CANADIAN INVESTMENT OPPORTUNITIES FEATURED IN THIS ISSUE

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EDITORIAL

As We See It

Can a leopard change his spots or an Ethiopian his color? This rhetorical question is today in effect being asked by many who doubt the bona fides of the Soviet's new look. They, or at least some of them, deeply fear that we shall be "taken in" by wily negotiators from the Kremlin, and presently find ourselves at the mercy of a relentless and perfidious group of doctrinaire zealots determined to enslave the world. Others find encouragement in the hope, apparently shared by high officials of the Eisenhower regime, that it may be possible to do business with the Kremlin, and save the world the treasure and the blood that would inevitably be sacrificed in a life-and-death struggle between the East and the West. Argument over these questions is intense and grows more so as time passes.

It is a time to keep one's head, and never for a moment lose sight of basic principles. And it is at just such a time that there is the greatest danger of confusion and befuddled thinking — the more so since these questions are eternally bedeviled with politics. There are able men in the Republican Party who are deeply disturbed lest their party becomes "soft on communism" — as they have so roundly accused the Democrats of being, and some are now accusing certain of their own leaders of being. The immensely popular head of the Republican Party has nonetheless gone far in an effort to bridge the gap between the East and the West in the hope of establishing a durable peace.

Confusion and conflict here at home must give way to calmer and clearer thinking. Perhaps it would help to set down simply a few of the

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The Outlook for Business And Investment Banking

By MARCUS NADLER*
Professor of Finance,
Graduate School of Business Administration
New York University

Dr. Nadler, though stating the outlook for investment banking is good, points out the deceptions of business forecasting and the keener competition developing in the underwriting and securities business. Urges "watching the automobile industry," and discusses such favorable factors in the economy as: (1) growing population accompanied by higher living standards; (2) increased emphasis on research; (3) the government's role in the economy, and (4) the changes taking place in industry and trade. Foresees large demand for capital funds.

The topic of my lecture was given the title of "The Economic Outlook." I should like to broaden it a little, and I should head the topic as follows: "The Outlook for Investment Banking," which of necessity embraces the economic outlook. And the reason I did it, briefly, is this. Most of you are young men entering this field of investment banking and naturally the thought must have occurred to you, "What is the outlook for this business? Are we entering a dynamic business with a great future before us? Or is it a dying business?" If you should find that the investment banking business holds out a great deal of hope for the future, then you will know that your efforts, your labors, your energy and your studies will be worthwhile. If, on the other hand, you find that this is a dying business, you will reach the conclusion that while you are still young you had better switch to another profession which holds out more for

Marcus Nadler

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*A talk by Dr. Nadler at the Forum on Finance, New York University, New York City.

Canadian Investment Opportunities Featured

Canada's Industrial, Mineral And Financial Growth

Extent of investment opportunities abounding in Canada dramatically illustrated in fact that it will attract more than $6 billion in foreign and domestic capital in the present year. Upward surge of all phases of nation's growth cited. Tabular record of Canadian companies which have paid consecutive cash dividends from 5 to 127 years highlight of survey. Excellent market facilities boon to investors.

When you view the political confusion in Argentina, the Communist cabals in Morocco, Indonesia, and Indo China, and the rapid rotation in high office in France and Italy, you appreciate all the more the sustained good government and sound political economy of Canada. With a currency that bows to none in quality and acceptability, and that has steadily maintained a premium over the U. S. dollar for several years; a branch banking system of classic solvency, and renowned responsiveness to depositor and community financial needs; and an economic climate (devoid of capital gains taxes) where industry, initiative and enterprise can flower and flourish, Canada justly merits this semi-annual editorial salute. No wonder almost $6 billion in domestic and outside funds will pour into Canadian trade and industry this year. The attractions and opportunity for sound investment in the land of the Maple Leaf are exceeded by no other nation on this planet.

Huge Domestic Consumption of Oil and Gas

The traditional concept of Canada seems to have been that of a producer of raw resources—

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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 51.

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

Textron American, Inc. — Morton Globus, Market Analyst, Dreyfus & Co., New York City (Page 2).

Norwich Pharmacal Company — Henry Weissenbach, Resident Manager, Ball, Burge & Kraus, Columbus, Ohio (Page 2).

