial district that the impending money raising operation of the Government will bring about some temporary relief in the interest raising policy of the powers that be.

With the demand for funds very sizable from the private sector of the economy, it would be much better for the money market if the public segment of the economy, namely the Treasury, were not to be a borrower at this time. However, since this does not happen to be the case, it means that the new money raising operation of the Government is going to have a further tightening effect upon the money market even though it is quite likely that the monetary authorities will lend some help so that the tight money squeeze will not become too acute.

The near-term Government securities are still being well taken because there are many institutions which must keep funds in the most liquid obligation. However, it is believed that an important part of the money which has been going into Treasury bills will be invested in the tax anticipation securities which the Treasury is expected to offer in the near future.

Tax Sales Important Market Factor

Tax switches, according to reports, are rather definite factors in the Government market at the present time. It is also expected that these exchanges will get more important as the year draws to a close. It is indicated that not a few money market specialists are of the opinion that the balance of 1955 will be a good time to make tax adjustments in one's portfolio. By taking tax losses this year, the groundwork will be laid for profits next year, seems to be the way certain followers of the money market are looking at matters.

There has been, and no doubt will continue to be, fairly important swops being made in the longer 2½% issues, with the out of town banks evidently the leaders in these exchanges at the present time. It is also evident that the intermediate-term issues are also being used for tax operations, with selected issues in this group considered to be attractive by those that have funds enough to do some maturity building.

Long 3s and 2½s On Active Side

It is indicated that the 3s of 1995 continue to move into stronger hands, largely those of public pension funds, with some of the state funds reportedly making fairly sizable commitments in what is still a thin and not very active market.

There is also evidence of a certain amount of "bargain hunting" in the 2½% bonds even though there are no reports yet to the effect that these purchases are likely to be more than not too large dollar averaging commitments.

It is also reported that sales have been made of certain of the middle maturities of Treasuries, with the proceeds being invested in tax free obligations, which have been acting rather well of late.

Cleveland Society of Security Analysts Proposed Tentative Program Schedule

CLEVELAND, Ohio. — The Cleveland Society of Security Analysts has announced the following tentative program schedule:

Wednesday, Sept. 28: Subject, Towmotor. Speaker, C. Edgar Smith, President.

Wednesday, Oct. 5: Subject, National Steel Corp. Speaker, L. T. Weir. Chairman.

Monday, Oct. 10: Subject, Scott Paper Co. Speaker, Paul B. Wyant, Treasurer.

Week of Oct. 17: Open for Community Fund.

Wednesday, Oct. 26: Subject, Mead Corporation. Speaker, Sydney Ferguson, Chairman.

Wednesday, Nov. 2: Subject, National Acme. Speakers, T. L. Strimple, Secretary; R. Channock, Comptroller.

Thursday, Nov. 10: Subject, Allis-Chalmers Mfg. Speaker, R. S. Stevenson, President.

Wednesday, Nov. 16: Subject, Dobeckmun Co. Speaker, Tom Dolan, President.

Tuesday, Nov. 22: Subject, Westinghouse Electric Corp. Speaker, George Main, Treasurer.

Wednesday, Nov. 30: Subject, Eaton Mfg. Speaker, Howard McGinn, President; M. P. Winther, V.-P. (Engineering).

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U. S. Agriculture and World Trade

sumption, as well as to expand exports.

From a longer-range perspective, we are attacking the problem in two ways. We are seeking to bring production more nearly into line with demand through marketing quotas and acreage reduction. At the same time, through the adjustment of support levels, we are employing price as a means of increasing consumption.

United States farmers began in 1953 to adjust their production of major crops in line with domestic and export demand.

Wheat producers imposed marketing quotas on themselves for the wheat crops of 1954, 1955 and 1956. They reduced acreage 30% in two years.

Cotton growers have also made a major adjustment in their acreage—a reduction of 28% in two years.

Rice growers approved use of rice marketing quotas for the 1955 crop. The program calls for a 22% reduction below 1954 planted acreage.

Tobacco growers are continuing to produce under marketing quotas.

Although the United States has been faced with a need to compete price-wise in world markets, we have adjusted the price structure gradually and in line with market demand.

Action has been taken to scale down price supports on a flexible basis, and in a manner designed to reduce surpluses. For most commodities involved in the program, the new scale of price support became effective with the 1955 harvests. The range of flexibility is from 82½ to 90% of parity for 1955 crops of most so-called basic farm commodities and from 75 to 90% of parity thereafter.

Our policies of seeking to bring production into better balance with demand and of making our price programs more realistic seem to be clearly understood. But apparently there have arisen some misconceptions, not to say, misapprehensions, about our foreign marketing programs.

Our agricultural export policy is based on three principles:

(1) We will compete fairly on the world market.

(2) We will be competitive in quality.

(3) We will participate in a mutually profitable international trade that gives our customers abroad the continuous opportunity to earn the foreign exchange they need to buy our products.

We will not engage in any cutthroat race for markets. We will not break or unduly disrupt world markets. We are interested in fair play. We want to do our utmost to further the spirit of cooperation among all countries and to achieve an increase in consumption of surplus products.

Admittedly we are competing against other nations in certain important phases of agriculture. But our aim is, always, friendly competition—fair competition.

We are not afraid to talk facts—frankly and even bluntly. We must talk facts against a backdrop of mutual trust. When there are elements in the agricultural policies of the various nations that arouse questions, we want to talk about them frankly and in the spirit of brothers.

The Congress has embodied safeguards against disrupting world markets in the Agricultural Trade Development and Assistance Act and other programs. Both President Eisenhower and I have given repeated assurances that there will be no undermining of world markets.

Apparently, however, there is some feeling that our surplus disposal programs and policies are interfering unfairly with normal trade. We do not think this is an accurate appraisal.

But this much I am sure we would all agree upon — there is need for honest exchanges of opinion—for discussing our problems—for mutual understanding of the conditions which prompt our national actions.

While the large stocks of food and fiber in the United States pose problems of management, their very existence is insurance against the catastrophic consequences which would otherwise arise whenever famine or emergency food needs are felt throughout the world. In recent years, we have been able to move quickly and effectively to meet unforeseen demands for food which have resulted from crop failure and natural disasters in some lands or from localized conflicts and the economic upheavals which follow in their wake. The United States needs and the world needs adequate reserves of farm commodities. In my own country, however, there is some feeling that the United States is carrying more than its share of these necessary inventories.

Stabilizing Programs

As all of you know, most of the nations of the world now have government programs designed to stabilize farm prices and income. Most nations, including my own, implement these programs with other actions designed to make their farm programs function more effectively. We have used—reluctantly and sparingly — authority to invoke import quotas on certain dairy products, cotton, wheat, and feed gains. We have done it to preserve price support programs for these commodities. And we have taken this action in the knowledge that the markets we have closed off would not have existed except for these same price support programs.

At the same time, some United States trade in farm commodities has been blocked through quantitative import controls and currency exchange restrictions applied by other countries. It is perhaps only natural that I should sometimes feel the trade restraints applied against American farm goods are more sharply discriminatory than our own brand.

Today the United States buys from the rest of the world more agricultural commodities than it sells—about one-fourth more. I would like to see that volume of trade expanded in both directions. I recognize that there can be such expansion only if it is in both directions.

It seems to me that one of the major challenges confronting agriculture in this changing world is this whole broad question of increased trade. Important as has been the contribution already made by I.F.A.P. in this direction, there is real need for greater emphasis upon this first step toward distributing and utilizing world stocks of food and fiber. As a corollary, agricultural producers and their governments must take the leadership in helping underdeveloped countries improve their own resources so that they may become more active partners in world trade. Here in the building of the Food and Agriculture Organizations of the United Nations it is fitting that we pay tribute to the great work that agency has done in promoting this objective through technical assistance programs.

It seems to me that agricultural producers of all nations might adopt as their goal the objectives outlined in a speech earlier this year by our mutual friend, Dr. H. H. Hannam, President of the Canadian Federation of Agriculture. I quote:

"Our farmers have the deep satisfaction of working toward objectives which would enable people in all lands to live as good neighbors, producing abundantly for the benefit of all, opening markets for all that skill, science and mechanization can produce, distributing more efficiently an ever-expanding supply of food and agricultural products and helping eliminate at least some of the basic causes of war."

That is the fundamental task confronting agriculture in a changing world. That is the challenge to all members of the I.F.A.P. and to those of us who have the privilege of serving our respective governments in the field of agriculture.

May God grant us success in our united effort to improve the position of world agriculture, to achieve better distribution of our farm products and to strengthen the international bonds of friendship and peace.

Cotton Exchange Members

The New York Cotton Exchange has announced that three new members were elected to membership at a special meeting of the Board of Managers.

The new members are: Otto Ernst Goedecke of Otto Goedecke, cotton merchants, exporters and shippers of Hallettsville, Texas; J. Neal Dow, President of Pacific Mills, textile manufacturers of New York City, and David Finkle, partner of Bear, Stearns & Co., brokers in commodity futures and securities of New York City.

Continued from first page

As We See It

warranted. It is possible that a good many farmers still harbor such ideas, but all this now somehow has an old-fashioned and outmoded sound or appearance, like the Model T. The farmer of today is bolder and more imaginative, and the politicians have learned from Franklin Roosevelt how to give a modern ring to the cries of the ancient physiocrats and to come forward with a vote-catching line of treatment for the ills the farmers suffer or think they suffer. An observer on Olympus would find it all very amusing, and so should we if the matter were not so serious. To find the roots of all this one would have to go far, far back into our history. By the time Woodrow Wilson came along, it was the alleged lack of adequate credit facilities that was to the fore and the long line of activities to remedy this supposed deficiency was then begun. These operations have cost us all much money. They can scarcely be viewed as other than a form of agricultural subsidy. When the sins of World War I began to collect their wages in the 'Twenties the politicians were much concerned, and came forward with a number of panaceas none of which worked.

Then came the farmer from Hyde Park. His cry was: Let the farmer come to Washington and take charge of his own largesse, and let the rest of the nation foot the bill. As will be recalled, economists, psuedo-economists, pretended economists, do-gooders, and just plain scheming politicians swarmed to the nation's capital in early 1933. Out of it all, or at least that part of it which concerned the farmer and his votes, came a strange idea which soon was given the charming name of "parity." The basic idea was that the war (World War I) had disrupted the "normal" relationship between agriculture and the remainder of our economic system. What must be done, accordingly, was to restore the old "balance." That could be done, so it was reasoned, by bringing agricultural prices back to "parity" with other prices, that parity being the relation which existed in the late pre-World War I years—the very years in which the farmers had been complaining bitterly and getting help in the form of artificially provided credit.

Elaborate machinery was set up to compute these parities. Still more elaborate machinery was erected to operate the system. It was not long in bogging down, and various other expedients to care for this, that or the other individual situation likewise cured nothing, but on the contrary helped the farmer to get the idea more firmly fixed in his mind than ever that the people as a whole, through their government, owed him something they owed no one else — a virtual guarantee of a profitable existence. Some such situation as this existed at the time of the 1952 election. Out of that contest and the politicking that went into preparing for it and conducting it came the broader notion that the nation owed it to the farmer not only to keep the prices of his products on a parity with some arbitrarily chosen period in the past, but to see to it that his income was brought up to parity with others—that is to be increased by the same amount that others had succeeded in increasing theirs since some "base" period.

And, now that preparations for another national election are under way we begin once more to hear a good deal about parity income, or find it implicit in what is being said. Complaint is made that the farmer is not getting his "fair share" of current prosperity, and assurance is given that ways and means will be sought to provide that "fair share." And that "fair share" is not 90% of what it used to be, but 100%. Public payments are to be re-arranged, so it is said, to add to the burden of the remainder of us and boost the farmer's income. Effort is to be made, at public expense, of course, to enlarge the markets for farm products. Maybe markets abroad can be found for some of it—at taxpapers' expense, of course, Further funds are to be laid out in finding new uses for farm products. And much more of the old familiar sort, with emphasis, of course, upon cash benefits.

It is a disheartening picture. No one, of course, will admit that there are too many farmers. It is tacitly admitted that left alone farmers produce too much—but, of course, they must be bribed to produce less. No one would put it in quite these words, but what is said is in effect a statement that farmers need not, indeed must not, leave their fields, and produce goods which are wanted, but must kill time in order not to glut the markets for his goods. The cost of it all will, of course, not be borne by the farmers but by the rest of us. And no end of the system is contemplated.

It is true, of course, that technological progress has more or less revolutionized farming as it has revolutionized most of the remainder of the economic system. It is probably true that more difficult problems are thus laid upon agriculture than upon most other types of production. In other words, the farm problem is a real one. The cures are drastic, and certainly not to the taste of many millions of our people. It is equally clear, however, that the situation is one that cannot be permitted to continue indefinitely. It is even clearer that the plans and programs now to the fore are doing exactly nothing toward eliminating it.

An election year ought to be, but is not, just the time to come to grips with this situation.

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The Squeeze Play

Was it in granting the exemption, or is it now in attempting to remove it?

We say that exemption should stand.

Many brokers and dealers in securities who are a credit to their field are men of small means. Likewise, those aspiring to become brokers and dealers who are not wealthy should not be thwarted by financial requirements limiting their ambition and their activities, where all of these do not intend as a part of their business to extend credit to customers, or carry money or securities for their account.

The logic which impelled the Commission to grant this exemption has lost none of its potency. It is as sound today as it was then.

Henry J. Laverly With Davis, Skaggs

SAN FRANCISCO, Calif. — Davis, Skaggs & Co., 111 Sutter Street, members of the San Francisco Stock Exchange, have announced the association of Henry J. Laverty with their trading department. Mr. Laverty started his

Henry J. Laverty

career in the investment business in 1927 and for many years was with Dean Witter & Co. For the past several years he has been engaged in the frozen food business in Eureka.

J. V. Ellis & Co. Formed

HOUSTON, Tex.—J. V. Ellis & Co. has been formed with offices at 3827 Linklea Drive to conduct a securities business. Officers are James V. Ellis, President; Thomas F. Ellis, Vice-President, and L. R. Ellis, Secretary and Treasurer. James V. Ellis was formerly with Shields & Company and John D. Scott & Co.

Bank and Insurance Stocks

By ARTHUR B. WALLACE

This Week—Insurance Stocks

Recently there was discussion here of the 1955 first-half underwriting results of a number of the fire insurance stocks. In the investment part of the business things were, generally, more favorable, because along with the higher investment income that most companies enjoyed in the period and which, of course, stemmed from the higher dividend rates paid by so many companies whose common stocks are held by many of the insurance companies, these companies enjoyed the fruits of the continuing bull market in equities. As a rule, insurance company investments in equities are in the better grade stocks, after all, they do have to look ahead to the time when markets go in reverse. And the "blue chips" have been passing along to stockholders more of their boom era earnings.

In 1954, industry figures show the improvement in the value of assets to have approximated $1.5 billion. While in the 1955 first-half the rate of gain in this item ran somewhat below that annual figure, the results were nevertheless highly satisfactory, and it is probable that they surpassed those of other years excepting, 1955. So, if equity prices do not register too drastic a decline in the remaining months of the year the insurance companies ought to turn in another excellent showing.

To be sure, any future bear market will reduce these gains, as obviously, regardless of the astuteness of a company's portfolio managers, they cannot do any wholesale unloading once a down market has developed. But they will retain a substantial portion of their large gains. These gains are reflected in surplus account, and hence in liquidating values of the various stocks, and it thus becomes apparent why it is not good practice to use liquidating values as a standard of market worth of an insurance stock; a sustained bear market could slice deeply into a company's liquidating value following such a strong bull trend as has been experienced for several years.

An offset to this year's portfolio appreciation figures will come about as a result of the decline in bond prices due to the hardening of interest rates. Bonds account for upward of half of total assets in the industry balance sheet. But at the same time, declines in bond prices are relatively small alongside the increases in stock prices we have been experiencing.

Probably a look at individual company changes in income from investment and in the value of assets for the 1955 first-half compared with the like period of 1954, will be interesting. These companies were a random choice, and they are companies whose stocks are widely held and actively traded; and, mostly, they are large units.

The aggregates show income from investment in this year's first-half at $44,662,000, versus $41,156,00 a year earlier, or a gain of about 8½%. The change in the value of assets for these units was $150,270,000 in the 1955 half, against $178,263,000 in the earlier six months, this year's half showing a gain that was 15.8% below that of the 1954 period covered. But there will be no complaint by insurance company portfolio managers over the 1955 result following the 1954 bonanza gain.

First Six Months

(In Millions of Dollars)

	Investment —Income—		Change in Value —of Assets—	
	1954	1955	1954	1955
Aetna Insurance	$2,679	$2,725	$4,151	$5,020
Agricultural Insurance	420	443	1,614	1,553
American Insurance	2,156	2,203	7,179	5,887
Camden Fire	489	494	1,145	897
Continental Insurance	4,276	4,324	33,525	25,938
Fidelity Phenix	3,361	3,491	32,322	25,135
Fire Association	1,287	1,403	3,201	3,803
Fireman's Fund	2,761	2,763	11,282	8,229
Firemen's (Newark)	3,748	4,004	11,210	9,151
Glens Falls	1,386	1,449	3,455	2,838
Insurance Co. of No. Amer.	5,965	8,093	39,260	35,724
National Fire	1,742	1,720	3,033	3,370
National Union	853	993	1,918	2,325
New Hampshire	573	555	1,881	1,814
Providence Washington	541	478	1,291	735
St. Paul Fire & Mar.	2,186	2,352	7,009	6,249
Continental Casualty	2,574	2,894	5,658	6,236
Fidelity & Deposit	757	796	1,781	1,811
Massachusetts Bond	850	985	762	833
New Amsterdam	1,023	965	2,321	1,260
Pacific Indemnity	523	576	1,183	842
Standard Accident	1,006	956	2,182	1,340

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Outlook for Automation

the year 1960 or 1965, is a direct consequence of this recent national experience. Regardless of the technical arguments, I doubt if very many of us in the electronic field would be talking about such complex equipment seriously today, and I feel certain that very few of the nontechnical business and industrial customers would be listening to us if we did, if it were not for the confidence that has been generated through the military electronics experience.

Automation Equipment as a Tool

So much for the first important characteristic of the new automation — its employment of very complex equipment, largely electronic in character. The second basic aspect of automation is that the equipment, complex though it be, is rarely an end-item in itself, such as a radio or an automobile, but usually appears as a component that is integrated into a complex system involving men, machines, methods, and procedures —all organized to perform some basically nontechnical operation. In other words, automation equipment is best thought of as a tool. Like any tool, proper design of an automation system requires that the greatest of attention be paid to the special needs and capabilities of the men and organizations that are to use the tool, and that the tool be designed specifically for use in the environment comprised of the other machines, methods, and procedures that characterize the entire operation.

So this is the nature of today's automation — it is essentially a field of tool-making for the enhancement of the efficiency of the frequently nontechnical operations of business and industry. It differs from ordinary tool making primarily in the unusual complexity and versatility of the equipment that is involved, which results in correspondingly extensive ramifications into all aspects of organization, methods and procedures. When successfully applied, the benefits of modern automation can be as many times greater than those of old-fashioned automatic techniques as are the complexities and the problems.

The Nature of Things to Come

Having made some attempt at a description of the characteristics of modern automation, it is now my assignment to peer intently into the crystal ball and develop profound prognostications as to the nature of things to come. In a general way, this is very easy to do. Ultimately, a major portion of the processing of data that now occupies the routine attention of many thousands of people will be accomplished automatically. Similarly, a large fraction of the routine repetitive activities of factory workers will be done by the use of the new automation techniques. Direct results of this spreading industrial revolution will certainly include a large increase in our national productivity. Indirect results will include the appearance of new products whose design and production are for the first time made economical because of automation. Automation will become one of the largest — possibility even the largest—national industry. Hundreds of thousands of people will be employed by the companies engaged in the various ramifications of automation, and the annual sales of this important new industry will be reckoned in billions of dollars.