MORTON GLOBUS
Market Analyst
Dreyfus & Co., New York City
Members New York Stock Exchange and Other Principal Exchanges

Textron American, Inc.

On Sept. 30, 1953, Textron acquired the business of F. Burkart Manufacturing Company at a price of $1,800,000. The company is engaged in the manufacture of batting, padding and upholstery filling, sold principally to the automobile (80%) and furniture and mattress industries (20%).


Morton Globus

On Jan. 8, 1954, all the stock of Dalmo Victor Company, a leading manufacturer of airborne radar antennae and related equipment was acquired for cash.

On March 25, 1954, Textron for $1,750,000 acquired all the capital stock of the M. B. Manufacturing Company, a leader in its specialized field of aircraft engine mounts and vibration elimination equipment.

On June 29, 1954, Textron acquired the assets of Newmarket Manufacturing Company for 45,000 shares of its preferred stock. This company manufactures rayon and acetate goods.

On Feb. 24, 1955, Textron merged with American Woolen Company and Robbins Mills into a new company called Textron American, Inc. with a net worth of more than $89,000,000 and total assets of $151,000,000. The former company was one of America's leading woolen manufacturers, the latter an important manufacturer of synthetic fabrics. The merger of American Woolen and Robbins Mills was accomplished by the outlay of cash, debentures, preferred and common stock.

Since the merger with Textron American, 11 of Woolen's 24 mills have been sold. Three of the remaining New England mills are operating profitably today.

The plants and equipment of Robbins Mills and the former Textron Co. are modern and up-to-date in contrast to the outmoded mills of American Woolen.

As regards Textron's own business — that of producing a wide variety of textile fabrics of natural and synthetic fibres, the company utilizes 15 modern low cost plants, 12 of which are down South and 2 in Puerto Rico. Output is in staple type goods, with an annual capacity approximately 50,000,000 linear yards of cotton and 139,000,000 yards of synthetics.

Not only did Textron become the fourth largest textile producer by virtue of the merger with American Woolen and Robbins, but the resultant company, Textron American also acquired a tax loss carryover of about $40,000,000, and working capital of approximately $48,000,000.

Substantial savings have resulted from the elimination of duplicating and overlapping merchandising, manufacturing, engineering and research facilities.

Textron is building a new low-cost woolen plant at Barnwell, South Carolina, which is designed to produce over $20,000,000 of both staple and semi-fancy fabrics with production scheduled for early 1956.

On April 5, 1955, Ryan Industries, Inc., a manufacturer of various products for the government, including electronic timers, rocket launchers, rate of climb indicators, aerial camera magazines, tank gun mounts and other precision devices, was acquired for the purchase price of $1,035,200 cash, plus 25% of pretax earnings for a period of 10 years. Pretax earnings of Ryan for 1955 have been estimated in excess of $1,000,000.

On July 11, 1955, Textron purchased the 30 year old Homelite Corp., a manufacturer of chain saws, generators, blowers and pumps, which sells through 56 branch offices and 2,000 dealers outlets. Its annual sales are at a rate of approximately $20,000,000.

It is interesting to note that within the last two years Textron has acquired five non-textile properties without issuing a share of stock (in fact a number of the operating personnel of the acquired companies purchased shares of Textron American in the open market). Total annual sales of these companies are believed to be running at the rate of $85,000,000 and earnings at an annual rate of approximately $7,500,000 before taxes or $2 per common share after preferred dividend requirements.

The earnings records of the textile companies comprising Textron American have been erratic. It appears however through its diversification program, Textron is well on its way towards eliminating the wide swings of earnings due to the cyclical nature of the textile industry.

Textron has arranged to purchase the international cable system of Western Union through the medium of its own new wholly-owned subsidiary, Western Union Cables, Inc. The purchase price is $18,000,000, with an indicated cash outlay of only $2,000,000, and the sale is subject to the approval of both Western Union stockholders and the Federal Communications Commission. The Western Union Cable business grossed $12,653,000 and netted $3,500,000 before income taxes in 1954.

Capitalization of Textron American consists of $38,070,000 principal amount of long-term debt; 652,219 shares of $1.25 preferred (convertible into common on a share-for-share basis), 26,635 shares of a series "A" 4% preferred (par $100), 88,578 shares of a Series "B", 4% preferred (par $100), and 2,889,014 common shares with a book value of over $23.50 per share.

Textron American and its subsidiaries employ over 13,750 employees. It is believed to be the first publicly owned company to require its directors to own at least 1,000 shares of stock. Royal Little, Textron American's founder and leader, owns over 100,000 shares.

Textron paid 10c in the first quarter, 25c in the second quarter, and just declared another 25c dividend payable on Oct. 1, 1955.

Textron American earned 69c per share for the six months ended June 30. It is believed the company earned over $600,000 in July and should earn 60c to 70c per common share during the third quarter.

Moreover as a result of its policy of continually seeking new and varied business, it is understood that Textron American will soon add another sound, well managed and profitable company to its fast growing industrial empire.

In view of the pattern shown by its acquisition of eight industrial companies within the last two years, and with the prospect of possible further profitable acquisitions, Textron American merits being called a growth company with dynamic leadership. With or without a cyclical upturn in the textile industry Textron American could show a marked increase in earnings per share particularly since a capital loss carryover will permit the company to earn approximately $40 million before being subject to corporation taxes.

I believe that Textron American's shares, which sell around 20 on the New York Stock Exchange, offer outstanding speculative possibilities for capital appreciation.

HENRY WEISSENBACH
Resident Manager, Columbus, Ohio, Office of Ball, Burge & Kraus
Members, New York Stock Exchange

Norwich Pharmacal Company

The appeal of Norwich Pharmacal for capital gains purposes lies in the "jackpot" potentials which exist in the development for human and animal consumption of new drugs made from a base of the company's exclusive nitrofurans.


Henry Weissenbach

This growth is not just a future possibility but is already in evidence. Sales and pretax earnings have increased each year since 1947 and profit margins (pre-tax) have widened considerably. With sales gains of 29% and 44% registered in 1953 and 1954 by one of the company's divisions (Eaton Laboratories) and a 56% gain projected for 1955, the future may be upon us.

Norwich's net income in the June quarter showed a gain of 44% over the same quarter of 1954 and sales of $24 million and earnings of approximately $3 a share are projected for 1955. Pretax profit margins in the future will exhibit a marked improvement. In the next few years sales of the highly profitable ethical and chemical specialties, now about $6.5 million, may be expected to increase rapidly. Gains in net income should be made at an even greater rate.

Superimposed on the steady growth in sales of some 60 proprietary products led by "Pepto-Bismol" and "Unguentine" are both a chemical and an ethical pharmaceutical division (Eaton Laboratories) marketing products based on synthetic furan chemicals developed by the company.

Growth of the company in the past few years may be traced to the rapid gain in sales of these two divisions. Continued and accelerating growth may be expected in the future as new products are introduced and existing

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LETTERS TO THE EDITOR:

Comments on Variable Annuities

Letters received as a consequence of the two articles by Dr. Sakolski on the subject of variable annuities reproduced herein.

The nondesirability of permitting insurance companies to issue so-called "variable annuities," backed by investments in common stocks and with the income to the recipient thus being of a varying nature, was stressed in two articles by Dr. A. M. Sakolski. The first article, "Variable Annuities: A Dangerous Experiment," appeared in the "Chronicle" of August 4, and the second, "More on Variable Annuities," was published in the issue of August 25. The basis for Dr. Sakolski's discussion of the subject was the presentation (for the second time) of applicable bills in the New Jersey State Legislature at the behest of the Prudential Insurance Co. of America. The bills have been with a committee of the legislature all during the current session, but no action on them has been taken and no move has been made by the Chairman of the committee to bring them to the floor of the Legislature.

The principle involved in the proposal has for some time been a subject of continuous comment, not only in the securities and insurance fields, but also among bankers, members of the SEC and State regulatory authorities, and in economic circles generally. Since the appearance of Dr. Sakolski's articles, several letters commenting on the instant subject have come to hand. These are reproduced below and we shall be pleased to present any others that are received.—Editor.

NORMAN F. DACEY

Norman F. Dacey & Associates Financial Consultants & Trustees Bridgeport, Conn.