Such predictions are easy to make, and they are certain to be true. Today the handwriting on the wall is so clear and unmistakable that it allows for no misinterpretation as far as the ultimate future of automation is concerned. Unfortunately, while today one is perfectly safe in making such predictions, the public reading of such clear and unmistakable handwriting is no longer likely to build for him a reputation for prophecy. Those of you who have read your program may already have observed that what I have just been saying sounds remarkably similar to the excerpt from Peter F. Drucker's "The Promise of Automation," that is printed on the last page of the agenda. A couple of sentences from this excerpt, for example, read as follows: "The automatic revolution is here, and it is proceeding at high speed." And, "There can be little doubt that it means a tremendous upgrading of the labor force in terms of skill, employment security, standard of living, and opportunity." As a matter of fact, I agree with the sentiments expressed in the back of our agenda in more ways than just in its view of the future of automation. I also agree with its assertion that the really important subject to discuss is not what automation is to be, but rather how fast it will come. This is the aspect of the situation that the handwriting on the wall does not spell out clearly today. Will most of American industry be well on its way to realizing the benefits that can arise out of automation techniques eight or 10 years from now, or will it be 15 or 20 before the full effect is felt?

Therefore, I shall spend no time in attempting to describe in detail what a happy and productive life we are going to lead once the full effects of automation are felt by business and industry. Rather I shall spend the rest of my time talking about how fast we are going to get there. But I'm not going to answer that question either. Certainly I'm not going to put myself in the position of making a specific prediction, that can be held against me later, as to how many years it will be before a definite stage of automation will be reached. What I shall do, rather, is to attempt to explore whether there are any general methods of approaching that can be taken by individuals and organizations in the field that may make automation come true more effectively and more quickly than other methods of approach. In other words, we can be smart enough to get there in eight or 10 years?

It seems to me that the most effective performance in the development of a new field is frequently exhibited by those who best employ lessons learned from past activities of similar character. Therefore, let's start by inquiring whether there is any field similar to automation for which a past history of development exists from which we might hope to learn some useful lessons. In view of my earlier remarks, we may assume that a field similar to automation is one which, like automation, is characterized by the employment of electronic equipment of a high degree of complexity that is used basically as a tool in a surrounding complex of machines, men, organizations, methods, and procedures to perform some over-all operational function which may be basically nontechnical in character.

Military Electronics

Is there any field having similar characteristics that has already undergone extensive development? I believe there is one. It is the field I have already mentioned as having provided an important part of the equipment heritage for automation—that is, the field of military electronics. In addition to the general similarity in the character and complexity of apparatus used in the two fields, it is important to note that many of the specific techniques and apparatus components being used today in automation were developed in military electronics activities. Further, military electronics equipment also possesses the characteristic that I have asserted to be the second major distinguishing attribute of automation equipment—it must be operated as a tool by basically nontechnical people in an intricate and extensive system of men, machines, methods, and procedures —all organized to accomplish an over-all operational result. A third similarity exists between the two fields, having to do with the people who work in them. To a considerable extent, the equipment and methods of modern automation are being developed by individuals who receive much of their early professional experience in military electronic development work.

For all of these reasons, it would appear sensible to scrutinize the recent history of military electronics to determine whether any important lessons have been learned as to the right and the wrong way of going at development in this field. We may expect in advance that any major lessons, if they exist, might have applicability to the field of modern automation, not only because of the similarity of the fields, but also because to a considerable extent the same development people are involved and might be expected to continue to perform in accordance with the same natural laws that have governed their behavior in the past.

I will tell you in advance that there has been one very important major principle established in recent years by the very extensive activities of our government in the field of military electronics, and that I believe this major principle is equally applicable to the field of modern automation. I realize I should name this major principle and then attempt to justify it by logical argument. Nevertheless, I don't propose to follow this procedure. I shall spend a few minutes discussing certain aspects of the history of recent military electronics development in the hope that the point will automatically present itself in such a convincing fashion that I shall then have no more to do than simply call your attention to its existence, and how it obviously applies to the field of automation. Hence, I shall completely digress from any topic of automation in the hope that, by taking a detour into the recent history of military electronics, we may in fact reach the conclusion more quickly.

As a vehicle for developing the points of interest, let us consider the field of airborne radar. The first airborne applications of radar were in bomber planes, to provide the navigator with means for obtaining position fixes at night or above the overcast. There were also early applications of radar equipment to night-fighter aircraft to make it possible for the pilot of an interceptor plane to locate an enemy bomber at night and to approach close enough to have a chance of seeing the bomber plane outlined against the night sky, thereby permitting a gunfire attack.

Now, once radar equipment had been put into aircraft to facilitate navigation to the general vicinity of the target, it was natural that someone should propose a combination of radar with bombsight or fire-control equipment to permit actual blind attacks to be made against enemy targets, rather than just the accomplishment of navigation to the vicinity of the target. The military organizations approached this matter in what was to them a normal way. They employed what I shall call the "black box" method. For each weapons project, they assigned to a suitable officer and staff of the military organization the systems management responsibility. In turn, this military project team made arrangements for a suitable contractor to provide what was to them simply a black box—a radar designed to be suitable for use with the bombsight or fire-control equipment currently in use by the service in question. The theory was that the radar equipment would be delivered, designed to military specifications supplied by the customer, into the hands of the military project organization, and would then be combined with the usual bombsight or fire-control computer, installed in the necessary airplanes, and connected together by military people to provide the hoped-for capacity for all-weather operations.

All this was neat, tidy, and reasonable—and it suited the military organization. There was only one thing—it didn't work. It wasn't that the radar equipment didn't arrive more or less on schedule, for it did. Also, the size and shape of the black box worked out pretty well so that it fitted together properly with the computer. Furthermore, the plugs and interconnecting cables required to hook the two pieces of apparatus together mated pretty well. The only trouble was that, when put together, the radar and computing equipment were generally found to interact upon one another in obscure ways that had not been anticipated. There were a number of reasons for this. As only one example, there were important differences in the character of the target data supplied by optical tracking, with which bombsights and fire-control computers had previously been used. The angular accuracy with which a piece of radar equipment determines the position of a target is usually quite a lot less than the accuracy with which a human observer can set cross hairs on a visual telescope image of the target. This, of course, surprised no one. However, what was not so well anticipated was a set of subtle effects on the performance of computers that were caused by the jitter or random variation in target data arising from the basic characteristics of radar. These properties of the radar data in some instances rendered completely inoperable computers that had performed very satisfactorily in their past optical applications. In other instances, the computers might have been made to do a marginally acceptable job, but were prevented from doing even this well because of methods specified for operator tracking and manipulation of the controls that were improper for the new kind of data provided by radar. Such matters as these are well understood now, but in the early days of military electronics they often came as dramatic and disheartening surprises to the military project people who sometimes abruptly discovered that their hoped-for, superior, advanced weapon operated in practice in a completely inadequate manner.

But our military people are not, and were not then slow to learn. It did not take them long to recognize that their basic mistake had been a failure to appreciate the fact that a radar bombsight is not obtained by adding a radar black box and a bombsight black box, but rather must arise out of a single integrated development in which the design of the radar is intimately affected by the bombsight into which it is to work, the design of the bombsight is strongly characteristic of the radar which is to supply it with data, and the procedures for employment of the new equipment are similarly tailored to the special properties of the new techniques. In other words, a highly technical systems integration activity was required that had been missing in the early attempts by the military to provide themselves with advanced weapons systems. The solution to the problem required that the operationally expert, but technically unprepared, military project people get out of the coordinating business and assign to technical people the over-all responsibility for the design of a single, integrated combination of radar, computer and methods of operation. This they began to do.

But the addition of a computer to a radar was only the beginning of a trend toward a general broadening of the scope of the technical assignments given to the designers of military electronics equipment. Another early step in this broadening process, in the instance of the bomber, was to employ the output of the computer to manipulate the control surfaces of the aircraft, and thereby fly it automaticaly on a correct bombing course, rather than simply to display to the pilot steering instructions, as had been done in the past. In the instance of the interceptor plane used to attack enemy bombers, the analogous development was to use the output of the fire-control computer to steer the plane on a proper gunfire attack against the enemy bomber. This type of problem led electronic engineers into such areas as the aerodynamic response characteristics of aircraft and the dynamics of flight.

Soon, the electronics system designer was taking on very broad operational responsibility, such as that of devising a complete aggregation of apparatus, together with methods and procedures for using it that would seek out an enemy bombing plane, guide an interceptor aircraft to the bombing plane, steer the interceptor and fire the armament so as to accomplish a successful attack, and finally bring the interceptor automatically back to home base. As such broad responsibilities came their way, the electronics systems designers had to become more and more involved in the nontechnical procedural and operational aspects of their field. They found they could not design the equipment properly without taking specific account of the answers to such questions as: "How many enemy bombing planes might come in?" "At what altitude?" "What kind of maneuvers might they performs?" "What kind of manipulations can the occupant of a supersonic aircraft really perform under battle conditions?" "How long does it take the pilot of a defending interceptor to get into his plane, take it off, and get to altitude?" "What will be the numbers and the training of the maintenance men that can be provided to keep the apparatus going?"

A very long list could be provided to illustrate the extent to which organizations today, successfully engaged in military electronics systems development, have been required to broaden their scope, first to include a wider variety of technical assignments than used to be considered appropriate for electronics organizations, and then finally to accept responsbility for a wide range of concurrent, nontechnical matters. This development of the military weapons systems concept, important as it is, is not very widely understood today. Oddly enough, while it has come about as a direct consequence of World War II, the principal strides made by the military in establishing suitable organizational and contractual arrangements for handling their difficult weapons systems problems have been made since the end of the last war. It is no accident whatever that the really giant strides in the applications of the newer electronics techniques to the science of warfare have also been made since the war, and have been almost invariably associated with projects in which organizations, primarily electronic in character, have been given strong positions of systems leadership.

The point that I had hoped would assert itself from this brief description of the recent history of military electronics systems development is that experience has shown that there is a wrong way and a right way of going at this kind of business. The improper approach is the one that I have characterized as the black-box approach to military systems wherein the customer attempts to specify to outside contractors the characteristics of equipment subsystems that it is hoped can be brought together with other subsystems by the customer to perform some over-all operational function. In the complex weapons systems of today, this approach does not work because of the almost inevitable existence of a wide-range of subtle, technical interactions among the various subsystems, and between the properties of the new apparatus and the environment of methods and procedures in which it is used. As a result, the nontechnical military customer does not have an adequate degree of scientific or engineering competence to perform the systems integration function.

The proper approach, which does work, is to assign responsibility for the design and integration of the various subsystems and associated operating procedures required to comprise a complete weapons system to a single team of competent and versatile scientists, engineers, and procedures experts. Proper exercise of the systems management responsibility results in the development by such teams of an unusual ability to deal concurrently and quantitatively with a variety of nontechnical operational, as well as technical, matters. This is the way in which a new and advanced system which may employ the most complex equipment and technical methods can best be caused to fulfill the actual objectives of the development, which are generally operational or nontechnical in basic character.

Applying Military Automation to Business

Now, I believe this lesson that has been learned by our government at the cost of many millions of dollars, is directly applicable to the field of automation in business and industry. This is because the basic ingredients that have determined the military electronics experience are the same as those which apply to the field of automation — the combination of equipment of a high degree of technical complexity with organizations, methods, and procedures of a comparable degree of nontechnical complexity to operate together to perform a basically nontechnical function. Therefore, I believe it is inevitable that business and industry will also discover that progress will come most rapidly when over-all responsibility for the design of the equipment of automation, together with the methods and procedures for its use, is assigned to a single integrated team of scientists, engineers, and operational procedures experts. The same principle put negatively is that success in major automation programs will not come easily to the firms that assign basic system design responsibility to their own operational people, who in turn attempt to specify and farm out the black boxes to other agencies for implementation.

It is not difficult to find examples of how the application of this principle should affect the actual conduct of development work in the field of automation. In production control, for instance, we may predict that rapid progress in the right direction is not likely to result from a program of development of equipment and methods narrowly designed to permit a factory to maintain its inventory at the lowest possible level. The trouble with such an approach is that the level of inventory is typically so closely related to such matters as machine utilization in the shop and delays in customer deliveries that a narrow preoccupation with improving one of these factors may well have such negative effects on the other two that the over-all efficiency of the company will be decreased rather than increased. The systems approach to such a problem would always integrate the inventory-control matter into a well thought out program broad enough to take account of the other closely related factors. I think you can see here the analogy between the incorrect method of approach and the military technique of obtaining weapons systems that I have called the black-box approach.

As another example, we may predict that rapid, efficient progress toward factory automation will not usually result from the narrow approach of developing automatic equipment to convey material from one existing machine to another. Instead, the design of the material-handling equipment should be associated with an analysis that shows it to be compatible with the requirements of the newer machines and methods of fabrication that may shortly be required as a result of an over-all approach to the entire problem of the automatic produc-

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Public Utility Securities

By OWEN ELY

Long Island Lighting Company

Long Island Lighting Company (LIL as it is familiarly known) serves one of the fastest growing areas in the country. In 1920 the company and its subsidiaries (since merged) served a population of some 250,000, whereas it now serves about 1,500,000. Since 1940, the gain has exceeded 140%, and in the past five years 50%.

The territory served by LIL covers Nassau County, Suffolk County and the Rockaway peninsula in Queens County—a 1,230-square mile island area extending eastward for 120 miles from the Rockaways. It enjoys ready access by land, sea and air, abundant water supply, sea level elevation, moderate climate and proximity to New York City. Nassau County is predominately residential and over 60% of all families in the county have annual incomes in excess of $7,000 as compared with 36% for the U. S. Long Island has been enjoying a building boom, with its residential building accounting for over one-third of all home construction in New York State.

Although industrial revenues have more than doubled since 1949 and local employment has substantially increased, LIL's ratio of industrial to total revenues has remained fairly constant. The aviation industry is the largest in the territory, but numerous plants have also been erected in recent years by other light industries. The majority of Nassau County wage earners are now employed within the County, while industrialization is rapidly spreading eastward into Suffolk County.

Suffolk also remains an important farming and fishing area, having the largest farm income of any county in the state. Fishing in Long Island waters, together with the processing of a wide variety of fish and shellfish, is a multi-million dollar industry. Ten percent of the nation's pleasure boats are located in waters adjacent to Long Island, with a flourishing marine sales and service business.

LIL's revenues are about 76% electric and 24% gas. Electric revenues are 54% residential (one of the highest ratios for any major electric utility), 24% commercial, 13% industrial and 9% wholesale. The high proportion of residential business should afford stability during periods of business depression.

Because of the company's rapid growth, capacity has about doubled since 1950, so that a considerable proportion of capacity is modern and efficient. Generating capacity is now about 702,000 kw compared with a peak load of 632,000, providing a margin of about 11%. The Port Jefferson (105,000 kw), Far Rockaway (153,000 kw) and Glenwood (420,000 kw) stations are equipped to burn coal and oil, and the latter can also burn natural gas, which enables the company to take advantage of fluctuations in fuel costs.

The company buys natural gas from Transcontinental Gas Pipe Line (under a 20-year contract) at an average cost of about 34.8 cents per mcf, including a rate increase being collected under bonds. The company also expects to buy some gas from Tennessee Gas Transmission at 38.2 cents per mcf. About 53% of gas customers (in 93% of the service area) receive 1,000 btu while the balance are served 537 btu gas consisting chiefly of "reformed" natural gas produced at the Glenwood catalytic plant. This plant can also produce gas of any desired btu from propane or butane.

Some 79% of gas revenues is residential, and 21% from commercial and industrial customers. The company has initiated a program to stimulate the use of gas for house-heating, and has reduced rates moderately. It is estimated that for a six-room house on Long Island gas heating will cost $161 annually, while oil would cost $171 per annum; the later includes an estimated $17.50 for service charges and $5 for electricity. A number of builders on the Island are reported shifting to all-gas homes, and 50% of new houses in these areas are said to be in this category. On an over-all basis, house heating saturation is 7%; for new homes about 20-30%.

Thus far gas earnings have been somewhat inadequate. In 1954 the company was able to take down about nearly 20% of electric revenues to net electric operating income, while in the gas department less than 14% was carried to net. When the company succeeds in building up this end of the business to a more profitable basis, share earnings are expected to show substantial improvement.

Despite LIL's rapid growth, share earnings have not shown proportional gains. Since the company was recapitalized in 1950 and the present stock came into the hands of the public, share earnings based on the year-end number of shares have remained in a range of $1.15-$1.21. (Based on average shares, 1954 earnings were $1.29.) In 1954, the hurricanes Carol, Edna and Hazel caused an expense of $1,424,000 and reduced net income (after taxes) by about 12 cents a share. The company now has begun to provide a reserve to provide for restoration costs up to $1.5 million covering similar storms in the future, which may help to offset some part of any storm costs in 1955.

The company some time ago estimated share earnings for 1955 at $1.38 (based on average shares) but it is possible that this figure will be affected by hurricane damages. Share earnings for the 12 months ended June 30 were $1.31 on average shares, after 11 cents net loss from storms. Dividends are being paid at the rate of $1 and the stock at its recent price around 21 yielded 4.75%.

W. S. de La Plante Opens

BUFFALO, N. Y.—Walter S. de La Plante has formed W. S. de La Plante Associates with offices at 847 Washington Street, to engage in a securities business.

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Outlook for Automation

tion line. In addition, of course, the lesson that I am extrapolating from military experience also indicates that progress will be rapid only if the team that is assigned the broad responsibility of bringing suitable automation to the production line includes scientists and engineers competent enough to deal with the highly technical matters associated with the mechanical and electronic aspects of the problem, as well as procedural experts who can help assure that proper consideration is given to the many practical aspects of the production line.

I think by now I have adequately belabored my basic point. One view of my remarks is that they have attempted to emphasize the great importance of the single, unified team approach to the solution of the automation problems of business and industry. I have also emphasized that the scientific content of teams suitable for this purpose must be quite high for the solution of a large fraction of the problems of automation that confront business and industry today. In addition, I have called your attention to a vital point that has by now been firmly established through military electronics experience, but which is not yet appreciated by the general public—that the technical population of this country contains a considerable number of scientists and engineers of balance, maturity and judgment that permit them to be very effective in the solution of the unusually broad problems that characterize major systems work. When such men are properly supplemented by business and industrial procedures experts, the resulting team, with experience, can comprise a most effective instrument for the solution of the challenging new problems of automation.

Ways of Establishing Automation

Well, suppose my conclusion is right as to the unusual effectiveness of suitable scientifically dominated teams in the development of automation for business and industry. Does this conclusion constitute a practical fulfillment of the intention I announced earlier of discovering an approach to automation that is more effective than other approaches? To put it another way, is it possible for a company that is interested in the application of automation techniques to its business to find such teams to work on its problems?

There are two ways in which such services can be secured. One method is for a company to establish its own automation systems teams. Certainly there are many companies large enough that the advantages that can accrue to them throughout the years through the continuing application of the techniques of automation more than justify their establishment and maintenance of high caliber permanent automation groups. The other method is for a company to employ the services of an outside organization. As you have gathered from my earlier remarks, suitable teams have been developed by a number of concerns in recent years in connection with advanced weapons systems development work. Some of these companies are today making available some of their experienced systems teams for the solution of automation problems arising in business and industry.

Of course, there are problems associated with each of these methods. With respect to the establishment by a company of its own teams—it is easy to underestimate the difficulty of attracting and maintaining a scientific organization of suitable quantity and quality. Unless the company in question is large enough to justify a total scientific organization of a few hundred people—including, but not necessarily limited to, the automation teams—it is not likely that it will succeed in establishing an environment and conditions of work that will permit the maintenance of an adequately high caliber of talent for the solution of major problems of automation. With respect to the employment of outside services—it is not easy to find a team that is simultaneously competent and available. We must remember that this kind of broad technical-nontechnical systems team is a relatively new phenomenon. The supply of suitably qualified teams of this type that are available for application to business and industrial problems today falls far short of the national need.

And so, whether the developing pattern of automation places principal dependence on internal company teams or on external service teams, in any event I believe there must be a tremendous build-up in the quantity and quality of such teams if the automation needs of American business and industry are to be properly serviced during the next few years. Such a build-up will not be easy, because the professional men upon which such teams are based are in very short supply. Nevertheless, when it is remembered that the results that American business and industry will obtain for the billions of dollars they are going to spend for automation equipment will depend in major part on the quality of the systems management, there appears to be no reasonable alternative to the rapid development of these vitally needed systems teams. And because of the normal operation of the law of supply and demand, I am convinced such development will indeed occur.

And so I have come to the end of my story. As you can see, my argument has been a simple one. I have started by calling attention to the two aspects of automation that to my mind must largely determine the nature of successful activities in the field. These aspects I have stated to be first, the employment of very complex equipment basically electronic in character, and second, the fact that such equipment usually is employed as a component or a tool in a much more complex system of human organization, machines, methods, and procedures. I then called you attention to the fact that the field of military electronics also possesses these same attributes, and in addition has enjoyed a period of very intensive development in recent years from which we might therefore hope to learn some useful lessons. Through a brief review of some of the recent history of military electronics, I have called your attention to what is to my mind a very important lesson that has been learned by our government in its recent weapons systems experience, and I have attempted to convince you that this lesson should be equally applicable to the similar field of automation for business and industry.

The conclusion reached from the military electronics experience, and which I have attempted to apply to automation, was that progress is best secured by the assignment of a broad area of development responsibility to a unified team of scientists, engineers, and procedures experts, who then treat the entire complex of technical and nontechnical matters as a single integrated problem and turn up with a combination of equipment and procedures that best meet the needs of the problem under investigation.

I have assured you that, in my opinion, the time scale for the accomplishment of major automation objectives by business and industry is more dependent upon whether the kind of systems approach that I have described is used extensively and competently than it is upon any other single factor. I believe that years can be taken off what would otherwise be the schedule for the national attainment of a given level of automation by a proper employment of this systems approach, and conversely that years can be added to the schedule if business and industry make the mistake of assigning over-all systems responsibility for their automation programs to purely operational, nontechnical people.

While you are now quite clear as to the opinion that I hold on this matter, you may not so clearly understand why I have chosen to devote so much time to a discussion of this aspect of automation and its bearing on the future, to the exclusion of other topics about which I might have talked. The reason for my preoccupation with this point is that experience has shown there is a certain subtlety about it that is apt to be overlooked. There is an illusory sense of simplicity about systems development work. There is something very logical and appealing about the idea of assigning to the production control organization of a factory the responsibility for working out and specifying the kind of automation equipment and techniques that should be employed to improve the efficiency of the production control operations. There was, of course, a similarly incorrect sense of fitness to the early military decision to assign to its bombing and navigation experts the responsibility for working out and specifying the kind of equipment and procedures needed for the performance of improved bombing and navigation functions. I don't believe the significance of the military electronics experience and its direct applicability to the field of automation is appreciated by most businessmen. As a result, there is a great danger that business and industry will repeat a large fraction of the mistakes that have by now led many of our military people to what I believe is a considerably more sophisticated and informed approach to major systems problems than characterizes the approach of many business and industrial executives.

Because I believe in the great pertinance of the military experience to the field of automation in business and industry, I am taking advantage of any opportunity offered me to call attention to the similarity of the fields, and to the great importance to automation, as well as to military electronics, of the integrated systems approach. If I have this mornig secured a convert or two for this point of view, then I will consider that I have performed a useful service for at least a segment of American business and industry.

With United Western

(Special to The Financial Chronicle)

OAKLAND, Calif. — Sam B. Goodman has been added to the staff of United Western Securities, Inc., 1419 Broadway.

Samuel Franklin Adds

(Special to The Financial Chronicle)

LOS ANGELES, Calif.—Gordon R. Bates, Joseph H. Biegel, M. Leo Harrington, Robert H. Hudsmith, and John D. Thomas have become affiliated with Samuel B. Franklin & Company, 215 West Seventh Street.

Continued from first page

Basic Changes in the American Economy

More women are working. More families have two or more bread-winners. And jobs are yielding higher returns. The result is that the family has a much larger combined pay envelope. These changes in "vital statistics" have had broad influence in recent years.

In the second place, the American economy is placing new emphasis upon technological improvement. Industrial research is one of industry's most prominent tools today. Three to four billion dollars are being spent annually in this field, and there are some 250,000 skilled scientists and research people employed by industry in research projects. Research is not only bringing into being new products, but it is also introducing new methods. These necessitate new machinery and new plants. In turn, the productive power of the American worker is thereby increased. The nation's output per man-hour has advanced more than 20% since 1946. It all adds up to rapid industrial progress.

A third major change has been the increase in size and influence of the Federal Government. This subject needs little emphasis in this group, since we are well aware of the extent of governmental regulation of your industry as well as of banking. The size of our income tax payments serves as a constant reminder of the extent of the financial requirements of our Federal Government. At the moment, it is estimated, the Federal Government has holdings of, and loans on, agricultural products totaling more than 7 billion dollars; it owns almost a half million buildings; it employs some 6 million persons; it operates more than 70 government corporations; the annual interest cost of the Federal debt takes some 6½ billion dollars —an amount larger than the entire debt itself as recently as 1917. Being so large, the Federal Government has greatly expanded influence in the economic life of the country. There is the tendency to support more prices, to extend more subsidies, to grant more "State aid." Once these steps are taken, increasing regulation and control appear more logical and, at the same time, are easier to establish. It is clear that the general tendency, in recent decades, has been toward more activity by the Federal Government in our markets and industries. Such reversal of the trend as there has been during the past few years is encouraging, and the direction which this trend takes from now on is going to be of major importance to the American way of life.

The fourth basic change is the increased use of credit. As you know, under the supervision of the Federal Reserve authorities, our modern banking system has power greatly to expand the money supply. During the past two decades, our supply of money has increased even faster than our production of goods and services. We are now putting money and credit to new uses. Whereas a few decades ago, debt was contracted largely for purposes of production, we now not only borrow in large volume to produce goods and services, but we also borrow in order to use them. The large expansion of consumer debt is actually designing a new pattern of living for many American families. We cannot attempt, at this juncture, to classify this development as good or bad, or as serving to the long-run advantage or disadvantage of the user. We do know that it is establishing a different pattern of living, the real quality of which may not as yet be determinable.

Thus, consumer credit may, in reality, be said to be still trying its wings. We know it has been flying pretty high in its recent expansion. Consumer credit has expanded sales of appliances which have, in turn, expanded demand for gas and electric power. Thus, the utility industry, along with the merchant, the lender and others, has a real interest in keeping consumer credit in a healthy position.

In the fifth place, things have been happening in American agriculture. In a very real sense, agriculture was the original American source of livelihood. Now it is at a new low in relative importance as measured by the per cent of working population on farms. This does not mean that agriculture is deteriorating, for it is not. It is more efficient, more scientifically managed and requires more technical skill now than ever before. Its relative position has declined, first, because other industries have experienced such rapid advancement and, second, because people left the farms as fewer were needed and because attractive positions appeared elsewhere. In the meantime, farm living standards have not been declining on a long-range basis; rather, they have been advancing. The Department of Agriculture index of such standards shows an advancement of 35% since 1945. The use of electricity on farms is another good measuring stick for living standards. In 1934, some 10% of farms had the use of electricity. Now, 90% of farms have electricity, while only 10% are without it. Very substantial amounts of money have been spent by the Federal Government in supporting farm prices, but the agricultural trends suggest that the basic farm problem (oversupply) will have to be gradually solved by the farmers, themselves.

In combination, the changes outlined have been of wide influence. Our population is larger in numbers, is more mobile, enjoys higher incomes and has more credit available. Agriculture, declining in relative size among the different fields of production, has an improving standard of living. The economy is influenced by a Federal Government of greater size and greater economic power. Both our industry and agriculture have been constantly improving their products and their production methods.

Achievements in technology and efficiency and our new production records have built up, among business people, great confidence in the economy, in themselves and in the future. Thus, it may be that opportunities for being overconfident and for going to extremes in business expansion have seldom been greater than they are at present. The rising tide of business activity has brought a general increase in the demand for credit, and the over-all money supply (commercial bank demand deposits and currency outstanding) has continued to increase. Thus, control of money and credit is now of prime importance.

Consumer credit and mortgage debt have been the areas showing greatest expansion, but evidences of great demand may be seen all along the line. In view of this situation, the current action by our credit authorities to tighten up credit is a commendable one. In such action, they need the support of all business groups. Their task may become even more difficult in the near future as the application of the tighter credit policy conflicts with particular interests and projects which may seem essential, and as political pressure for easier credit is applied. It is a satisfaction to know that the credit authorities are carefully and conscientiously applying broad knowledge and experience to the task before them.

The various developments of recent years have caused the gas, electric and telephone industries to meet new demand for their products and services at almost every turn. In the past quarter century, the gas industry has taken one of nature's resources which was largely going to waste and made of it a means of better living. The telephone has become a basic necessity for our population, and the installation of the 50 millionth telephone some months ago was a mark of enormous achievement. Output of electric power has doubled in each of the past two decades, and the Federal Power Commission estimated last year that output would double again before 1965.

Nonetheless, the utility industries have their problems. Yours is a regulated industry with limited earnings but no guaranty of profit. Labor costs continue to rise, despite economies. Expansion always presents the problems —"how much" and "when." It is true, nuclear fuel holds great promise for the electric industry, but it also presents problems, including construction costs, financing, liability insurance and the question of the obsolescence which may have to be taken on the present type of plant.

Other major sectors of the economy, including construction, production in basic industries, spendable income, movement of goods to consumers and employment, are all at new high points. Current demands for available labor have been sufficiently strong to increase overtime work and, as a result, the average manufacturing work week is now one hour longer than it was a year ago.

Great stimulus to business has come this year from the automobile market. The industry now estimates 1955 production at 8 million passenger cars. It also estimates average annual production will be 7 million through 1960. Dealer stocks of new cars may be nearly 900,000 at the year-end. This is not regarded by the industry as an excessively high figure in view of requirements for larger sales volume with the present variety of colors and the different types of equipment.

Residential construction is rounding out another peak year. Starts in 1955 will probably total 1,300,000, and the prospect for next year is for 1,100,000 to 1,200,000. However, current construction is running to larger houses, and costs are advancing. So, next year's dollar outlays may be as much as those of this year.

After being relatively steady for more than two years, many prices are now advancing. This is particularly true of industrial raw materials, such as copper, rubber and aluminum. Agricultural prices have shown some decline. Living costs have registered a small advance.

If we look abroad to the business situation in other major countries, we find, in most cases, booming business activity and also extensive credit expansion and rising prices. The world situation, therefore, would seem to strengthen the possibility that current conditions here may continue for some time.

By and large, our problem in this country at the present time is one of moderating the business advance so that growth can continue at a steady pace. With a broad exercise of care and good judgment on the part of business people, this should be possible.

Attempting to look very far ahead is always difficult, but as nearly as it is possible now to draw next year's prospective business into focus, it appears to have the outline of another very good year.

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The State of Trade and Industry

number of the industry's 16 producers preparing for or producing 1956 cars swelled to 10 from 8 last week.

General Motors Corp., "Ward's" said, is keeping true to the industry's pattern and despite approaching model changeovers scheduled production a week ago at 83% of its all-time high rate reached earlier this year.

A mild increase occurred in the number of new businesses chartered during the month of August. The total reached 10,983, according to Dun & Bradstreet, Inc. This was only slightly in excess of the July count at 10,893, but it reflected a rise of 21.5% over the comparable month of 1954 when 9,041 companies were organized. The figure for August was the highest ever recorded for that month.

New business incorporations in the first eight months of 1955 rose to the record number of 96,233. This was 26.1% more than the 76,340 recorded last year and 2.3% greater than the previous peak of 94,087 for the comparative 1946 period.

Steel Production This Week Scheduled at 95.7% of Capacity Unchanged From a Week Ago

Those interested in steel production can be assured of a substantial expansion of steel capacity, according to "Steel," the metalworking weekly.

Now focusing attention on the subject, it notes, is a recommendation by the Iron & Steel Division of the Business & Defense Services Administration that new expansion goals be set up.

Two weeks ago "Steel" reported a big expansion was bound to come. In the same week, Republic Steel Corp., Cleveland, announced it would start immediately on a 1,600,000-ton expansion program that would raise its capacity 16% and cost more than $130,000,000.

Now the Administration recommends the nation's ingot capacity be boosted from today's 125,800,000 tons to 150,000,000 by 1960 to provide a sufficient margin (18,000,000 tons) for defense. It believes today's capacity should be 135,000,000 tons, to allow 18,000,000 as a defense margin above high-level civilian demand. To encourage expansion, the Government again should authorize accelerated amortization for steel industry projects, it declares.

Despite handicaps of hot weather and vacations, says "Steel," the mills set a new production record in August. Although ingot output was at only 89.6% of capacity, the yield was 9,583,000 net tons—highest August figure on record.

While most every form of steel is in strong demand, the tightest are structural shapes and plates. Their shortage is restricting some fabricators to four-day-a-week operations. Part of the squeeze on supply comes from flood rehabilitation needs in the Northeast. Some relief in supply of structural shapes, particularly wide flange beams, will come from new capacity this fall, continues this trade paper.

The auto industry, this paper further states, gives no promise that it will ease up in its demand for steel. Car sales continue high, and arrival of 1956 models is expected to give sales a fillip. High production of autos pulls heavily on cold-rolled steel sheets, the steel mills' biggest product tonnagewise. In the first half of this year, 18% of mill shipments were cold-rolled sheets—and the auto industry took 54% of them.

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 95.7% of capacity for the week beginning Sept. 19, 1955, equivalent to 2,309,000 tons of ingots and steel for castings as compared with a like tonnage (revised) a week ago.

The industry's ingot production rate for the weeks in 1955 is based on annual capacity of 125,828,310 tons as of Jan. 1, 1955.

For the like week a month ago the rate was 90.6% and production 2,186,000 tons. A year ago the actual weekly production was placed at 1,637,000 tons or 68.7%. 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 125,330,410 tons as of Jan. 1, 1954.

Electric Output Shows Some Recovery From Level of Preceding Week

The amount of electric energy distributed by the electric light and power industry for the week ended Saturday, Sept. 17, 1955, was estimated at 10,580,000,000 kwh., according to the Edison Electric Institute.

This week's output increased 425,000,000 kwh. above that of the previous week, when the actual output stood at 10,155,000,000 kwh.; it increased 1,506,000,000 kwh., or 16.6% above the comparable 1954 week and 2,185,000,000 kwh. over the like week in 1953.

Car Loadings in Labor Day Week Fell 11% Below Level of Preceding Week

Loadings of revenue freight for the week ended Sept. 10, 1955, which included the Labor Day holiday decreased 87,617 cars or 11% below the preceding week, according to the Association of American Railroads.

Loadings for the week ended Sept. 10, 1955, totaled 706,575 cars, an increase of 105,050 cars, or 17.5% above the corresponding 1954 week, but a decrease of 3,979 cars, or 0.6% below the corresponding week in 1953.

U. S. Automotive Industry 1956 Model Output Last Week Spurted To 36% of Passenger Car Production

New 1956 model output in the automotive industry for the latest week, ended Sept. 16, 1955, according to "Ward's Automotive Reports," jumped to 36% of domestic passenger car production from 23% a week ago. The industry assembled an estimated 122,646 cars, compared with 79,940 (revised) in the previous week. The past week's production total of cars and trucks amounted to 141,244 units, or an increase above the preceding week's output of 46,266 units, states "Ward's."

Last week's car output advanced above that of the previous

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AEC Grants Access To National Securities

National Securities & Research Corporation, sponsors and managers of the National Securities Series of mutual funds with assets in excess of $260,000,000, have signed an "Access Agreement" with the Atomic Energy Commission, it was announced by Henry J. Simonson, Jr., President of the corporation.

Through the access permit, Robert Colton, Manager of the Atomic and Electronics Division of National Securities & Research, as well as other key personnel of the firm's investment and research departments, will be authorized access to confidential AEC information in the study of atomic energy as applied to civilian uses, subject to security regulations.

Mutual Funds

By ROBERT R. RICH

Electronic Sales Will Double In Next Eight Years

Total manufacturers' sales of electronic end products in seven or eight years may reach $9 billion annually, twice the $4.5 billion that were sold in 1954 to the industry's three principal customers—the entertainment field, industry and the military—according to an analysis by the investment management department of Calvin Bullock.

"From all indications," it is reported, "electronics is outstanding among growth industries and will be so for many years into the future."

The military, at present the largest single customer of the electronics industry, "will continue at a high level of activity," the report states, observing that "the military is in fact a rather permanent addition to the national economy."

It pointed out that military electronics represents a growing proportion of total government expenditures and will still be the largest segment of electronics sales dollar-wise for many years.

Greatest growth prospects, however, are offered by the variety of industrial electronic applications, such as automation, data processing, inventory control, and process control resulting from further extension of the use of analog and digital computers and other electronic instruments.

The development of long-playing phonograph records, improved methods of recording and a greatly improved phonograph, are among the reasons given by the publication for the $175,000,000 of sales by the phonograph segment of the electronics industry in 1954. As a result of these factors, it is stated that the phonograph is now well established in its own sphere.

The continuing substantial rate of radio set production and sales, both for home and automobile use, "indicates retail sales of 12,500,000 to 13,000,000 sets this year, including 4,500,000 to 5,000,000 automobile radio sets." It emphasized that "radio has its own special function, a function which complements that of television."

"The television segment of the electronics industry has made excellent progress," reports the analysis quoting reliable industry estimates that "there were 36,100,000 television sets in use in the U. S. and that 7,000,000 to 7,300,000 sets will be sold at retail this year." Color television has a very promising future, but mass production of color television sets is not in prospect before 1957 at the earliest.

Although the development of transistors may lead to their replacing electron tubes in some applications of electronics, "it is doubtful that the latter will be rendered obsolete," the publication reports. "The use of transistors, however, appears likely to increase only gradually over a period of several years."

Many new electronic products and applications are foreseeable. The estimated doubling of manufacturers' sales of end products in from seven to eight years, "would be at a rate of growth at least equal to that being projected for the growth in the use of electricity."

IDS Net Now $3.84 for Half

Net income of Investors Diversified Services, Inc. and undistributed earnings of its wholly-owned subsidiaries climbed in the first six months of 1955 to $5,585,791, equivalent to $3.84 per share of stock outstanding, compared with $3,779,828 or $2.60 per share in the corresponding period of 1954, the company announced today.

The net earnings of IDS alone amounted to $2,965,935 or $2.04 per share, compared with $2,003,074 or $1.38 per share in the first half of last year.

Undistributed earnings of the company's wholly-owned subsidiaries during the first six months of 1955 were $2,619,856 as against the comparable 1954 figure of $1,776,754. This was equivalent to $1.80 per share of IDS stock in the first half of 1955 as against $1.22 per share at the end of the same period last year.

Total assets, under management, of the Investors Group companies on June 30, 1955, amounted to $1,782,897,000, as compared with $1,594,940,000 on Dec. 31, 1954, an increase of $187,957,000 in the 1955 first half year, the company's semi-annual report discloses.