For some time now the life insurance industry has been grimly conscious of the trend away from high-premium annuity-type policies and toward the cheaper policy forms, particularly term insurance. This has reflected the growing realization by the American people that life insurance is essentially protection and that they should pay as little as possible for it. As a result of this, for the past two years the insurance companies have been falling over each other in an unprecedented rate-cutting contest.

Norman F. Dacey

Reporting a "distinct shift of business from limited payment life and endowment forms," the New York Life reduced its rates up to 10%. The biggest-of-them-all, Metropolitan, noted "a marked shift toward protection policies"—term insurance, which constituted 7% of its total ordinary sales in 1943, was up to 10% by 1947, 14% in 1950 and is climbing steadily.

The Phoenix Mutual, which pioneered the retirement income policy and spends millions advertising nothing else, now admits "an increase in the percentage of term insurance sold at the expense of retirement income and other endowment types."

Acknowledging that whole life and term policies, which in 1947 represented 71% of its total ordinary sales, had climbed to 82% by 1953 and were now even higher, another giant of the industry, the John Hancock Life, says, "We have noted an appreciable shift in the incidence in our sales between relatively low-priced plans and those of the investment type. While this shift has occurred slowly, it is quite marked when observed over an appreciable period of years."

Because it had "experienced some increase in the relative volume of our terms insurance" Mutual Life of New York reduced its ordinary rates a flat 10% below those in effect barely five years ago, hoping thereby to encourage the public to resume purchase of the more expensive policy forms. Like most of the advertised reductions, it was more apparent than real—a corresponding reduction in the dividend rate left the buyer right back where he was before the big "reduction."

The giant Equitable Life first reduced its rates 5% and then brought out a new policy with a 15% reduced rate.

As recently as March of this year, the Prudential was insisting that it had noted "no important change" in buyer preference. Its sponsorship of the variable annuity suggests that the statement may not be entirely accurate.

This all adds up to a simple fact — people just aren't buying life insurance as an investment any more. The insurance companies see money which once poured into their coffers now being directed elsewhere, principally to the booming mutual funds. When some of the funds developed plans which combined life insurance with share investment, they sold like hotcakes and the insurance industry's cup of bitterness was really running over. A representative of the New York Life underwriters remarked sourly that the insurance companies which were providing the coverage on these insured investment plans were "devouring their own young."

Having exhausted every argument in the book, including the threadbear one that their contracts were "guaranteed," without stemming the tide, a small segment of the insurance industry

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Articles and News **Page**

CANADA'S
INDUSTRIAL, MINERAL AND FINANCIAL GROWTH

Article starting on the cover page "Canada's Industrial, Mineral and Financial Growth" deals with the investment opportunities in Canadian securities and includes a tabulation showing the banks and companies listed on the Canadian Exchanges which have paid consecutive cash dividends from 10 to 127 years (Table I, page 21) and a second tabulation (Table II, page 35) with respect to consecutive cash dividend payers from 5 to 10 years.

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Observations . . .

By A. WILFRED MAY

MARKETS SELLING EX-REPUBLICANISM

(This article is based on the assumption that as a result of the impairment of General Eisenhower's health, the Democrats' chances of winning the Presidency in 1956 are immeasurably enhanced, if not actually ensured).

Eight years ago it was an election result, not a heart attack, that unexpectedly kept a Republican from White House occupancy. Noontime Wednesday Nov. 3, 1948 Fair and New Deal-surfeited Wall Street, along with the rest of the nation's 25-to-1 forecasters (including newspapers which had enterprisingly *announced* a Dewey victory), were stunned by the unbelievable news of their Party's upset.

A. Wilfred May

The Street's despair then was quickly manifested in one of those major market busts — the most violent since the epochal fall on Sept. 9, 1946 — to the tune of trebled volume, a late tape with openings delayed for three to four hours, and (as now) **selling concentration on enormous odd-lot dumping by the small investor.** Typically RCA lost 10% in 62,000 share trading. Bonds dipped one to two points. Commodities were contrastingly strong.

The following day witnessed a rally halving Wednesday's loss. Friday, Nov. 5, ushered in a second break in the broadest market on record until then. The "best" issues, like Steel and Jersey, melted away in 10-15% declines. During the following short Saturday session, after an abortive rally, the market ran into a further decline.