Personal Progress

Wm. W. Vicinus Made Officer of Wall St. Corp.

The election of William W. Vicinus, Jr. as Vice-President and Director of Wall Street Management Corp. was announced by John H. G. Pell, President of the firm.

Mr. Vicinus will be in charge of research and planning for the organization which serves as investment advisor to and principal underwriter of Wall Street Investing Corp., a $6,500,000 diversified common stock mutual fund. He will be located in the firm's New York City office, at 1 Wall Street.

An alumnus of Massachusetts Institute of Technology, Mr. Vicinus later studied at Balliol College, Oxford University, England. Since 1952, he has been an associate in the venture capital firm of J. H. Whitney & Co.

James H. Orr, President of Gas Industries Fund, announced recently that Robert G. Emerson was elected a member of the Advisory Board of Gas Industries Fund, Inc. on Sept. 9.

Mr. Emerson is a former senior Vice-President of The First National Bank of Boston. He is a director of a number of corporations including The First National Bank of Boston, Baltimore Gas & Electric Company, Maryland Casualty Company, and Commonwealth Oil Refining Company, Inc.

Milan D. Popovic was elected President of Blue Ridge Mutual Fund, Inc. replacing the late George A. Sloan who died in May.

Milan D. Popovic

Mr. Popovic has been associated with the company since its inception in 1929 and formerly served as Vice-President and Director of Research.

Directors of The Investment Company of America have elected Ned M. Bailey as Assistant Secretary and David F. Steffen as Assistant Treasurer of the company. Mr. Bailey was formerly with The National City Bank of Cleveland and engaged in the private practice of law in Cleveland. Mr. Steffen was associated with Haskins & Sells, Certified Public Accountants, in Milwaukee and Los Angeles.

Harry G. A. Seggerman has joined the staff of Capital Research Company as a security analyst specializing in natural resource industries. Mr. Seggerman, who formerly was associated with Mitchum, Jones & Templeton in Los Angeles, will devote most of his research and analysis activities to securities held in the newly formed International Resources Fund, Inc.

Chemical Fund Dividend Declared

Directors of Chemical Fund, Inc. have declared a dividend of eight cents per share from net investment income, payable Oct. 14, 1955 to stockholders of record Sept. 30, 1955.

This brings total dividends paid from net investment income for the first nine months of 1955 to 23½ cents per share compared with 22 cents per share paid for the comparable period of 1954 after adjustment for the 2-for-1 stock split on June 30, 1955.

Axe-Houghton Fund B directors have declared a dividend of approximately 15 cents a share from income and a distribution of 90 cents a share from net profits which will come to about $294,084 and $1,764,502 respectively.

Both payments will be made Oct. 27 to shareholders of record at the close of business Oct. 3.

Keystone Medium-Grade Bond Fund B-2 and Appreciation Common Stock Fund S-3 have declared Regular Distributions of 50 cents and 21 cents, respectively, from Net Investment Income.

In addition, a Special Distribution of $2.50 per share from Net Realized Gains has been declared by Keystone Appreciation Common Stock Fund S-3.

All distributions are payable on Oct. 15 to holders of record on Sept. 30.

Massachusetts Life Fund is paying a dividend of 26 cents per share from net investment income for the quarter ending Sept. 30. A year ago at this time the Fund declared a dividend of 25 cents a share. Dividends for the most recent 12 months amount to $1.16 a share from net investment income. During the same period, 40 cents a share was distributed from realized gains. Dividends are payable Sept. 23, 1955 to holders of trust certificates of record at the close of business Sept. 16, 1955.

Selected American Shares, Inc. directors today declared a dividend of seven cents a share from investment income, payable Oct. 27 to shareholders of record Sept. 30.

This is the same payment as that made in July of this year. It is the 64th consecutive dividend declared by the company since its organization in January 1933. In addition, a capital gain distribution of 50 cents a share was made in the 12-month period.

de Vegh Income Fund, Inc., has declared a dividend of 15 cents per share, payable Sept. 23, 1955, to holders of record Sept. 14. Previous dividends during the current year amounted to 12 cents per share paid on June 17, and 10 cents per share paid on March 14.

National Growth Stocks Series shareholders have approved a three-for-one split in the fund's shares, effective Oct. 5, it was announced today by National Securities & Research Corporation which sponsors and manages the National Securities Series of mutual investment funds. As of Sept. 9 there were 923,382 shares of the National Growth Stock Series outstanding.

Shareowners of all seven of the National Securities Series approved a 100-year continuance of the Trust Agreement, extending the termination date from 1965 to 2065.

Dividend Shares Over $200 Million Mark

Assets of Dividend Shares, Inc., a leading mutual fund, exceeded the $200,000,000 mark as of the close of business Sept. 16, it was announced by Calvin Bullock, managers of the fund.

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The State of Trade and Industry

week by 42,706 cars, while truck output increased by 3,560 vehicles during the week. In the corresponding week last year 57,716 cars and 13,642 trucks were assembled.

Last week the agency reported there were 18,598 trucks made in the United States. This compared with 15,038 in the previous week and 13,642 a year ago.

Canadian output last week was placed at 3,801 cars and 1,440 trucks. In the previous week Dominion plants built 2,622 cars and 925 trucks, and for the comparable 1954 week 2,081 cars and 587 trucks.

Business Failures Registered Further Moderate Declines The Past Week

Commercial and industrial failures declined to 191 in the week ended Sept. 15 from 205 in the preceding week, Dun & Bradstreet, Inc., reported. The toll was slightly below the 195 in the similar week of last year, but exceeded the 182 occurring in 1953. Failures were down 29% from prewar 1939 when 269 were recorded.

Failures with liabilities of $5,000 or more fell to 161 from 182 yet remained above the 159 of last year. Small failures involving liabilities under $5,000 rose to 30 from 23 but did not reach the 1954 level of 36. There were 20 failures with liabilities above $100,000 compared with 30 in the previous week.

All of the mild decrease was concentrated in manufacturing, where the toll was down to 36 from 49, and in wholesaling, off to 22 from 27. Meanwhile, failures in retail trade edged up to 85 from 83, in construction to 30 from 29 and in commercial service to 18 from 17. More businesses failed than last year in all industry and trade groups except retailing where a moderate decline from 1954 appeared.

Failures dipped during the week in six of the nine regions, with the Middle Atlantic States reporting 68 as against 76, the South Atlantic 10 as against 20, the East North Central 21 as compared with 28. In contrast, there was an increase in the East South Central and West South Central and the Pacific States. The toll in the latter region climbed to 53 from 40. Mixed trends from 1954 prevailed, with four regions reporting more failures than last year and five reporting smaller tolls.

Wholesale Food Price Index Continues Sharp Advance From 31-Month Low

Continuing the upward movement of last week, the Dun & Bradstreet wholesale food price index rose sharply the past week to stand at $6.26 on Sept. 13. This contrasted with $6.19 a week earlier and marked an increase of 1.8% over the 31-month low of $6.15 recorded two weeks previous. Compared with $6.69 on the corresponding date a year ago, there was a drop of 6.4%.

Higher in wholesale cost last week were flour, wheat, corn, rye, oats, bellies, butter, sugar, coffee, tea, eggs, rice, steers, hogs, and lambs. On the down side were barley, lard, cottonseed oil, cocoa, beans and potatoes.

The index represents the sum total of the price per pound of 31 raw foodstuffs and meats in general use and its chief function is to show the general trend of food prices at the wholesale level.

Wholesale Commodity Price Index Fluctuated Within Narrow Range Last Week

The general commodity price level held in a narrow range last week and showed little net change for the period. The daily wholesale commodity price index, compiled by Dun & Bradstreet, Inc., registered 278.05 on Sept. 13, compared with 277.74 a week ago and 276.54 at this time last year.

Grain prices were generally firmer with the exception of soybeans which showed considerable easiness as new crop harvesting got under way. Bullishness in wheat was largely psychological. Hedge pressure was very light and some concern was felt over the prospect for the 1956 Winter wheat crop. Strength in corn prices reflected very small county marketings and improved demand from exporters. Some further deterioration was noted in corn as the result of dry conditions in the western part of the belt.

This year's yield of corn, according to the September report of the United States Department of Agriculture, was estimated at 3,113,000,000 bushels.

This was 364,000,000 bushels below the August forecast and compared with the 1954 outturn of 2,964,000,000 bushels. Trading in grain and soybean futures on the Chicago Board of Trade the past week declined to a daily average of 40,000,000 bushels from 52,200,000 the week before.

Bookings of hard wheat bakery flours perked up somewhat last week, aided largely by emergency purchasers by bakers and jobbers who were unable to obtain supplies previously contracted for, due to the strike of grain handlers in the Buffalo area. The export flour market remained very quiet. Cocoa prices developed an easier undertone at the close influenced by estimates of substantial supplies in dealers' hands and slow manufacturer demand. Warehouse stocks of cocoa were reported at 248,079 bags, as compared with 103,019 bags a year ago.

The green coffee market was dominated by the New York waterfront strike in the prior week. Prices rose sharply as demand quickened for the limited supplies available.

One roaster in the New York area advanced his price for roasted coffee 5 cents a pound, in addition to the 3-cent rise of a few weeks ago.

Lard prices continued easy, reflecting weakness in vegetable oil markets.

Cotton prices moved downward toward the close to finish moderately below a week ago. The easiness was attributed to persistent hedge selling and liquidation influenced by continued slow exports and the slightly larger crop prospect as indicated by the second Official forecast of the season.

The Agriculture Department report, issued on Thursday of the preceding week estimated this year's government-restricted cotton crop at 12,873,000 bales, or 145,000 bales more than was forecast a month ago.

It compared with 13,696,000 bales produced a year ago. The export volume for the season through Sept. 8 amounted to 129,443 bales, contrasting with 277,123 in the same 1954 period. Sales of the staple in the 14 markets totaled 144,300 bales, down slightly for the week and well below the 244,100 in the corresponding week a year ago.

Trade Volume Rises Moderately the Past Week In Response To Stepped-Up Retail Sales Promotions

Consumers responded well to stepped-up retail sales promotions last week, moderately raising the total volume of retail trade.

The volume of sales was noticeably above the level of the comparable 1954 week. Retailers reported a rising interest in Fall and Winter merchandise.

The total dollar volume of retail trade in the period ended on Wednesday of last week was 5 to 9% 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 +6 to +10; East and Southwest +7 to +11; South and Pacific Coast 0 to +4; Midwest +5 to +9 and Northwest +3 to +7.

There was an increase in apparel sales the past week, and the total dollar volume was considerably higher than last year's level.

Consumer interest in back-to-school wear was somewhat increased by sales promotions and price reductions. Men's clothing sales rose noticeably with Fall suits, coats and furnishings the most popular items. While there was increased interest in women's sweaters, blouses and skirts, sales volume of suits and coats declined slightly.

The sales volume of household furnishings expanded moderately a week ago. A considerable increase was reported in furniture sales with modern bedroom furniture and dining room sets extremely popular. Sales of blankets and linens mounted, while draperies and carpeting moved well. There was an upsurge in the selling of domestic hardware and paints. The sales volume of air-conditioners and fans was considerably reduced, while television and radio turnover expanded.

The high level of retail food buying was maintained the past week, and there was a moderate gain over the corresponding 1954 level. Housewives were increasingly interested in fresh fruits and vegetables, while sales of canned goods diminished somewhat. Food stores reported a rising consumer interest in fresh meats. Frozen vegetables and juices concentrates were best-selling items, while there was a slight decline in the volume of dairy products.

The dollar volume of wholesale orders expanded slightly this week.

A moderate increase over the comparable 1954 level was maintained.

Increased ordering at many wholesale centers noticeably diminished inventories in several lines.

Department store sales on a country-wide basis as taken from the Federal Reserve Board's index for the week ended Sept. 10, 1955, advanced 11% from the like period last year. In the preceding week, Sept. 3, 1955, a rise of like amount was registered above that of the similar period of 1954, while for the four weeks ended Sept 10, 1955, an increase of 9% was reported. For the period Jan. 1, 1955 to Sept. 10, 1955, a gain of 7% was registered above that of 1954.

Retail trade volume in New York City the past week suffered a decrease of about 8% under the like week a year ago. Major factors in the decline were abnormally high sales figures last year as a result of delayed purchases due to the hurricane, a buying wave induced by a cold spell and the Jewish Holiday on Saturday last.

According to the Federal Reserve Board's index department store sales in New York City for the weekly period ended Sept. 10, 1955, advanced 15% above that of the like period of last year. In the preceding week, Sept. 3, 1955, an increase of 5% was recorded. For the weeks ending Sept. 10, 1955, an increase of 6% occurred. For the period Jan. 1, 1955, to Sept. 10, 1955, the index, recorded a rise of 2% from that of the corresponding period of 1954.

Bankers Offer Public Service Elec. & Gas Preferred Shares

Public offering of 250,000 shares of Public Service Electric & Gas Co. 4.3% cumulative preferred stock of $100 par value is being made today (Sept. 22) by Morgan Stanley & Co., Drexel & Co., and Glore, Forgan & Co., and 64 associated underwriters. The stock is priced at $101.75 per share and accrued dividends to yield approximately 4.23%.

Proceeds from the sale of the new preferred stock and from the proposed sale on Oct. 4 of $35,000,000 debenture bonds will be applied to the payment of $40,000,000 bank loans and to the company's current construction program. As of June 30, 1955 the construction program contemplated expenditures of approximately $166,000,000, of which about $137,500,000 is for electric facilities and $28,500,000 is for gas facilities.

The new preferred stock is subject to redemption at $106.75 per share on or before Sept. 30, 1960; at $105.75 per share thereafter but on or before Sept. 30, 1965; and at $102.75 per share on or after Oct. 1, 1965.

The company's service territory includes most of the larger cities of New Jersey and their adjacent areas. Population of the area now served with both electricity and gas is about 3,190,000. It is one of the most heavily industrialized areas in the United States.

The company's transport subsidiary operates the largest fleet of buses in mass passenger service in the country.

For the 12 months ended June 30, 1955 the company reported total operating revenues of $261,335,000 compared with $249,528,000 for the 1954 calendar year. Net income for the 12 months to June 30, 1955 was $29,392,000 compared with $27,542,000 for the year 1954.

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. 25	§95.7	*95.7	90.6	68.7
Equivalent to—					
Steel ingots and castings (net tons)	Sept. 25	§2,309,000	*2,309,000	2,186,000	1,637,000
AMERICAN PETROLEUM INSTITUTE:					
Crude oil and condensate output—daily average (bbls. of 42 gallons each)	Sept. 9	6,655,250	6,661,876	6,635,400	6,170,750
Crude runs to stills—daily average (bbls.)	Sept. 9	¶7,554,000	7,642,000	7,670,000	6,989,000
Gasoline output (bbls.)	Sept. 9	26,174,000	26,183,000	26,546,000	23,540,000
Kerosene output (bbls.)	Sept. 9	2,089,000	1,979,000	2,067,000	2,461,000
Distillate fuel oil output (bbls.)	Sept. 9	11,556,000	11,567,000	11,363,000	10,096,000
Residual fuel oil output (bbls.)	Sept. 9	7,656,000	7,482,000	7,990,000	7,718,000
Stocks at refineries, bulk terminals, in transit, in pipe lines—					
Finished and unfinished gasoline (bbls.) at	Sept. 9	154,337,000	153,292,000	154,983,000	153,279,000
Kerosene (bbls.) at	Sept. 9	35,601,000	34,945,000	32,811,000	36,717,000
Distillate fuel oil (bbls.) at	Sept. 9	137,836,000	133,365,000	122,214,000	121,734,000
Residual fuel oil (bbls.) at	Sept. 9	47,111,000	46,587,000	45,705,000	56,725,000
ASSOCIATION OF AMERICAN RAILROADS:					
Revenue freight loaded (number of cars)	Sept. 10	706,575	794,192	775,397	601,525
Revenue freight received from connections (no. of cars)	Sept. 10	614,459	673,760	634,292	521,967
CIVIL ENGINEERING CONSTRUCTION — ENGINEERING NEWS-RECORD:					
Total U. S. construction	Sept. 15	$381,189,000	$375,714,000	$322,205,000	$306,420,000
Private construction	Sept. 15	222,570,000	289,809,000	188,081,000	185,151,000
Public construction	Sept. 15	158,619,00	85,905,000	134,124,000	121,269,000
State and municipal	Sept. 15	119,481,000	78,897,000	116,446,000	100,710,000
Federal	Sept. 15	39,138,000	7,008,000	17,678,000	20,559,000
COAL OUTPUT (U. S. BUREAU OF MINES):					
Bituminous coal and lignite (tons)	Sept. 10	8,570,000	*9,520,000	9,320,000	6,751,000
Pennsylvania anthracite (tons)	Sept. 10	431,000	444,000	440,000	425,000
DEPARTMENT STORE SALES INDEX—FEDERAL RESERVE SYSTEM—1947-49 AVERAGE = 100	Sept. 10	108	125	100	97
EDISON ELECTRIC INSTITUTE:					
Electric output (in 000 kwh.)	Sept. 17	10,580,000	10,155,000	10,812,000	9,074,000
FAILURES (COMMERCIAL AND INDUSTRIAL) — DUN & BRADSTREET, INC.	Sept. 15	191	205	216	195
IRON AGE COMPOSITE PRICES:					
Finished steel (per lb.)	Sept. 13	5.174c	5.174c	5.174c	4.801c
Pig iron (per gross ton)	Sept. 13	$59.09	$59.09	$59.09	$56.59
Scrap steel (per gross ton)	Sept. 13	$44.17	$43.83	$43.83	$29.50
METAL PRICES (E. & M. J. QUOTATIONS):					
Electrolytic copper—					
Domestic refinery at	Sept. 14	44.225c	44.750c	35.700c	29.700c
Export refinery at	Sept. 14	45.125c	44.300c	37.175c	29.725c
Straits tin (New York) at	Sept. 14	96.000c	95.500c	96.250c	93.750c
Lead (New York) at	Sept. 14	15.000c	15.000c	15.000c	14.500c
Lead (St. Louis) at	Sept. 14	14.800c	14.800c	14.800c	14.300c
Zinc (East St. Louis) at	Sept. 14	13.000c	13.000c	12.500c	11.500c
MOODY'S BOND PRICES DAILY AVERAGES:					
U. S. Government Bonds	Sept. 20	94.99	94.95	94.56	100.02
Average corporate	Sept. 20	107.44	107.27	107.62	110.52
Aaa	Sept. 20	110.70	110.70	110.88	115.24
Aa	Sept. 20	109.06	109.06	109.24	112.19
A	Sept. 20	107.27	107.27	107.80	110.70
Baa	Sept. 20	102.80	102.63	102.96	104.48
Railroad Group	Sept. 20	105.86	105.86	106.39	109.24
Public Utilities Group	Sept. 20	107.80	107.80	108.16	110.70
Industrials Group	Sept. 20	108.52	108.34	108.34	111.81
MOODY'S BOND YIELD DAILY AVERAGES:					
U. S. Government Bonds	Sept. 20	2.87	2.87	2.90	2.50
Average corporate	Sept. 20	3.31	3.32	3.30	3.14
Aaa	Sept. 20	3.13	3.13	3.12	2.89
Aa	Sept. 20	3.22	3.22	3.21	3.05
A	Sept. 20	3.32	3.32	3.20	3.13
Baa	Sept. 20	3.58	3.59	3.57	3.48
Railroad Group	Sept. 20	3.40	3.40	3.37	3.21
Public Utilities Group	Sept. 20	3.29	3.29	3.27	3.13
Industrials Group	Sept. 20	3.25	3.26	3.26	3.07
MOODY'S COMMODITY INDEX	Sept. 20	409.2	411.7	404.1	406.6
NATIONAL PAPERBOARD ASSOCIATION:					
Orders received (tons)	Sept. 10	227,826	382,847	259,523	200,184
Production (tons)	Sept. 10	218,751	291,453	274,078	176,765
Percentage of activity	Sept. 10	80	101	98	70
Unfilled orders (tons) at end of period	Sept. 10	682,853	665,766	671,986	419,109
OIL, PAINT AND DRUG REPORTER PRICE INDEX—1949 AVERAGE = 100	Sept. 16	106.53	106.39	106.72	105.66
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. 27	986,650	854,453	1,215,755	911,846
Dollar value	Aug. 27	$54,134,322	$47,603,905	$68,976,036	$43,116,440
Odd-lot purchases by dealers (customers' sales)—					
Number of orders—Customers' total sales	Aug. 27	790,049	675,607	983,511	995,014
Customers' short sales	Aug. 27	4,724	5,338	8,875	13,121
Customers' other sales	Aug. 27	785,325	670,269	974,636	981,893
Dollar value	Aug. 27	$38,297,221	$34,452,337	$51,589,752	$45,140,799
Round-lot sales by dealers—					
Number of shares—Total sales	Aug. 27	210,440	177,600	268,990	378,630
Short sales	Aug. 27	------	------	------	------
Other sales	Aug. 27	210,440	177,600	268,990	378,630
Round-lot purchases by dealers—					
Number of shares	Aug. 27	418,790	367,840	460,770	254,820
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. 27	597,140	436,530	497,970	358,600
Other sales	Aug. 27	9,542,710	7,152,220	12,306,020	10,165,570
Total sales	Aug. 27	10,139,850	7,588,750	12,803,990	10,524,170
ROUND-LOT TRANSACTIONS FOR ACCOUNT OF MEMBERS, EXCEPT ODD-LOT DEALERS AND SPECIALISTS:					
Transactions of specialists in stocks in which registered—					
Total purchases	Aug. 27	1,218,810	875,060	1,395,580	1,262,720
Short sales	Aug. 27	212,980	188,380	255,790	196,000
Other sales	Aug. 27	1,023,260	682,650	1,189,580	1,043,660
Total sales	Aug. 27	1,236,240	871,030	1,445,370	1,239,660
Other transactions initiated on the floor—					
Total purchases	Aug. 27	285,910	183,010	258,040	330,660
Short sales	Aug. 27	29,800	19,000	29,700	16,680
Other sales	Aug. 27	261,360	158,630	285,700	321,730
Total sales	Aug. 27	291,160	177,630	315,400	338,410
Other transactions initiated off the floor—					
Total purchases	Aug. 27	665,531	345,345	482,432	360,710
Short sales	Aug. 27	205,900	115,100	80,800	41,140
Other sales	Aug. 27	863,634	427,485	612,854	441,166
Total sales	Aug. 27	1,069,534	542,585	693,654	482,306
Total round-lot transactions for account of members—					
Total purchases	Aug. 27	2,170,251	1,403,415	2,136,052	1,954,090
Short sales	Aug. 27	448,680	322,480	366,290	253,820
Other sales	Aug. 27	2,148,254	1,268,765	2,088,134	1,806,556
Total sales	Aug. 27	2,596,934	1,591,245	2,454,424	2,060,376
WHOLESALE PRICES, NEW SERIES — U. S. DEPT. OF LABOR — (1947-49 = 100):					
Commodity Group—					
All commodities	Sept. 13	111.4	*111.1	110.3	110.0
Farm products	Sept. 13	89.5	*88.3	87.9	93.1
Processed foods	Sept. 13	102.2	*101.8	101.5	106.1
Meats	Sept. 13	85.4	84.2	83.4	91.0
All commodities other than farm and foods	Sept. 13	117.9	*117.8	116.8	114.5

*Revised figure. ¶Includes 763,000 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 IRON AND STEEL INSTITUTE:			
Steel ingots and steel for castings produced (net tons)—Month of August	9,583,000	*9,100,946	6,666,907
Shipments of steel products (net tons)—Month of July	6,250,597	7,770,213	4,490,179
AMERICAN RAILWAY CAR INSTITUTE— Month of August:			
New domestic freight cars delivered	3,480	2,192	2,297
BUILDING CONSTRUCTION—U. S. DEPT. OF LABOR—Month of August (in millions):			
Total new construction	$3,978	$3,956	$3,693
Private construction	2,764	2,763	2,457
Residential building (nonfarm)	1,492	1,523	1,313
New dwelling units	1,335	1,360	1,175
Additions and alterations	125	130	110
Nonhousekeeping	32	33	28
Nonresidential building (nonfarm)	633	666	556
Industrial	199	196	159
Commercial	286	277	210
Warehouses, office and loft buildings	96	94	88
Stores, restaurants and garages	190	183	122
Other nonresidential building	198	193	187
Religious	69	66	56
Educational	43	41	50
Social and recreational	24	24	22
Hospital and institutional	31	31	29
Miscellaneous	31	31	30
Farm construction	150	148	167
Public utilities	425	410	409
Railroad	26	29	26
Telephone and telegraph	60	65	58
Other public utilities	339	316	325
All other private	14	16	12
Public construction	1,214	1,193	1,236
Residential building	19	21	25
Nonresidential building	397	393	437
Industrial	60	62	130
Educational	230	226	195
Hospital and institutional	32	32	37
Other nonresidential building	75	73	75
Military facilities	128	123	97
Highways	460	450	479
Sewer and water	103	104	94
Miscellaneous public service enterprises	34	29	25
Conservation and development	56	56	64
All other public	17	17	15
COAL EXPORTS (BUREAU OF MINES)— Month of July:			
U. S. exports of Pennsylvania anthracite (net tons)	207,475	226,021	146,760
To North and Central America (net tons)	173,847	216,584	146,760
To Europe (net tons)	31,331	9,145	------
To Asia (net tons)	2,297	------	------
To South America (net tons)	------	292	------
COAL OUTPUT (BUREAU OF MINES)—Month of August:			
Bituminous coal and lignite (net tons)	43,430,000	36,660,000	33,484,000
Pennsylvania anthracite (net tons)	1,750,000	1,755,000	2,117,000
COKE (BUREAU OF MINES)—Month of July:			
Production (net tons)	6,169,770	*6,148,026	4,634,300
Oven coke (net tons)	6,036,753	*6,000,707	4,600,600
Beehive coke (net tons)	133,017	*147,319	33,700
Oven coke stock at end of month (net tons)	2,106,808	*2,187,637	2,843,039
CONSUMER PRICE INDEX — 1947-49=100— Month of July:			
All items	114.7	114.4	115.2
Food	112.1	111.3	114.6
Food at home	111.1	110.3	114.2
Cereals and bakery products	124.2	124.0	121.6
Meats, poultry and fish	103.7	103.8	109.7
Dairy products	104.7	104.1	104.3
Fruits and vegetables	121.9	119.5	120.1
Other foods at home	109.2	107.7	117.3
Housing	119.9	119.7	119.0
Rent	130.4	130.4	128.5
Gas and electricity	110.8	110.7	107.8
Solid fuels and fuel oil	123.2	122.7	121.1
Housefurnishings	103.6	103.8	105.7
Household operation	119.4	119.2	117.2
Apparel	103.2	103.2	104.0
Men's and boys'	105.7	105.6	106.6
Women's and girls'	96.9	97.2	98.2
Footwear	117.5	117.4	116.5
Other apparel	90.5	90.1	90.8
Transportation	125.4	125.8	126.7
Medical care	127.9	127.6	125.2
Personal care	115.5	114.7	113.3
Reading and recreation	106.3	106.2	107.0
Other goods and services	120.3	119.9	120.3
COTTON PRODUCTION — U. S. DEPT. OF AGRICULTURE—1955 Crop as of Sept. 1:			
Production 500-lb. gross bales	12,873,000	12,728,000	13,696,000
LIFE INSURANCE—BENEFIT PAYMENTS TO POLICYHOLDERS — INSTITUTE OF LIFE INSURANCE—Month of July:			
Death benefits	$167,650,000	$183,192,000	$158,681,000
Matured endowments	44,147,000	50,254,000	40,535,000
Disability payments	8,659,000	9,236,000	9,041,000
Annuity payments	35,454,000	38,655,000	39,763,000
Surrender values	66,159,000	75,608,000	66,530,000
Policy dividends	76,412,000	87,980,000	72,241,000
Total	$398,481,000	$444,925,000	$386,791,000
MOODY'S WEIGHTED AVERAGE YIELD OF 100 COMMON STOCKS—Month of August:			
Industrials (125)	3.76	3.63	4.66
Railroads (25)	4.81	4.77	6.30
Utilities (not incl. Amer. Tel. & Tel.) (24)	4.34	4.34	4.69
Banks (15)	3.93	3.95	4.32
Insurance	2.56	2.45	2.79
Average (200)	3.91	3.78	4.75
PERSONAL INCOME IN THE UNITED STATES (DEPARTMENT OF COMMERCE)—Month of July (in billions):			
Total personal income	$304.7	*$301.6	$287.1
Wage and salary, receipts, total	211.6	$208.0	196.6
Commodity producing industries	91.6	*90.9	83.8
Distributing industries	55.2	54.9	52.8
Service industries	27.6	27.4	26.2
Government	37.2	34.8	33.8
Less employees contribution for social insurance	5.3	5.2	4.4
Other labor inome	7.0	6.9	6.6
Proprietors and rental income	48.0	*48.5	47.6
Personal interest income and dividends	26.5	26.3	24.6
Total transfer payments	16.9	*17.1	16.1
Total nonagricultural income	291.1	*287.2	272.1

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.

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.

★ **Aeco Corp., Beverly Hills, Calif.**
Sept. 19 filed 1,245,000 shares of common stock (par 10 cents) to be offered for subscription by common stockholders on a share-for-share basis. **Price**—To be supplied by amendment. **Proceeds**—To repay borrowings; for exploration and development of oil and gas properties and further acquisitions. **Underwriter**—None, offering to be made on a "direct communication" basis by brokers.

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.

Aluminum Co. of America (10/3)
Sept. 13 filed 200,000 shares of common stock (par $1). **Price** — To be supplied by amendment. **Proceeds**—To Arthur V. Davis, Chairman of the Board. **Underwriter**—The First Boston Corp., New York.

Amarilla Uranium, Inc.
July 27 (letter of notification) 6,500,000 shares of common stock. **Price**—One cent per share. **Proceeds**—For expenses incident to mining activities. **Underwriter**—Weber Investment Co., Ogden, Utah.

★ **American Can Co. (10/7)**
Sept. 21 filed 392,000 shares of common stock (par $12.50). **Price**—To be supplied by amendment. **Proceeds** — To selling stockholders. **Underwriters** — Morgan Stanley & Co. and Clark, Dodge & Co., both of New York.

American Mica Processing Co., Atlanta, Ga.
Aug. 11 (letter of notification) 300,000 shares of common stock (par 10 cents). **Price**—$1 per share. **Proceeds**—For plant and equipment and other general corporate purposes. **Offices**—743 E. Penn Street, Philadelphia, Pa.; and 1131 Healey Building, Atlanta, Ga. **Underwriter**—Franklin Securities Co., Atlanta, Ga.

• **American 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. Statement to be withdrawn.

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.

Arizona Cinnabar Corp., Mesa, Ariz.
Aug. 31 (letter of notification) 300,000 shares of common stock (par one cent). **Price**—$1 per share. **Proceeds**—To increase capacity of mill recently constructed. **Office**—400 Desert Air Lodge, Route 2, Mesa, Ariz. **Underwriter**—James Anthony Securities Corp., New York.

★ **Arizona Public Finance Co., Phoenix, Ariz.**
Sept. 16 filed 78,006,081 shares of common stock to be offered for subscription by holders of life insurance policies issued by Public Life Insurance Co. **Price**—20 cents per share. **Proceeds**—For working capital. **Underwriter**—None, sales to be directly by the company or by salesman of the insurance firm.

★ **Associated Royalty Co., Denver, Colo.**
Sept. 12 (letter of notification) 300,000 shares of common stock. **Price**—At par ($1 per share). **Proceeds**—For oil and gas activities. **Office**—242 Denver Club Building, Denver, Colo. **Underwriter**—None.

Automatic Tool Corp.
Sept. 7 (letter of notification) 20,000 shares of common stock (par $1). **Price**—$5 per share. **Proceeds**—To set up a factory and purchase equipment and machinery for manufacture and sale of the "grip-lock" driver and screw. **Office**—137 Grand St., New York, N. Y. **Underwriter**—Ellis-Greenberg Co., 1051 Carroll St., Brooklyn, N. Y.

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.

Big Smoke Uranium, Inc., Spokane, Wash.
Sept. 7 (letter of notification) 800,000 shares of common stock (par 10 cents). **Price**—25 cents per share. **Proceeds**—For mining expenses. **Office** — 303 Lincoln Savings

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NEW ISSUE CALENDAR

September 22 (Thursday)
Southern Pacific Co. — Equip. Trust Ctfs.
(Bids noon EDT) $9,390,000

September 23 (Friday)
Detroit Steel Corp. — Bonds
(Halsey, Stuart & Co. Inc.) $30,000,000
Detroit Steel Corp. — Common
(Offering to stockholders—no underwriting) 503,155 shares
New Mexico Copper Corp. — Bonds
(M. J. Sabbath Co.) $100,000

September 26 (Monday)
Continental Production Corp. — Debens. & Com.
(First California Co., Inc.) $3,135,000

September 27 (Tuesday)
Camco, Inc. — Common
(Lee Higginson Corp.) 100,000 shares
Kidde (Walter) & Co., Inc. — Common
(Offering to stockholders—underwritten by Carl M. Loeb, Rhoades & Co.) 53,700 shares
Medallion Pictures Corp. — Class A
(Israel & Co.) $300,000
Southeastern Fund — Debentures
(Powell & Co. and Gordon Meeks & Co.) $300,000
Southeastern Fund — Common
(Powell & Co. and Gordon Meeks & Co.) $300,000
Splendora Film Corp. — Common
(J. H. Lederer Co., Inc. and McGrath Securities Corp.) $600,000

September 28 (Wednesday)
Commonwealth Life Insurance Co. — Common
(Eastman, Dillon & Co.) $300,000
Kaiser Aluminum & Chemical Corp. — Preferred
(The First Boston Corp. and Dean Witter & Co.) $35,000,000
Servo Corp. of America — Debentures
(Ira Haupt & Co.) $600,000
Servo Corp. of America — Common
(Ira Haupt & Co.) 110,000 shares

September 29 (Thursday)
Heine & Co. — Common
(Bids 11 a.m. EDT) 1,068 shares
Pennsylvania RR. — Equip. Trust Ctfs.
(Bids noon EDT) $7,965,000

October 1 (Saturday)
Mountain States Telephone & Telegraph Co. — Common
(Offering to stockholders—no underwriting) $48,688,100

October 3 (Monday)
Aluminum Co. of America — Common
(The First Boston Corp.) 200,000 shares
Barium Steel Corp. — Debentures
(Lee Higginson Corp.) $8,000,000
Clad (Victor V.) Co. — Common
(Barrett Herrick & Co., Inc.) $300,000
Household Finance Corp. — Common
(Offering to stockholders—underwritten by Lee Higginson Corp.; White, Weld & Co.; and William Blair & Co.) 341,380 shares
Yellowknife Uranium Corp. — Common
(Gearhart & Otis, Inc. and F. H. Crerie & Co., Inc.) $1,500,000

October 4 (Tuesday)
Pacific Power & Light Co. — Bonds
(Bids noon EDT) $10,000,000
Public Service Electric & Gas Co. — Debentures
(Bids 11 a.m. EDT) $35,000,000
Republic National Bank of Dallas — Common
(Offering to stockholders—may be underwritten by Walker, Austin & Waggoner; The First Southwest Co.; and Dallas Rupe & Son) $8,437,500

October 5 (Wednesday)
Chicago & North Western Ry. — Equip. Tr. Ctfs.
(Bids noon CDT) $3,900,000
First National Bank of Dallas — Common
(Offering to stockholders) $6,000,000
Pacific Power & Light Co. — Preferred
(Expected by local dealers) $3,000,000

October 6 (Thursday)
Central Maine Power Co. — Common
(Offering to stockholders—underwritten by Harriman Ripley & Co. Inc.; The First Boston Corp.; and Coffin & Burr, Inc.) 505,719 shares

October 7 (Friday)
American Can Co. — Common
(Morgan Stanley & Co. and Clark, Dodge & Co.) 392,000 shares
Rochester Telephone Corp. — Common
(Offering to stockholders—may be underwritten by The First Boston Corp.) 195,312 shares

October 10 (Monday)
Copperweld Steel Co. — Common
(Dillon, Read & Co. Inc. and Riter & Co.) 230,000 shares
International Resources Fund, Inc. — Common
(Kidder, Peabody & Co.) $17,250,000

October 11 (Tuesday)
Spray Cotton Mills — Common
(Bids 3 p.m. EDT) 2,610 shares

October 13 (Thursday)
Rio de Oro Uranium Mines, Inc. — Common
(Tellier & Co.) $450,000

October 17 (Monday)
Fort Pitt Packaging International, Inc. — Common
(Barrett Herrick & Co., Inc.) $900,000
Nortex Oil & Gas Corp. — Common
(J. R. Williston & Co.) 200,000 shares
Southern Bell Tel. & Tel. Co. — Debentures
(Bids to be invited) $30,000,000
Trans-National Uranium & Oil Corp. — Common
(Garrett Brothers, Inc.) 2,000,000 shares

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) $15,000,000

October 26 (Wednesday)
Long Island Lighting Co. — Bonds
(Bids to be invited) $15,000,000

October 28 (Friday)
Indianapolis Power & Light Co. — Common
(Offering to stockholders—underwritten by Lehman Brothers; Goldman, Sachs & Co.; and The First Boston Corp.) 209,685 shs.

November 1 (Tuesday)
Southern Co. — Common
(Offering to stockholders—bids 11 a.m. EDT) 1,507,303 shares

November 15 (Tuesday)
New England Tel. & Tel. Co. — Debentures
(Bids to be invited) $30,000,000

November 16 (Wednesday)
Hawaii (Territory of) — Bonds
(Bids to be invited) $7,500,000

November 29 (Tuesday)
San Diego Gas & Electric Co. — Bonds
(Bids 11:30 a.m. EDT) $18,000,000

December 6 (Tuesday)
Virginia Electric & Power Co. — Preferred
(Bids to be invited) $12,500,000

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Bldg., Spokane, Wash. **Underwriter**—Standard Securities Corp., same city.

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.
July 26 filed $600,000 of 6% convertible debentures due Sept. 15, 1975, being initially offered for subscription by stockholders of record July 15 on the basis of $100 of debentures for each 100 shares (or fraction thereof) held; rights to expire on Sept. 23. **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. **Offering**—Expected today (Sept. 22).

Budget Plan Corp.
Sept. 7 (letter of notification) 2,839 shares of 6% cumulative preferred stock. **Price**—At par ($10 per share). **Proceeds**—For working capital. **Office**—3 Kings Highway East, Haddonfield, N. J. **Business** — Small loans. **Underwriter** — Rambo, Close & Kerner, Inc., Philadelphia, Pa.

★ **California Consumers Corp., Los Angeles, Calif.**
Sept. 21 filed 52,942 shares of capital stock (par $10) to be offered for subscription by stockholders on the basis of one new share for each share held. **Price**—$15 per share. **Proceeds**—From sale of stock, together with other funds, to be used for payment of 5% sinking fund mortgage bonds due Dec. 1, 1955. **Underwriters**—J. S. Strauss & Co. and Lawson, Levy and Williams, both of San Francisco, Calif.