The "Explanations"

"Explaining" the bust, the commentators cited the new prospects for corporate profits decline, with a higher break-even point for industry; increased taxation; increased government spending; further labor concessions with a liberalized minimum wage law; and prospective payment of a $3 billion dividend to veterans (it was not long after that the last four "bearish" factors were cited to explain the subsequently *rising* market).

But over-all, the market community was pervaded by frustration over the withholding of friendly Republicanism. "Investment Probabilities Under a Labor Government—Truman Victory No Ordinary Election," was the caption of a typical post-election article by one of the Street's very top commentators.

During the week following that 1948 election the market underwent additional reactions, sinking to the lows recorded the previous March; which represented a level 7% below the end of the previous year. Then, after a rally attributable to favorable earnings reports and soothing statements from the victorious Democratic politicians, the market sank to new lows. With the appointment by President Truman of the sound and trusted economist Edwin G. Nourse to devise an anti-inflation program, the public was completely befuddled between the likelihood of inflation or deflation.

Subsequent Recovery

In any event, during the month of December stock prices regained one-half of November's losses, which represented a level 3% below the end of 1947.

The bond market remained stable; partly in reflection of seeming assurance of continuance of the government's pegging operations.

The new year 1949 started off with rising prices following the unexpectedly mild tone of President Truman's messages to the Congress. By the middle of 1950, after intermittent reactions, the averages registered a net gain of 25%, and as of the end of the Truman-Fair Deal Administration in 1952, an additional advance of 30%.

* * *

Ex-Eisenhower

An even more drastic break is to be expected following the shocking news of our incumbent Republican's coronary attack. Whereas the 1948 Election result occurred after a period of market doldrums, this Monday's market was preceded by a three-year "Eisenhower Market" during which the averages have almost doubled. To the Wall Street adage, "The one thing the Street cannot take is the unexpected" should be added: *"by the holder of big paper profits."* Small wonder that it is inescapably tempting to him to cut the Gordian knot by deciding to cash in a juicy profit, in lieu of resolving complicated pros and cons.

The Future Implications

For the longer-term it is this writer's considered conviction that the prospects are **decisively bullish.**

Between now and Election time the incumbent Administration's policies will be governed by the political knowledge that it is now a mere 10- or 20-to-1 shot, in lieu of its status before last weekend of highly confident odds-on favorite. Hence the present controls on housing and credit will be relaxed, along with an easing of money rates, far sooner than was anticipated. Affirmatively, a politically desperate re-Election-bent Administration will go the whole-hog in instituting expansionary-inflationary measures fully to exploit the prosperity platform. Typically—gone will be the highminded indulgence in the ideal of a balanced budget, and other restrictive policies now directed from the Clay-Humphrey area of former decisive influence with Ike!

The Longer-Term Outlook

After November 1956:—the return of a Democratic Administration will also be bullish—founded on subsidies to various favored groups, wage rises, cheaper money, and a general push toward higher prices.

Forgetting the personalities of the alternative Presidential choices; and foregoing the temptation to substitute political preference for hard-boiled investment judgment: — the investor's choice must go to the equity share rather than the fixed-interest sector!

But bonds too, particularly tax-exempts, should advance with easing money rates. Commodities also—via a return to rigid farm props, and the rest of the gamut of politically-strategic subsidies —would resume their use over the long-term.

* * *

Let your portfolio decisions be icily divorced from political partisanship!

With Merrill Lynch

(Special to THE FINANCIAL CHRONICLE)

DAYTON, Ohio—Hubert A. Estabrook, Jr. is with Merrill Lynch, Pierce, Fenner & Beane, American Building.

With Slayton in Dayton

(Special to THE FINANCIAL CHRONICLE)

DAYTON, Ohio — Marion E. Pease has joined the staff of Slayton & Company, Inc., 59 Central Avenue.

Brew-Jenkins Adds

(Special to THE FINANCIAL CHRONICLE)

MILWAUKEE, Wis.—Elmer H. Engel is now associated with Brew-Jenkins Company, Inc., First Wisconsin National Bank Building. In the past he was with Lon Grier & Co. and Loewi & Co.