★ **California Racing Stables, Inc.**
Sept. 14 (letter of notification) 30,000 shares of common stock. **Price**—At par ($10 per share). **Proceeds**—For purchase of ranch and thoroughbreds; and general corporate purposes. **Office** — 228 South Beverly Drive, Beverly Hills, Calif. **Underwriter**—None.

● **Camco, Inc., Houston, Texas (9/27)**
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 have been extended and will expire on Sept. 18. **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 Maine Power Co. (10/6)**
Sept. 16 filed 505,719 shares of common stock (par $10) to be offered for subscription by the holders of common stock and 6% preferred stock of record Sept. 30 at the rate of one new share of common stock for each five common shares held and one share of new common stock for each 6% preferred share held; rights to expire on Oct. 19. Employees will have the right to subscribe for up to 20,000 of the unsubscribed portion. **Price**—To be supplied by amendment. **Proceeds**—For construction program. **Underwriters** — Harriman Ripley & Co. Inc.; The First Boston Corp.; and Coffin & Burr, Inc.

Chaffin Uranium Corp., Salt Lake City, Utah
Sept. 6 (letter of notification) 12,500,000 shares of non-assessable capital stock. **Price**—At par (one cent per share). **Proceeds** — For expenses incident to mining activities. **Office**—810 Deseret Building, Salt Lake City, Utah. **Underwriter**—Utah Securities Co., same City.

Charleston Parking Service, Inc.
Aug. 1 (letter of notification) 120,000 shares of non-voting common stock, class A—(par 50 cents) and 60,000 shares of voting common stock, class B (par 10 cents) to be offered in units of two class A and one class B share. **Price**—$5 per unit. **Proceeds**—For general working capital. **Office**—505 National Bank of Commerce Building, Charleston, W. Va. **Underwriter**—Crichton Investment Co., same address.

Cisco Uranium Corp., Salt Lake City, Utah
Aug. 10 (letter of notification) 7,000,000 shares of capital stock (par one cent). **Price**—Three cents per share. **Proceeds**—For mining expenses, etc. **Office**—2630 South 2nd West, Salt Lake City, Utah. **Underwriter**—Denver Securities, Inc., Denver, Colo.

Clad (Victor V.) Co., Philadelphia, Pa. (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.
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. **Offering**—Expected sometime in October.

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.

Comet Uranium Corp., Washington, D. C.
Aug. 20 (letter of notification) 700,000 shares of common stock (par one cent). **Price**—Five cents per share. **Proceeds**—For mining operations. **Office**—501 Perpetual Bldg., Washington 4, D. C. **Underwriters**—Mid America Securities, Inc., Salt Lake City, Utah; and Seaboard Securities Corp., Washington, D. C.

Commercial Uranium Mines, Inc.
July 12 (letter of notification) 15,000,000 shares of common stock (par one cent). **Price**—Two cents per share. **Proceeds**—For expenses incident to mining operations. **Office**—170 Vista Grand Road, Grand Junction, Colo. **Underwriter** — Columbia Securities Co., Denver and Grand Junction, Colo.

Commonwealth Credit Corp., Phoenix, Ariz.
Sept. 9 filed 700,000 shares of capital stock (par $1). **Price**—$2 per share. **Proceeds**—For working capital, etc. **Underwriter**—None.

★ **Commonwealth Investment Corp.**
Sept. 12 (letter of notification) 150,000 shares of common stock (par $1). **Price**—$2 per share. **Proceeds**—To make loans and for working capital. **Office**—1508 10th Street, Sioux Falls, S. Dak. **Underwriter**—Wendell L. Unverzagt, 1213 South Center, Sioux Falls, S. Dak.

● **Commonwealth Life Insurance Co. (9/28-29)**
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.

Continental Production Corp. (9/26-30)
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 expenses. **Office**—65 East 4th South, Salt Lake City, Utah. **Underwriter**—Empire Securities Corp., same city.

★ **Copperweld Steel Co. (10/10)**
Sept. 20 filed 230,000 shares of common stock (par $5). **Price**—To be supplied by amendment. **Proceeds**—From sale of this stock, together with $5,000,000 to be borrowed privately and retained earnings, will be used to finance a $12,000,000 modernization and expansion program. **Underwriters**—Dillon, Read & Co. Inc. and Riter & Co., both of New York.

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 Corp.
Aug. 26 (letter of notification) 11,000 shares of common stock (no par) being offered to common stockholders of record Sept. 6 on a 1-for-8 basis (with an oversubscription privilege); rights to expire on Sept. 26. **Price**—$14.75 per share. **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.

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)
Aug. 10 filed $3,000,000 of Veterans, Courts and Public Works 4 %bonds due 1983. **Price**—To be supplied by amendment (expected at 98% and accrued interest). **Proceeds** — To Romenpower Eletra Construction Co. which had received them in consideration of construction work. **Underwriter**—Allen & Co., New York.

Cuban American Oil Co., Dallas, Texas
Sept. 9 filed 2,000,000 shares of common stock (par 50 cents). **Price**—To be supplied by amendment. **Proceeds**—For acquisitions and advances to subsidiary (Cuban American Drilling & Exploration Co.) for drilling and exploration costs. **Underwriter**—Dallas Rupe & Son, Inc., Dallas, Tex.

● **Dakamont Exploration Corp.**
Aug. 24 (letter of notification) 291,000 shares of class A stock, being offered to common stockholders on the basis of three shares of class A stock for each five shares of common held as of Sept. 15, 1955; rights to subscribe on Sept. 27. **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.

● **Detroit Steel Corp. (9/23)**
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 approved financing on Sept. 16.

● **Detroit Steel Corp. (9/23)**
Aug. 30 filed 503,155 shares of common stock (par $1), to be offered for subscription by common stockholders of record Sept. 22 on the basis of one new share for each five shares held (with an oversubscription privilege); rights to expire on Oct. 10. Portsmouth Steel Corp., owner of about 25% of outstanding stock, will purchase any unsubscribed shares. **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.

Donaldson Co., Inc., St. Paul, Minn.
Sept. 6 (letter of notification) 22,000 shares of common stock (par $5) of which 12,000 shares to be offered by company and 10,000 on behalf of selling stockholders. **Price**—$11.50 per share. **Proceeds**—For general corporate purposes. **Office**—666 Pelham Blvd., St. Paul, Minn. **Underwriters**—Paine, Webber, Jackson & Curtis, Minneapolis, Minn.; Kalman & Co., Inc., St. Paul, Minn, and Piper, Jaffray & Hopwood, Minneapolis, Minn.

Dow Chemical Co., Midland, Mich.
Aug. 5 filled 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.

Dow Chemical Co., Midland, Mich.
Sept. 14 filed 225,000 shares of common stock (par $5) to be offered pursuant to the company's key employees' option plan.

Empire Southern Gas Co., Fort Worth, Texas
Aug. 4 (letter of notification) 12,000 shares of common stock (par $5) being offered for subscription by common stockholders of record Aug. 19 on the basis of one new share for each 16 shares held (with an oversubscription privilege); rights to expire on Oct. 3. **Price**—$21 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.
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 being 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 on Oct. 3, 1955. 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. Offer to expire on Sept. 30. **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 Guaranty Insurance Co.
Aug. 26 (letter of notification) 50,000 shares of common stock (par $2.50) to be offered for subscription by stockholders of record Aug. 25, on a 1-for-2 basis. **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.

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.

★ **Growth Industry Shares, Inc.**
Sept. 15 filed (by amendment) an additional 100,000 shares of capital stock (par $1). **Price**—At market. **Proceeds**—For investment.

★ **Gulf Coast Leaseholds, Inc., Houston, Texas**
Sept. 14 filed $2,000,000 of 5% sinking fund convertible debentures due Sept. 1, 1965 to be sold to Brandel Trust. **Price**—$1,825,000, plus accrued interest of $29,632. **Proceeds**—To purchase certain working or leasehold interests in oil and gas interests. **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.

★ **Harco Bluff, Inc.,**
Sept. 14 (letter of notification) 4,095 shares of common stock (no par). **Price**—For 2,280 shares, $20 per share; 1,295 shares, $100 per share; and 500 shares, $150 per share. The remaining 20 shares were issued in payment for services rendered. **Proceeds**—For acreage, etc. **Office**—38 New Street, Huntington, L. I., N. Y. **Underwriter**—None.

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 being 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; rights to expire on Oct. 10. **Price**—To stockholders and employees, at par ($20 per share); and to public, at prevailing market price $28 per share on Aug. 22, 1955). **Proceeds** — For expansion and improvement. **Underwriter**—None.

Home Acceptance Corp., Salt Lake City, Utah
Sept. 1 (letter of notification) $300,000 of 25-year 6% junior subordinated debentures due Oct. 1, 1980. **Price**—At par (in denominations of $1,000, $500 and $100). **Proceeds**—For working capital. **Office**—837 South Maine St., Salt Lake City, Utah. **Underwriter**—Edward L. Burton & Co., same city.

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. Statement effective July 13.

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.

● **Household Finance Corp. (10/3)**
Sept. 9 filed 341,380 shares of common stock ($9 stated value) to be offered for subscription by common stockholders of records Sept. 30, 1955 on the basis of one new share for each 20 shares held; rights to expire on Oct. 17. **Price**—To be supplied by amendment. **Proceeds**—To reduce bank loans. **Underwriters**—Lee Higginson Corp. and White, Weld & Co., both of New York; and William Blair & Co., Chicago, Ill.

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.

Indian Monument Uranium Mining Corp.
Sept. 6 (letter of notification) 3,000,000 shares of common stock (par one cent). **Price**—10 cents per share. **Proceeds** — For expenses incident to mining activities. **Office**—205 Byington Building, Reno, Nev. **Underwriter**—Richard L. Dineley, same address.

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.

★ **Insurance Co. of North America**
Sept. 15 filed 40,000 shares of capital stock (par $5) to be offered, pursuant to the company's Employees' Stock Subscription Plan, to certain employees of the company and of certain affiliated companies.

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, being offered first for subscription by stockholders at the rate of $100 of debentures for each 18 shares held as of Sept. 1 (with an oversubscription privilege); rights to expire on Sept. 30. **Proceeds**—For working capital. **Business**—Bituminous concrete paving materials. **Office**—Delaware Trust Bldg., Wilmington 99, Del. **Underwriter**—None.

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.

Jessel-Roberts Productions Corp.
Sept. 3 (letter of notification) 150,000 shares of common stock (par 10 cents). **Price**—$2 per share. **Proceeds**—To produce motion pictures for television and theatrical exhibition. **Office** — 30 Park Ave., New York, N. Y. George Jessel is President. **Underwriter**—Baruch Brothers & Co., Inc., New York.

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.

Kaiser Aluminum & Chemical Corp. (9/28)
Sept. 8 filed 700,000 shares of cumulative preferred stock (par $50). **Price**—To be supplied by amendment. **Proceeds**—From sale of this stock, together with funds from sale of $40,000,000 of 3¾% first mortgage bonds due 1976 to institutional investors, to be applied to current expansion program. **Underwriters**—The First Boston Corp., New York; and Dean Witter & Co., San Francisco, Calif.

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.

Kidde (Walter) & Co., Inc. (9/27)
Sept. 7 filed 53,700 shares of common stock (par $2.50), to be offered for subscription by stockholders of record Sept. 20, 1955, at the rate of one new share for each eight shares held; rights to expire about Oct. 13. **Price**—To be supplied by amendment. **Proceeds**—For working capital and to reduce short-term debt. Office—Belleville, N. J. **Underwriter**—Carl M. Loeb, Rhoades & Co., New York, N. Y.

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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.

★ **Kirschner Oil Co., Inc., Denver, Colo.**
Sept. 13 (letter of notification) 45,500 shares of common stock. **Price**—At par ($1 per share). **Proceeds**—For expenses incident to oil activities. **Office**—756 South Lipan St., Denver, Colo. **Underwriter**—None.

★ **Kordite Corp., Macedon, N. Y.**
Sept. 21 filed 130,000 shares of common stock (par $1), of which 80,000 shares are to be offered by the company and 50,000 shares by Richard M. and Howard J. Samuels, President and Vice-President, respectively. **Price**—To be supplied by amendment. **Proceeds**—To finance development of business and for general corporate purposes. **Underwriter** — George D. B. Bonbright & Co., Rochester, N. Y.

● **Lamson & Sessions Co., Cleveland, O.**
Aug. 29 filed 62,410 shares of cumulative convertible preferred stock, series A (par $50), of which 2,410 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. The exchange offer will expire on Sept. 30. **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. **Offering**—Expected in October.

● **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. Statement effective Aug. 5.

★ **Life Companies, Inc., Richmond, Va.**
Sept. 19 filed 418,656 shares of common stock (par $1) and 4,081 shares of convertible preferred stock (par $25), of which 340,000 shares of common stock are to be offered publicly; 60,000 shares of common are to be offered for subscription by officers, directors, employees and agents of this corporation, Atlantic Life Insurance Co., The Lamar Life Insurance Co., and others; and 18,656 common shares and the 4,081 preferred shares are to be offered by company to holders of common stock of Atlantic Life on the basis of 64 shares of common and 14 shares of preferred for each outstanding share of Atlantic common plus $15. **Price**—For the 400,000 shares of common stock to be sold to public and employees, will be supplied by amendment. **Proceeds**—To selling stockholders. **Underwriters**—Equitable Securities Corp., Nashville, Tenn., and Rauscher, Pierce & Co., Inc., Dallas, Texas.

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. Statement will not be effective until after the stockholders' meeting Sept. 26.

★ **Little Mac Uranium Co.**
Sept. 12 (letter of notification) 3,000,000 shares of capital stock. **Price**—At par (10 cents per share). **Proceeds**—For mining expenses. **Office**—440 West 3rd North, Salt Lake City, Utah. **Underwriter**—Skyline Securities, Inc., Denver, Colo.

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.

Magnolia Park, Inc.
Aug. 8 (letter of notification) maximum of 785,714 shares of common stock (par 10 cents) being offered first for subscription by stockholders of record Sept. 14 on the basis of one new share for each 3.24 shares held; rights to subscribe on Sept. 24. **Price** — To stockholders, 35 cents per share; unsubscribed shares to public, 40 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.

★ **Market Basket, Los Angeles, Calif.**
Sept. 21 filed 75,940 shares of common stock (par 50 cents). **Price**—To be supplied by amendment. **Proceeds**—For new equipment and other general corporate purposes. **Underwriters**—Bateman, Eichler & Co. and William R. Staats & Co., both of Los Angeles, Calif.; and First California Co., San Francisco, Calif.

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.

● **Medallion Pictures Corp. (9/27)**
Sept. 3 (letter of notification) 300,000 shares of Class A stock (par 10 cents). **Price**—$1 per share. **Proceeds**—For working capital and other corporate purposes. **Office**—1639 Broadway, New York, N. Y. **Underwriter**—Israel & Co., New York.

Medical Abstracts, Inc., Philadelphia, Pa.
June 15 (letter of notification) 300,000 shares of common stock (par one cent). **Price**—$1 per share. **Proceeds**—For working capital, etc. **Office**—825 Western Savings Fund Bldg., Philadelphia, Pa. **Underwriter** — Carl J. Bliedung, Washington, D. C.

● **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. has withdrawn.

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 2⅔ 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.

Metallurgical Resources, Inc., New York
Sept. 12 filed 500,000 shares of 6% non-cumulative convertible preferred stock. **Price**—At par ($2 per share). **Proceeds**—For construction of plant; for research and development; and for working capital. **Underwriter**—M. S. Gerber, Inc., New York.

★ **Minerals Processing, Inc., Denver, Colo.**
Sept. 9 (letter of notification) 300,000 shares of class A common preference shares. **Price**—At par ($1 per share). **Proceeds**—For general corporate purposes. **Office**—225 Travel Center Building, Denver, Colo. **Underwriter**—None.

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 filed 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.

Mountain States Telephone & Telegraph Co. (10/1)
Sept. 7 filed 486,881 shares of capital stock (par $100), to be offered for subscription by stockholders of record Sept. 27, 1955 on the basis of one new share for each five held; rights to expire on Oct. 28. **Price**—At par ($100 per share. **Proceeds** — Toward repayment of advances from American Telephone & Telegraph Co. and for general corporate purposes. **Underwriter**—None.

★ **National Steel Corp.**
Sept. 14 filed 328,050 shares of common stock (par $10) to be offered to officers and key employees of the corporation and its subsidiaries pursuant to the Stock Option Plan of National Steel Corp.

Natural Power Corp. of America, Moab, Utah
Sept. 7 (letter of notification) 300,000 shares of non-assessable common stock (par one cent). **Price**—$1 per share. **Proceeds**—For expenses incident to mining activities. **Underwriter**—Western Bond & Share Co., Tulsa, Okla.

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 Copper Corp. (9/23)**
Sept. 8 (letter of notification) $100,000 of 6% convertible debenture bonds due Oct. 1, 1965 (to be convertible at any time at rate of $100 of bonds for 220 shares of common stock). **Price**—At par. **Proceeds** — For mining expenses. **Office**—Carrizozo, N. M. **Underwriter**—M. J. Sabbath Co., Washington, D. C.

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.

★ **Nortex Oil & Gas Corp., Dallas (10/17-21)**
Sept. 16 filed 200,000 shares of common stock (par $1). **Price**—To be supplied by amendment. **Proceeds**—To purchase certain oil and gas properties and leasehold interests; for drilling and development costs; to pay off $450,000 promissory notes; and for general corporate purposes. **Underwriter**—J. R. Williston & Co., New York.

Oasis Uranium & Oil Corp., Fort Worth, Texas
June 8 (letter of notification) 265,000 shares of common stock (par 50 cents). **Price**—$1 per share. **Proceeds**—For uranium and oil exploration. **Office**—Fortune Arms Bldg., Fort Worth, Tex. **Underwriter**—Standard Securities, Inc., Salt Lake City, Utah.

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 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. (10/5)
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 Power & Light Co. (10/4)
Sept. 8 filed 30,000 shares of cumulative preferred stock (par $100) to be offered initially only in Oregon, Washington, Wyoming, Montana and Idaho. **Price**—To be supplied by amendment. **Proceeds** — To repay bank loans and for construction program. **Underwriters**—Expected to be local dealers.

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.

Pacific Western Oil Corp.
Sept. 9 filed 100,000 shares of common stock (par $4.) **Price**—At prevailing market price. **Proceeds**—To J. Paul Getty, President. **Underwriter**—None.

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.

Parnell-Martin Supply Co., Charlotte, N. C.
Sept. 6 (letter of notification) $125,000 of 6% ten-year registered sinking fund debentures (with common stock purchase warrants attached). **Price**—At par (in denominations of $1,000 each). **Proceeds**—For reduction of bank indebtedness. **Office**—925 Tuckaseegee Road, Charlotte, N. C. **Underwriter**—R. S. Dickson & Co., Charlotte, N. C.

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.

★ **Pepsi-Cola Bottling Co. of Long Island, Inc.**
Sept. 20 filed 300,000 shares of common stock (par 25 cents), of which 80,000 shares are for account of company and 220,000 shares for account of Russell M. Arundel, President. **Price**—To be supplied by amendment. **Proceeds**—To retire indebtedness; and for general corporate purposes. **Office**—Garden City, N. Y. **Underwriter**—Johnston, Lemon & Co., Washington, D. C.

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.

Pittman Drilling & Oil Co., Independence, Kan.
Sept. 6 (letter of notification) 60,000 shares of 6% non-cumulative preferred stock (par $5) and 60,000 shares of common stock (par 10 cents) to be offered in units of one share of each. **Price**—$5 per unit. **Proceeds**—For payment of note and working capital. **Office**—420 Citizens National Bank Bldg., Independence, Kan. **Underwriter**—Dewitt Investment Co., Wilmington, Del.

★ **Plateau Uranium Corp., Farmington, N. Mex.**
Sept. 12 (letter of notification) 1,392,500 shares of common stock. **Price**—At par (10 cents per share). **Proceeds**—For mining operations. **Office**—303 West Broadway, Farmington, N. Mex. **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 development expense. **Office**—Bowie, Md. **Underwriter**—L. L. Hubble & Co., Inc., Baltimore, Md.

Public Service Electric & Gas Co. (10/4)
Sept. 7 filed $35,000,000 of debenture bonds due 1975. **Proceeds**—For repayment of bank loans. **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); First Boston Corp. **Bids** — To be received up to 11 a.m. (EDT) on Oct. 4 at office of company, 80 Park Place, Newark, N. J.

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.

★ **Real Estate Clearing House, Inc.**
Sept. 14 (letter of notification) 270,000 shares of 7% cumulative preferred stock (par $1) and 135,000 shares of common stock (par five cents) to be offered in units of two shares of preferred and one share of common stock. **Price**—$2.05 per unit. **Proceeds**—For working capital, etc. **Office**—161 West 54th Street, New York, N. Y. **Underwriter**—Choice Securities Corp., 35 East 12th Street, New York, N. Y.

Rio de Oro Uranium Mines, Inc. (10/13)
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.

Rochester Telephone Corp. (10/7)
Sept. 14 filed 195,312 shares of common stock (par $10) to be offered for subscription by common stockholders of record Oct. 6 on the basis of one new share for each four shares held; rights to expire on Oct. 24. **Price**—To be supplied by amendment. **Proceeds** — To repay bank loans and for new construction. **Underwriter**—The First Boston Corp., New York.

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.

★ **S and M Mining & Exploration Corp.**
Sept. 14 (letter of notification) 745,000 shares of common stock. **Price**—At par (20 cents per share). **Proceeds**—For mining expenses. **Office**—121 South 6th St., Worland, Wyo. **Underwriter**—None.

Saint Anne's Oil Production Co.
May 9 (letter of notification) 20,000 shares of common stock (par $1) to be first offered to stockholders. **Price**—$6.25 per share. **Proceeds** — For oil and mineral and related activities. **Office**—Northwood, Iowa. **Underwriter**—None.

● **St. Croix Paper Co., Boston, Mass.**
Sept. 2 filed 125,714 shares of common stock (par $12.50) being offered for subscription by common stockholders on the basis of one new share for each 3½ shares held as of Sept. 22; rights to expire on Oct. 6. **Price** — $29 per share. **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 Jacinto Petroleum Corp., Houston, Texas**
Sept. 20 filed 500,000 shares of common stock (par $1). **Price**—$15 per share. **Proceeds**—For payment of short term loans and other indebtedness; and for general corporate purposes. **Underwriter**—None, sales to be made through officers of the company.

San Juan Uranium Exploration, Inc.
Aug. 19 (letter of notification) 925,000 shares of non-assessable common stock (par one cent). **Price**—12 cents per share. **Proceeds**—For expenses incident to mining activities. **Office** — 718 Kittredge Bldg., Denver, Colo. **Underwriter**—Shelley-Roberts & Co., Denver, Colo.

★ **Sandia Mining & Development Corp.**
Sept 9 (letter of notification) 3,000,000 shares of capital stock (par one cent). **Price**—10 cents per share. **Proceeds** — For mining expenses. **Office** — Simms Bldg., Albuquerque, N. M. **Underwriter**—Mid-America Securities, Inc. of Utah, Salt Lake City, Utah.

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.

Servo Corp. of America (9/28)
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.

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

★ **Smith-Dieterich Corp.**
Sept. 15 (letter of notification) 17,355 shares of common stock (par $2.50) to be offered for subscription by stockholders of record Sept. 14, 1955 on the basis of one new share for each five shares held. **Price**—$5.50 per share. **Proceeds**—To repay certain loans and for working capital. **Office**—50 Church St., New York, N. Y. **Underwriter**—None.

● **Southeastern Fund, Columbia, S. C. (9/27)**
Sept. 6 filed $300,000 of 15-year 5½% subordinated sinking fund debentures. **Price**—100% of principal amount. **Proceeds**—For general operating purposes. **Underwriters**—Powell & Co., Fayetteville, N. C., and Gordon Meeks & Co., Memphis, Tenn.

● **Southeastern Fund, Columbia, S. C. (9/27)**
Sept. 6 filed 60,000 shares of common stock (par $1). **Price**—$5 per share. **Proceeds** — For working capital. **Underwriters** — Powell & Co., Fayetteville, N. C., and Gordon Meeks & Co., Memphis, Tenn.

Southwestern Financial Corp., Dallas, Texas
Sept. 6 filed 770,000 shares of common stock (par 10 cents), to be offered for subscription by stockholders at rate of two new shares for each share held. **Price**—To be supplied by amendment. **Proceeds**—For purchase of machinery and equipment; and for working capital and general corporate purposes. **Underwriter** — Rauscher, Pierce & Co., Dallas, Tex.; and Russ & Co., San Antonio, Tex.

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 unexchanged debentures and increase working capital. **Underwriter**—The First Trust Co. of Lincoln, Neb.

Spirit Mountain Uranium, Inc., Cody, Wyo.
July 29 (letter of notification) 25,200,000 shares of common stock. **Price**—At par (one cent per share). **Proceeds**—For expenses incident to mining activities. **Office**—1507-8th Street, Cody, Wyo. **Underwriter**—Utah Uranium Brokers, Las Vegas, Nev.

● **Splendora Film Corp., New York (9/27)**
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
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.

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.

Sunburst Uranium Corp., Salt Lake City, Utah
Sept. 6 (letter of notification) 2,750,000 shares of non-assessable common stock (par two cents). **Price**—10 cents per share. **Proceeds** — For expenses incident to mining activities. **Office**—116 Atlas Building, Salt Lake City, Utah. **Underwriter**—Mid America Securities, Inc. of Utah, same City.

Superior Uranium Corp., Provo, Utah
Sept. 2 (letter of notification) 10,000,000 shares of non-assessable common stock. **Price**—At par (two cents per share). **Proceeds**—For expenses incident to mining activities. **Office** — 180 East Center St., Provo, Utah. **Underwriter**—Bel-Air Securities Corp., Salt Lake City, Utah.

Susan B. Uranium Corp., Carson City, Nev.
Aug. 11 (letter of notification) 300,000 shares of non-assessable common stock. **Price**—At par ($1 per share). **Proceeds**—For mining expenses. **Office**—Virginia Truck Bldg., Carson City, Nev. **Underwriter**—Coombs & Co. of Las Vegas, Nev.

Swank Uranium Drilling & Exploration Co.
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.

★ **Sweetwater Uranium Co.**
Sept. 9 (letter of notification) 3,000,000 shares of capital stock (par one cent). **Price**—10 cents per share. **Proceeds**—For mining operations. **Office**—6?5 Judge Bldg., Salt Lake City, Utah. **Underwriter**—Skyline Securities, Inc., Denver, Colo.

● **Tampa Electric Co.**
Aug. 31 filed 197,532 shares of common stock (par $7) being 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. **Price** — $25.50 per share. **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 non-assessable stock (par five cents). **Price**—20 cents per share. **Proceeds** — For mining expenses. **Office** — 726 Paulsen Bldg., Spokane, Wash. **Underwriter** — Percy Dale Lanphere, Empire State Bldg., Spokane, Wash.

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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.

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 Textile Mills, Inc.
Sept. 2 (letter of notification) 27,500 shares of class A common stock to be offered for subscription by common stockholders of Miller Brothers of Texas, Inc., who elect to sell their common stock of that company to Miller Brothers pursuant to an offer to pruchase being made simultaneously herewith. **Price**—At par ($10 per share). **Office** — Cotton Exchange Bldg., Dallas, Tex. **Underwriter**—None.

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. (10/17)**
July 1 filed 2,000,000 shares of common stock (par 20 cents). **Price**—To be supplied by amendment (expected at $1.50 per share). **Proceeds**—To acquire part of properties presently subject to option in favor of company, and for expenses incident to mining and oil activies. **Office** — Dallas, Tex. **Underwriter** — Garrett Brothers, Inc., Dallas, Tex.

Triangle Mines, Inc., Salt Lake City, Utah
May 3 (letter of notification) 100,000 shares of common stock. **Price**—At par (50 cents per share). **Proceeds**—For mining operations. **Office** — 506 Judge Bldg., Salt Lake City, Utah. **Underwriter** — Lewellen-Bybee Co., Washington, D. C.

Tri-State Natural Gas Co., Tucson, Ariz.
July 6 (letter of notification) 200,000 shares of common stock (par 10 cents). **Price**—$1.50 per share. **Proceeds**—For expenses incident to oil and gas activities. **Office**—15 Washington St., Tucson, Ariz. **Underwriter**—Frank L. Edenfield & Co., Miami, Fla.

Tunacraft, Inc., Kansas City, Mo.
Aug. 22 (letter of notification) $295,000 principal amount of 6% 12-year registered subordinated sinking fund debentures, dated Sept. 1, 1955 (with stock purchase warrants). **Price**—At par (in denominations of $100 each or multiples thereof). **Proceeds**—To refinance and discharge secured obligation. **Underwriter** — McDonald, Evans & Co., Kansas City, Mo.

Tungsten Mountain Mining Co., Fallon, Nev.
June 8 (letter of notification) 149,800 shares of common stock (par $1). **Price**—$1.50 per share. **Proceeds**—For mining operations. **Address** — P. O. Box 456, Fallon, Churchill County, Nev. **Underwriter**—H. P. Pratt & Co., Seattle, Wash.

Two Jay Uranium Co., Salt Lake City, Utah
May 16 (letter of notification) 3,000,000 shares of common stock (par three cents). **Price**—10 cents per share. **Proceeds**—For mining expenses. **Office**—32 Exchange Place, Salt Lake City, Utah. **Underwriter** — Western States Investment Co., Tulsa, Okla.

Ucon Uranium Corp., Salt Lake City, Utah
June 2 (letter of notification) 5,000,000 shares of common stock (par one cent). **Price**—Five cents per share. **Proceeds**—For mining costs. **Office**—406 Judge Building, Salt Lake City, Utah. **Underwriter**—Empire Securities Corp., Las Vegas, Nev.

U-Kan Uranium & Oil Co., Salt Lake City, Utah
May 5 (letter of notification) 260,000 shares of common stock (par 10 cents). **Price**—$1 per share. **Proceeds**—For mining expenses. **Office** — Judge Bldg., Salt Lake City, Utah. **Underwriter** — Northern Securities, Inc., Seattle, Wash.

★ **Union Gulf Oil & Mining Corp.**
Sept. 9 (letter of notification) 600,000 shares of common stock (par 10 cents). **Price**—50 cents per share. **Proceeds**—For mining expenses. **Office**—510 Colorado Bldg., Denver, Colo. **Underwriter**—Honnold & Co., same city.

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 Rent-Alls Store Co., Inc.**
Sept. 14 (letter of notification) 4,000 shares of preferred stock and 1,000 shares of common stock. **Price**—At par ($10 per share). **Office**—3045 Starr St. or 2627 North 27th St., Lincoln, Neb. **Proceeds**—For working capital. **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 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. **Offering**—Postponed.

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 Southern Uranium Co., Las Vegas, Nev.
June 6 (letter of notification) 3,000,000 shares of capital stock. **Price**—At par (10 cents per share). **Proceeds**—For mining expenses. **Office**—210 N. Third St., Las Vegas, Nev. **Underwriter**—Lester L. LaFortune, same city.

Utore Uranium & Diata, Inc., Vale, Ore.
July 8 (letter of notification) 10,000,000 shares of common stock (par one cent). **Price**—Two cents per share. **Proceeds**—Expenses incident to mining operations. **Office**—Lytle Building, Vale, Ore. **Underwriter**—Hansen Uranium Brokerage, Salt Lake City, Utah.

Vactron Corp.
May 13 (letter of notification) 300,000 shares of common stock. **Price**—At par ($1 per share). **Proceeds**—To manufacture, process, rebulid and market television pictures tubes, etc. **Underwriter** — Zone Investments Co., Fort Worth, Texas.

Vanura Uranium, Inc., Salt Lake City, Utah
June 16 (letter of notification) 3,000,000 shares of common stock (par one cent). **Price** — 10 cents per share. **Proceeds** — For mining expenses. **Underwriter** — I. J. Schenin & Co., New York. **Name Change**—The company was formerly known as San Miguel Uranium, Inc.

Vas Uranium & Drilling Co., Monticello, Utah
June 20 (letter of notification) 2,000,000 shares of common stock. **Price**—At par (10 cents per share). **Proceeds**—For mining operations. **Underwriter**—Skyline Securities Inc., Denver, Colo.

Wabash Uranium Corp., Moab, Utah
June 10 (letter of notification) 10,000,000 shares of capital stock. **Price**—At par (three cents per share). **Proceeds**—For mining expenses. **Underwriter**—Moab Brokerage Co. and National Securities, Inc., 368 South State St., Salt Lake City, Utah.

Washington REAP, Inc., Dover, Del.
Aug. 30 (letter of notification) 400 shares of common stock. **Price** — $500 per share. **Proceeds** — To purchase outstanding stock of Elmark Corp., which owns garden apartment development. **Office**—129 S. State St., Dover, Del. **Underwriter**—Real Estate Associates Plan, Inc., 14 Journal Square, Jersey City, N. J.

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.

Wisconsin Southern Gas Co., Inc.
Aug. 31 (letter of notification) 16,654 shares of common stock (par $10), to be offered for subscription by stockholders of record about Sept. 15 on the basis of one new share for each five shares held; rights to expire on Sept. 29. **Price** — $16.50 to stockholders; and $17.50 to public. **Proceeds**—To repay bank loans and for extensions and improvements to property. **Office**—235 Broad St., Lake Geneva, Wis. **Underwriters**—The Milwaukee Co., Milwaukee, Wis.;; and Harley, Haydon & Co., Inc. and Bell & Farrell, Inc., both of Madison, Wis.

Wolfson Uranium Corp., Denver, Colo.
Sept. 7 (letter of notification) 150,000 shares of non-assessable common stock. **Price**—At par ($1 per share). **Proceeds**—For expenses incident to mining activities. **Office**—800 Denver Club Building, Denver, Colo. **Underwriter**—Seligmann & Co., Milwaukee, Wis.

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. **Offering**—To be withdrawn.

Worcester County Electric Co. (10/18)
Sept. 13 filed $8,500,000 of 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.

Yale & Towne Manufacturing Co.
Aug. 19 filed 106,931 shares of capital stock (par $25) being 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**—$56 per share. **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. (10/3-7)
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.

★ **Zenith-Utah Uranium Corp.**
Sept. 14 (letter of notification) 6,000,000 shares off class A common stock. **Price**—At par (five cents). **Proceeds**—For mining expenses. **Office**—45 East Broadway, Salt Lake City, Utah. **Underwriter**—Bel-Air Securities Corp., same city.

Prospective Offerings

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.

Bank of California, N. A.
Sept. 13 stockholders approved the issuance of 52,200 additional shares of capital stock (par $20), which are being offered for subscription my stockholders of record Sept. 13, 1955 on the basis of one new share for each 10 shares held; rights to expire on Oct. 6, 1955. **Price** — $70 per share. **Proceeds**—To increase capital and surplus. **Underwriters**—Blyth & Co. ,Inc.; Dean Witter & Co.; Merrill Lynch, Pierce, Fenner & Beane, and Schwabacher & Co., all of San Francisco, Calif.; and R. L. Day & Co., Boston, Mass.

Barium Steel Corp. (10/3-7)
Sept. 12 it was reported that early registration is expected of $8,000,000 of subordinated debentures due 1970. **Proceeds**—Together with funds from private sale of $3,-000,000 of notes or debentures, to be used for general corporate purposes. **Underwriter**—Lee Higginson Corp., New York.

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.

★ **Chicago & North Western Ry. (10/5)**
Bids will be received by the company up to noon (CDT) on Oct. 5 for the purchase from it of $3,900,000 equipment trust certificates to be dated Nov. 1, 1955 and to mature in 15 equal annual installments. Probable bidders: Halsey, Stuart & Co. Inc.; Salomon Bros. & Hutzler.

Commonwealth Edison Co.
Jan. 24, Willis Gale, Chairman, announced it should be Fall before the company undertakes its next financing. Proceeds—For new construction, which, it is estimated, will cost about $125,000,0000 in 1955. Underwriters—For last equity financing were The First Boston Corp. and Glore, Forgan & Co.

Consolidated Edison Co. of New York, Inc.
June 14 it was announced company expects to sell from $40,000,000 to $50,000,000 bonds some time during the current year. **Proceeds**—For construction program. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Morgan Stanley & Co.; The First Boston Corp.

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.

★ **First National Bank, Dallas, Texas (10/5)**
Sept. 14 it was announced stockholders will vote Oct. 5 on approving the offering to stockholders of record Oct. 5, 1955, the right to subscribe for 200,000 additional shares of capital stock (par $10) on the basis of one new share for each 10 shares held. **Price** — $30 per share. **Proceeds**—To increase capital and surplus.

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.**
Sept. 19 it was reported a public offering of class A non-voting common stock is expected between Oct. 15 and Nov. 15. It is said that the stock to be sold will be the bulk of 3,089,908 shares now held by the Ford Foundation. **Price**—In March last, it was reported that the offering price was expected to be around $60 per share.

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.

Hawaii (Territory of) (11/16)
Sept. 12 it was announced that it is planned to sell an issue of $7,500,000 20-year general obligation bonds. **Proceeds**—For school construction. **Bids**—To be received on Nov. 16 at Bankers Trust Co., New York, N. Y.

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.

Indianapolis Power & Light Co. (10/28)
Sept. 8 it was announced company has applied to the Indiana P. S. Commission for authority to offer 209,685 additional shares of common stock to common stockholders on the basis of one new share for each 15 shares held as of Oct. 27; rights to expire about Nov. 10. **Proceeds** — To retire bank loans. **Underwriters** — Lehman Brothers, Goldman, Sachs & Co. and The First Boston Corp.

International Resources Fund, Inc. (10/10)
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 register about Sept. 15-16 a total of 3,000,000 shares of capital stock, which, it is expected, will be publicly offered about Oct. 10. **Price**—$5.75 per share. **Investment Adviser** — Capital Research & Management Co., Los Angeles, Calif. **Underwriter** — Kidder, Peabody & Co., New York.

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. (10/26)
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. **Bids**—Expected to be received on Oct. 26.

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.

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).

Minute Maid Corp.
Sept. 12 it was reported registration is expected this month of $8,500,000 4% subordinated debentures due 1974. **Proceeds**—To Clinton Foods, Inc., who received $17,300,000 of these debentures for its Snow Crop Divison. **Underwriter**—Merrill Lynch, Pierce, Fenner & Beane, New York.

National Bank of Washington
Sept. 12 the bank offered to its stockholders of record of said date the right to subscribe on or before Oct. 7 for 205,000 additional shares of capital stock (par $10) on the basis of one new share for each two shares held. **Price**—$30 per share. **Proceeds**—To increase capital and surplus. **Underwriter**—Johnston, Lemon & Co., Washington, D. C.

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 England Telephone & Telegraph Co. (11/15)**
Sept. 20 it was announced company plans to issue and sell $30,000,000 of 36-year debentures. **Proceeds**—To repay temporary borrowings. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; The First Boston Corp.; Morgan Stanley & Co.; Glore, Forgan & Co. **Bids**—Expected to be received on Nov. 15.