With Palmer, Pollacchi

(Special to THE FINANCIAL CHRONICLE)

BOSTON, Mass. — Vincent E. Parziale is now with Palmer, Pollacchi & Co., 84 State Street.

R. L. Williams Opens

BELLAIRE, Tex. — Riley L. Williams has opened offices at 4609 Pin Oak Lane to engage in a securities business.

The State of Trade and Industry

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

Total industrial production for the nation-at-large in the period ended on Wednesday of last week was maintained at a high level with output registering a considerable rise above the level of the comparable week in 1954.

With the exception of a somewhat limited supply of copper, most materials were plentiful.

As for the country's labor force, it was noted that while many automobile workers were idle for the model change-over period, total claims for unemployment insurance declined noticeably.

New claims for state unemployment compensation dropped 1,300 to 159,700 in the week ended Sept. 17, the first time in nearly three years the number has dropped below 160,000, the United States Department of Labor reports.

Eighteen states, led by Michigan, Wisconsin and Indiana, reflected reductions from the preceding week, while Ohio topped the states showing more initial claims, it stated.

In the preceding week ended Sept. 10, the total number of unemployed persons drawing state compensation declined 9,300 to 904,000, department figures showed. It attributed the reductions principally to favorable seasonal influences, further recalls in flood damaged plants and increased activity in food processing.

Living costs changes this fall will be "fairly narrow," the Bureau of Labor Statistics noted. This forecast was made as it announced a decline of 0.2% in consumer prices in August. This carried the index down to 114.5% of the 1947-49 base, compared with 114.7% in July and 115.0% in August, 1954. Seasonally lower food prices were mainly responsible for the August drop.

During the first six months of this year consumers, according to the United States Department of Commerce, spent 94 cents out of every dollar of their incomes, after taxes, for goods and services. This compared with 92 cents in the like 1954 period. Most of the increase, it stated, went for durable goods, mainly autos. Stepped-up consumer spending is regarded by many economists as a major factor in the 1955 business boom, but some also feel the public is buying too much on credit and the economy may be headed into a period of inflation.

Steel producers are still trying to match production with order volume, but incoming business is setting a terrific pace that is likely to continue into 1956, states "The Iron Age," national metalworking weekly, this week.

The mills are handicapped by a shortage of steelmaking capacity, and expansion programs now taking form will not make themselves felt until next year. These programs will be carried through despite government action in clamping the lid on fast tax writeoffs for steel, declares this trade authority.

For all intents and purposes, virtually all steel products are sold out for the balance of the year. Allocation cutbacks instituted by the mills have helped to bring deliveries more into line with promises. The demand is still there and it will continue strong until inventories have been rebuilt.

Delivery lags have reached the point where even large consumers have to use their ingenuity to keep production lines going. Some are resorting to intra-company trading of critical products to carry them over tight spots. Others are still paying a premium to get emergency tonnages from warehouses, reports this trade journal.

Warehouse inventories, however, are declining. The dual pressure of strong demand and slow deliveries from the mills have placed them in a position where they are receiving from a third to a half less steel than they are shipping.

Pressure from the railroads has opened up plate mill schedules for freight car builders even though these orders hit the mills

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Copper Mining Prospects in Canada

By EDMOUR A. R. GERMAIN

Mr. Germain calls attention to the bright outlook for copper, as well as uranium mining in Canada, and points out there are big rewards for the patient prospector who applies intelligence as well as brawn in the search for valuable ores. Cites tax incentive privileges accorded to prospectors by the Dominion Government, and notes that the increase in nickel production has meant a corresponding increase in copper output. Says favorable copper market situation has induced many companies to re-examine old and abandoned mining claims. Gives data regarding Canadian mining areas.

Copper mining in Canada is taking on some of the glamor which the public has been accustomed to associate with the search for uranium ore. The glamor reflects of course the bright outlook for the metal arising out of the numerous opportunities for capitalizing on unusually favorable market conditions.

E. A. R. Germain

As in the case of uranium, there are big rewards for the patient prospector who applies intelligence as well as brawn and enthusiasm in the search for valuable ores. Thus, the investor who finances this activity can share with the established producer the profits to be made. Canada is rich in many minerals and copper is one of them.