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 State Electric & Gas Corp. (10/19)**
Sept. 19 it was announced company now plans to issue and sell $15,000,000 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 State Electric & Gas Corp.**
Sept. 19 it was reported company, in addition to its proposed offer of $15,000,000 bonds, now plans to issue late on October or early in November rights to common stockholders to subcribe for 303,407 additional shares of common stock on a 1-for-10 basis. **Proceeds**—For new construction. **Underwriters** — The First Boston Corp.; Lehman Brothers; Wertheim & Co.; and Merrill Lynch, Pierce, Fenner & Beane.

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 Gas & Electric Co.**
Sept. 14 the directors authorized the sale of 1,000,000 shares of redeemable first preferred stock (par $25) and has applied to the California P. U. Commission for an exemption from its competitive bidding rule. **Proceeds**—To retire bank loans and for construction program. **Underwriter**—Probably Blyth & Co., Inc. **Registration**—Expected shortly with SEC. **Offering**—Planned for early in November.

Pennsylvania Electric Co.
Feb. 15 it was reported company plans to issue and sell later this year $9,300,000 of first mortgage bonds. Proceeds—To repay bank loans and for new construction. Underwriter—To be determined by competitive bidding. probable bidders: Halsey, Stuart & Co. Inc.; The First Boston Corp.; Kuhn, Loeb & Co.; Kidder, Peabody & Co.; Equitable Securities Corp.; Harriman Ripley & Co., Inc.

Pennsylvania Electric Co.
Feb. 21 it was reported company proposes issuance and sale of $7,500,000 of preferred stock later this year. Proceeds—For construction program. Underwriter—To be determined by competitive bidding. Probable bidders: Kuhn, Loeb & Co.; W. C. Langley & Co. and Glore, Forgan & Co. (jointly); Kidder, Peabody & Co.; The First Boston Corp.; Smith, Barney & Co.; Harriman Ripley & Co. Inc.

Pennsylvania RR. (9/29)
Bids will be received by the company up to noon (EDT) on Sept. 29, in Philadelphia, Pa., for the purchase from it of $7,965,000 equipment trust certificates, series DD,

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to be dated Nov. 1, 1955, and to mature in 15 equal annual instalments of $531,000 each from May 1, 1956 to Nov. 1, 1970, inclusive. Probable bidders Halsey, Stuart & Co. Inc.; Salomon Bros. & Hutzler; Kidder, Peabody & 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. Stockholders are to meet on Oct. 20.

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.

Quaker City Life Insurance Co.
Sept. 12 it was reported registration is expected late this month of about 90,000 shares of common stock. **Proceeds**—To go to selling stockholders. **Underwriter**—Lehman Brothers, 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.

★ Republic National Bank of Dallas (Tex.) (10/4)
Sept. 19 it was announced bank plans to offer to its stockholders of record Oct. 4, 1955, the rights to subscribe for an additional 187,500 shares of capital stock (par $12) at the rate of one new share for each 12 shares held. **Price** — $45 per share. **Proceeds** — To increase capital and surplus. **Underwriters**—Walker, Austin & Waggoner, The First Southwest Co. and Dallas Rupe & Son, all of Dallas, Texas. **Meeting**—Stockholders to vote Oct. 4 on approving financing and stock distribution of 5%.

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 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 construction program. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Morgan Stanley & Co. **Bids**—Expected to be received on Oct. 17. **Registration**—Planned for on or about Sept. 28.

Southern Co. (11/1)
Aug. 29 it was announced company plans to offer first to common stockholders 1,507,303 additional shares of common stock (par $5) on a basis of one new share for each 12 shares held about Nov. 1; rights to expire on Nov. 22. Warrants to be mailed on Nov. 2. **Price**—To be named by company on Oct. 31. **Proceeds**—To repay bank loans and for investment in additional stock of subsidiary companies. **Underwriter**—To be determined by competitive bidding. Probable bidders: The First Boston Corp., Ladenburg, Thalman & Co., Carl M. Loeb, Rhoades & Co. and Wertheim & Co. (jointly); Blyth & Co., Inc., Bear, Stearns & Co. and Dean Witter & Co. (jointly); Union Securities Corp. and Equitable Securities Corp. (jointly); Lehman Brothers; Morgan Stanley & Co.; Kidder, Peabody & Co., and Merrill Lynch, Pierce, Fenner & Beane. **Bids**—Tentatively scheduled to be received up to 11 a.m. (EDT) on Nov. 1. **Registration**—Not expected until Sept. 30.

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.

Spray Cotton Mills, Spray, N. C. (10/11)
Bids will be received at the Office of Alien Property, Department of Justice, Room 664, 101 Indiana Ave., N. W., Washington, D. C., up to 3 p.m. (EDT) on Oct. 11 for the purchase from it of 2,610 shares of common stock (par $100). This represents approximately 31.99% of the common stock issued and outstanding. **Proceeds**—To the Attorney General of the United States. **Business**—Manufactures and sells carded cotton yarn.

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.

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.

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Investment Company Portfolio Management

quite catch up to our approved list. It is a goal that we keep working toward and, of course, as we get nearer to it conditions change and we again in turn have to change the approved list but it is always the lodestar that we keep working towards.

The portfolio administrator has before him at all times a guide in setting up his purchase and sales program. He has his hypothetical investment portfolio and his decisions are also buttressed by the policy decisions of the board of directors of the companies and the more specifically defined recommendations of the Advisory Committee. That, in general is the background of our organization and management.

For the few moments I have left I would like to describe the function which I am more particularly associated with and that is the description and forecasting of the economic background against which our investment decisions must be made. Since we handle a broad portfolio we must always keep in mind that the broad changes in the economy are going to be the background and the underlying groundswells against which and by which the fortunes of the nationwide companies in which we invest are going to be affected.

We take as a premise that over the long run the prices that securities command in the market place will be determined principally by four major factors. The first of these — and these aren't necessarily in rank of importance —is the profits that the companies are able to make. The second is the dividends they disperse, the third is the balance between the demand for capital and the availability of credit and savings which are seeking investment and finally, security prices are under the influence of a rather indefinable thing called investor psychology.

All of these things, we feel, possibly with the exception of investor psychology, are to a varying degree determinable and to some extent subject to forecast. So far as psychological goes it is possible that the work which is being done now on individual and business attitudes might be fruitful and will give us some better measures as to those factors which determine investor psychology but I am afraid that our attainments in that direction for some time are likely to be unsatisfactory. However, psychology is somewhat transient in its effect. It fluctuates and over the long period, the great lodestar of values is more likely to be earnings, dividends and the availability of capital.

Our major effort is directed toward forecasting the economic pattern in some detail for 18 months to two years. We do make longer projections of the economic picture, but principally in assisting us to do our short-term analysis against the background of a growing and changing economy. Our principal reliance is on a detailed study of the important segments of the economy within the framework of the national income accounts. That is, we give our attention to the government sector, the business sector, the foreign sector and the very great and important consumer sector.

When we have come to a judgment on the sectors we fit them together with due regard to their inter-relationship and the effect they have upon each other. We tend to start with those sectors in which we can get the better and more detailed forward plans. For instance, the first thing we usually tackle is the projection of Federal Government spending. That starts with the President's Budget Message, which is usually scheduled, I believe, for the third week in January and lays out budget expectations for the current fiscal year and for the next fiscal year, so you see it lays down something of a blueprint of a quite preliminary nature as to what may happen in the government sphere in the next 18 months. As time goes on we must take account of revisions which are based on official statements, political developments and the actual course of spending as reported by the Treasury.

The next segment of government spending, of course, is state and local spending and that is not covered by any consolidated budget. Here we have to depend to a considerable extent upon secular growth trends as an increasing population requires more services from local and state governments and, of course, we direct particular attention to financing and financing plans with regard to state and local spending on capital budgets.

Business Capital Spending

In projecting business capital spending we depend considerably on the SEC reports of business intentions and upon the surveys conducted by McGraw-Hill. We supplement these with studies bearing on the financial ability of corporations to carry out their expressed intentions either from present working capital positions, from internally generated funds or funds available to the form of credit or savings which they can tap from the market. When our analysts interview management one of the most important things they inquire about is the matter of the future capital plans, so they can feed some of that back to us for our economic work.

Inventories are always a difficult thing to project. They are, of course, one of the most unstable and one of the most influential factors in the business cycle. Our procedure is to make a preliminary projection of business inventories based broadly on business sales and inventory expectations and then to adjust these estimates once projections dealing with consumer demand and commodity price levels have been developed.

Residential building is another part of the gross private investment sector, the total output of which is projected. We do this largely on the basis of detailed housing demand studies which are carried on by our specialist in building which he checks against the opinions of various private and government authorities.

Net foreign investment is a rather minor part of the Gross National Product. At times it can be fairly important, but the net foreign sector is generally subject to world-wide influences on which it is extremely difficult to get reliable current information. We generally assume that our foreign account will about tend toward a balance although at times influences do become apparent that would clearly result in a credit or deficit in the account.

After we have developed the government sector, the business sector and the foreign sector, we can make some preliminary estimates as to the course of personal income, and then by applying tax rates we can come to some decision as to income after taxes, or disposable income. Our next step is to determine what personal spending is likely to be and of course personal spending is by far the largest part of the Gross National Product. Its fluctuations percentagewise tend to be less than the others, but due to its very size, the fluctuations in actual dollars tend to be considerably larger. We are not so naive as to believe that personal spending is determined primarily or entirely by income but despite some of the caustic recent criticisms of trying to make correlations between income and spending, looking back we do believe that there is a reasonable range of spending which is determined by disposable personal income. However, within that range, just where the spending falls depends upon a multitude of influences which affect the consumer, such as his current liquid assets, his trend of income, his ideas regarding prices, his debt position and his feelings about his own prospects and the prospects for the economy as a whole.

The Survey Research Center of the University of Michigan has done very excellent work on all of these matters for the Federal Reserve Bank and we study those surveys very carefully and as time goes on they are proving to be of greater and greater help and I think their record really has been very excellent.

At this point having determined the probable spending of each sector, we are in a position to fit the parts together and get a sum total of the future product. Before going on I might say that we don't try to determine merely the total personal spending, we break it down in considerable detail into durables, nondurables, services, and even within durables, into other sub-sectors. After fitting the whole thing together we go back and examine the model for internal consistency. Our projection of consumer demands sometimes changes our earlier ideas of what inventory requirements are going to be, so you see, it is sometimes a matter of going back and reworking our projections.

From here we can go by easily imagined steps to the development of future estimates of employment, unemployment, price trends in various wholesale and consumer categories and levels of industrial production. We make certain projections on the conditions in the money market based on balancing supply and demand for capital as affected by the policies of the Federal Reserve Bank and the Treasury and the needs of the Treasury. The final part of our economic studies is directed toward estimating future aggregate corporate earnings and dividends and the probable earnings and dividends of some accepted stock series such as the Dow-Jones Industrials. Then we relate projected earnings and dividends of the stock index to the level of the market to decide whether securities as a whole are overpriced on present earnings or prospective earnings, underpriced, or selling at fair value.

The results of the economic studies are reported in some detail by the "Economist" quarterly in a document called "The Economic Outlook" that runs to about 25 pages. This report is studied in detail by the portfolio manager and the management staff for a week or 10 days. We then have a series of conferences on the report and come out with some common viewpoint or as common a viewpoint as individuals can have on as diverse a thing as the economic outlook. Thus, the research executives do company and industrial analysis against a common outlook for the economy so that their recommendations are keyed to similar economic premises.

No Infallible Crystal Ball

Let me say here that we do not have an infallible crystal ball, nor do we know anyone who has. We would like to find one if we could. We attempt to project our judgment as far into the future as seems reasonably practicable and constantly adjust our thinking in the light of developing events. Curiously enough we have found that one of the benefits from this approach is in comparing our latest estimate of a particular future period with an estimate for that same period made at some earlier date. These comparisons constantly bring to light developing economic forces which might otherwise be quite undetected. In that way we are, to some extent, served even by our mistakes.

I have already mentioned our weekly investment department staff meetings and at these meetings we keep up with current indices, particularly relating to banking, retailing and prices. We have been lately watching with considerable interest the leading, coinciding and lagging groups of economic indicators, so classified by the Bureau of Economic Research.

We have frequently been asked if we use any particular system for catching trends in the market. My answer is, no, unless the consistent application of judgment based on broad experience and information constitutes a system. We firmly believe that in our difficult and socially constructive job of investing other people's money there is no substitute for seasoned men using every available resource of information and experience. It is a somewhat shirt-sleeve approach, I should say. A good part of it is a matter of the application of the seat of the pants to the chair and just plain hard work.

Columbia Gas System Debentures Offered

Public offering of $40,000,000 The Columbia Gas System, Inc. 3⅝% debentures, series E, due Sept. 1, 1980, at 100% and accrued interest, to yield 3.625%, is being made by Halsey, Stuart & Co. Inc. and associates. The group won award of the debentures at competitive sale yesterday (Sept. 21) on a bid of 99.26%.

A portion of the net proceeds from the financing will be applied by the company toward the prepayment of a portion of its bank loans, which were incurred in connection with its construction program. The balance of the proceeds, together with other funds of the corporation, will be available to complete the 1955 construction program of the corporation's subsidiaries.

The new debentures will be subject to redemption at regular redemption prices ranging from 103.45% to par, and for the sinking fund at prices receding from 100.10% to par, plus accrued interest in each case.

The Columbia Gas System, Inc., a public utility holding company, is an interconnected natural gas system composed of the corporation, 14 operating subsidiaries and a subsidiary service system. The operating subsidiaries are engaged in the production, purchase, storage, transmission and distribution of natural gas. Certain subsidiaries produce and sell gasoline and other hydro-carbons and one subsidiary produces and sells oil. Retail natural gas operations are conducted in the states of Ohio, Pennsylvania, West Virginia, Kentucky, New York, Maryland and Virginia. In addition, the system has extensive wholesale business and sells natural gas to non-affiliated public utility companies for resale to their customers. Natural gas is sold at retail to approximately 1,252,900 residential, commercial and industrial customers.

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Dealer-Broker Investment Recommendations & Literature

Dresser Industries, Inc. — Memorandum — Walston & Co., 120 Broadway, New York 5, N. Y.

Ford of Germany — Memorandum — Oppenheimer & Co., 25 Broad Street, New York 4, N. Y.

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

General Gas Corp.—Memorandum—Kidder, Peabody & Co., 17 Wall Street, New York 5, N. Y.

Lincoln National Life Insurance Co.—Memorandum—John C. Legg & Company, 22 Light Street, Baltimore 3, Md.

Manabi Exploration Company Inc. — Comprehensive report — Leason & Co., Inc., 39 South La Salle Street, Chicago 3, Ill.

Mesabi Iron Company—40 page study—$10 per copy—Osborne & Thurlow, 39 Broadway, New York 6, N. Y.

Metal & Thermit Corporation—Analysis—New York Hanseatic Corporation, 120 Broadway, New York 5, N. Y. Also available is a bulletin of suggestions for tax-loss exchanges in the bond market, and a card memorandum on **Philips Lamps.**

Minute Maid Corporation—Analysis—G. A. Saxton & Co., Inc., 70 Pine Street, New York 5, N. Y.

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

Northern Natural Gas—Data—Abraham & Co., 120 Broadway, New York 5, N. Y. Also in the same bulletin are data on **Phillips Petroleum, Pillsbury Mills,** and **Square D Company.**

Ohio Turnpike Revenue Bonds — Report — Blyth & Co., Inc., 14 Wall Street, New York 5, N. Y.

Pepsi Cola Company—Analysis—Blair & Co. Incorporated, 44 Wall Street, New York 5, N. Y.

Pittsburgh Metallurgical Co. Inc. — Data — Hay, Fales & Co., 71 Broadway, New York 6, N. Y.

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

Rocky Mountain Fuel Co. (in liquidation) — Report — L. H. Wright Company, 135 Broadway, New York 6, N. Y.

Shamrock Oil and Gas Corp.—Report—Thomson & McKinnon, 11 Wall Street, New York 5, N. Y.

Sheraton Corporation of America—Annual report—Sheraton Corporation, 470 Atlanta Avenue, Boston, Mass.

Stanley Aviation Corporation—Analysis—Amott, Baker & Co., 150 Broadway, New York 38, N. Y.

Telecomputing Corporation — Report — William R. Staats & Co., 640 South Spring Street, Los Angeles 14, Calif.

Trans Canada Pipe Lines Limited—Bulletin—Scherck, Richter Company, 320 North Fourth Street, St. Louis 2, Mo.

U. S. Vitamin Corporation—Reprint of talks by H. B. Burns, President, and B. A. Fuchs, Assistant to the President before the New York Society of Security Analysts—De Witt Conklin Organization, 100 Broadway, New York 5, N. Y.

West Virginia Turnpike—Analysis of fundamentals—By D. R. Bonniwell—Cruttenden & Co., 209 South La Salle Street, Chicago 4, Ill.

Whirlpool Corp.-Seeger Refrigerator Co.—Memorandum—Fulton, Reid & Co., Union Commerce Building, Cleveland 14, Ohio.

White Eagle Oil Company — Analysis — H. Hentz & Co., 60 Beaver Street, New York 5, N. Y.

Our Reporter's Report

The new issue market, though seemingly shaking off some of its recent lethargy, remains a mighty touchy proposition, according to observers who keep in day-to-day contact with the situation.

Notwithstanding that there is no such thing as a burdensome threat of new outpourings hanging over, the market is still one in which "proper pricing" is the major requirement say these experts.

They warn that to become an involuntary long-term investor a banking group has but to be wrong to the extent of two to three basis points in working out a yield. Such has been the case for a spell now, and much the same condition prevailed even before the firming up of money rates developed six or eight weeks ago.

One deal sometimes sparks another which, in its initial stages, had been slow in moving. As an example, Ohio Power Co.'s $17 million of new first mortgage bonds, brought to market this week on a 3.32% yield basis, moved sluggishly.

But, in the opinion of bond men, the fixing of that yield rate sparked interest in Utah Power & Light Co.'s $15 million of 30-year bonds which had been brought out on a 3.50% basis. Demand was such that it was reported cleaning up the balance of the issue.

Works Other Way Too

The tendency of the reception given one issue to affect the course of another can work the other way round too, it was pointed out. Ohio Power Co. also sold 60,000 shares of new preferred stock.

The successful bidders put a price tag of $101.20 a share on the issue which, carrying a 4.20% dividend rate, would return a yield of 4.15%. Like the bonds, the senior stock was reported slow in moving out.

Sluggishness was ascribed in part to a disposition on the part of potential buyers to wait and see what terms were fixed for Public Service Electric & Gas Co.'s 250,000 shares of new preferred slated to reach market today (Thursday).

Baltimore & Ohio

Bankers sponsoring the Baltimore & Ohio operation had enough exchanges and buying orders for the new bonds to call the plan operative at the close on Monday night. They reported $210 million of the $280 million total spoken for and agreed to take down the unsold balance for their own account.

So the railroad is assured of the success of its huge debt consolidation undertaking and the bankers now will proceed to market the balance of the bonds.

All of the long-term 4¼s, due 1995, were either sold or exchanged. Bankers now have for sale $21.5 million of the series A 3⅞s due Aug. 1, 1970, and $47.8 million of the series B 4% bonds, due Sept. 1, 1980.

Thin Fare Ahead

With this week's flurry of new business out of the way, the underwriting fraternity faced up to another fortnight of sluggishness judging by a glance at the issue calendar.

Aside from Pennsylvania Railroad's $8 million of equipment trust certificates, Kaiser Aluminum's 700,000 shares of preferred, a negotiated deal, is the only sizable project next week.

The following week will bring to market a large secondary, 200,000 shares of Aluminum Co. of America stock, along with $10 million of Pacific Power & Light bonds and $35,000,000 debentures for the Public Service Electric & Gas Co., both competitive bidding.