The Tax Incentive

From a tax angle, copper enjoys certain privileges with new mining enterprises accorded by the Dominion Government. For the first three years of production for sale, after an initial six-month warming-up period, a new mining company, whether copper or uranium or what-have-you, is exempt from the payment of Federal income taxes. So it is not from this point of view that copper looks any brighter than uranium although it is from this point of view that the promoter of a new mining enterprise or the investor in that enterprise will want to gauge his chances for realizing a quick profit.

What tends to give copper its lustre today is the stability of its industry. This stability is reflected in the strength of the world price for the metal. Two years ago, when the British fabricators thought—and hoped—the price might drop to as low as 21 cents a pound in the weak market which developed when government controls were terminated, copper held steadily around 30 cents and the only real movement it has experienced since then has been upward. This past summer, it has been 40 cents and up a pound depending on the time, place and the circumstances of sale.

For Canada, 30-40-and-45-cent copper has meant an unprecedented opportunity for new producers, particularly the high cost ones, to enter the field. At the 43-cent level in the U. S., the price is at an all-time high. Naturally, this situation has stimulated production all around. The beauty of it all is that this demand is essentially economic in nature and, unlike the market for uranium, not dependent upon government as sole buyer. Copper in a very real sense is sharing in the general world-wide prosperity stemming out of the recovery of world trade encouraged by the enhanced prospects for continued peace. The weapons of war have been put aside and men are working and producing again. Goods are necessary for trade. That is the point from which business must start.

Western Europe is back in the market as a big buyer of copper and the United Kingdom is getting more Canadian copper than the U. S. is receiving from that country. In 1954, 77,867 tons of copper were exported from Canada to the United Kingdom against 60,814 tons to the U. S. The two years before, the U. S. had received more of Canadian copper than the United Kingdom had.

Mine production of copper in Canada in 1954 was 599,851,280 pounds — that is, nearly 300,000 short tons—or about 23% of total metallic minerals produced in that country that year. This compares with about 20% of the total for the four years previous. Production in 1953 was 506,504,074 pounds. It is estimated that this year—1955—copper output will amount to 25% of Canada's total metallic minerals production.

Copper Third in Tonnage

Tonnage-wise, copper is exceeded only by iron ore and zinc in the production of the metallic minerals in Canada. This is of course not considering uranium, figures for which are not available. In 1953, iron ore production was 6,509,818 tons and zinc, 803,523,295 pounds while, in 1954, iron ore produced totaled 7,280,256 tons and zinc, 747,718,334 pounds. Dollar-wise, however, the value of copper output stood second in this group only to the value of nickel production. In 1953, value of nickel output was $160,430,098 compared to copper's $150,953,742 and, in 1954, nickel totaled $180,196,300 to copper's $174,139,274.

Measured in terms of growth in dollar volume of minerals output from 1953 to 1954, however, copper stood at the top of the list, that is, in number one position, gaining $23,185,523 to nickel's gain of $19,776,202.

In the first six months of this year—1955—when Canadian exports of all items increased 10.4% to $2,031,400,000 from the $1,839,900,000 for the like 1954 period, copper at $74,594,000 for a gain of $11,117,000 or 17% over last year stood as the seventh largest item on the list, being exceeded by newsprint, planks and boards, wheat, woodpulp, nickel and aluminum, in that order. Canada is in fifth place among the largest copper producing countries of the world, being exceeded only by the U. S., Chile, Northern Rhodesia and Russia. It is also in fifth place as a consumer, being led by the U. S., U. K., Russia and West Germany, in that order.

INCO Production at Record

The expansion programs of the International Nickel Co. of Canada, Ltd. (INCO) and of Falconbridge Nickel Mines, Ltd. to increase the output of nickel have resulted also in a corresponding increase of copper production. INCO's production of copper ore in 1954 was a record 14,456,254 tons and Falconbridge increased copper milling capacity to 2,800 tons per day. A new mill of 1,000 tons capacity was almost completed at Falconbridge's Hardy mine. The company also made significant advances on its other projects at Fecunis Lake, Boundary and Longvac mines.

Also last year, Sherritt Gordon Mines, Ltd. placed its new nickel-copper mine and 2,000-ton concentrator at Lynn Lake, Manitoba, into full production. Lynn Lake itself to which the company shipped the entire community, houses and all, of the former town of Sherridon by sleds over the snow during the winter of 1952-1953 has begun to take real shape. The place now boasts modern stores, a hotel and theatre and sewer and water facilities have been installed. The company closed down its operation at Sherridon the fall of 1951 when its zinc and copper deposits became exhausted there. The decision to move on to Lynn Lake meant that 133 houses, two churches, three stores and a bank had to be sledded north along with the population from Sherridon altogether.

Canadian National Railway Cooperative

The change in the location of this Sherritt Gordon operation was to a great extent made possible by the willingness of the Canadian National Railway to extend its trackage from Sherridon to Lynn Lake, too. It is at its new refinery at Fort Saskatchewan, Alta., 15 miles northeast of Edmonton, that the company treats the nickel concentrates from Lynn Lake. The major copper content of the ore is recovered as a copper concentrate and is currently shipped to a Canadian custom smelter for treatment. The railroad was heeded to move the concentrates. The CNR—as the Canadian Government itself—will take steps to encourage expansion of private companies and their enterprises if it appears an economic return will be forthcoming so that all may benefit from the projects embarked upon. In other words, if a proposition is going to pay, the government—in this case, the CNR — is interested. The CNR likes to show a profit, too. Sometimes, the CNR will group several enterprises together in its thinking to justify such a move.

In 1954, too, Gaspe Copper Mines, Ltd., a subsidiary of Noranda Mines, Ltd., completed a mill in the Gaspe designed to treat 6,500 tons of ore daily but because of the failure of an underwater power cable, bringing

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A Review of Credit And Monetary Policy

By M. S. SZYMCZAK*

Member, Board of Governors, Federal Reserve System

Federal Reserve Board member gives a general review of credit and monetary policy both at home and abroad. Reveals workings of recent Federal Reserve instruments relating to monetary policy, and compares the U. S. actions with policies followed abroad. Says it is too early to judge the effects of policy actions undertaken in recent months, but record of past three years indicates that a flexible credit and monetary policy has contributed to stable economic growth.

Let me discuss with you the general question of money and credit as I see it. As you know, the Federal Reserve is concerned with influencing the volume of credit and money. This influence is brought about primarily by affecting the reserve position of the banking system. By adapting credit and monetary policy to the needs of the economy, the Federal Reserve strives to make the maximum possible contribution to stable economic growth.

M. S. Szymczak

You have all observed the effects of changing credit and monetary policies on the positions of commercial banks. When policy becomes restrictive, more banks will be in debt to the Federal Reserve Banks, bank holdings of short-term securities will generally be reduced, and the market values of long-term securities will be depreciated. All of these developments tend to restrict the willingness of banks to expand credit. When credit and monetary policy becomes easier, the opposite developments will take place.

Although Federal Reserve credit and monetary policy operates through its influence on bank positions, these are only the initial effects. Not only do Federal Reserve actions affect the terms on which banks lend and invest, but indirectly they also affect the terms on which nonbank investors lend and invest. This influence results from the highly developed character of the market for money and credit and the fact that both banks and nonbank investors operate in many segments of this market. For example, if banks are selling government securities, or reducing their purchases, prices of these securities will decline. Other investors will therefore become more willing to buy and less willing to sell. Lower prices and higher yields on government securities thus tend to restrict lending to other borrowers.

*An address by Mr. Szymczak at the 54th Annual Convention of the National Association of Supervisors of State Banks, Chicago, Ill., Sept. 22, 1955.

Three Ways of Influencing Bank Reserve Positions

As you well know, the Federal Reserve has three major ways of influencing bank reserve positions. One is open market operations in United States Government securities and bankers' acceptances. A second is changes in percentage reserve requirements. A third is regulation of the discount mechanism through which the Federal Reserve Banks lend to member banks; this includes changes in the discount rate. In recent years all of these instruments have been used flexibly to influence bank reserve positions.

As you will recall, in early postwar years the use of open market operations to affect bank reserve positions was hampered by the policy of supporting the government security market. Securities were purchased by the Federal Reserve in order to peg government security prices, and increases in reserve requirements were sometimes used to offset the effect of such purchases. Because reserves were readily obtainable through sales of securities, the discount mechanism was largely inoperative.

Let me therefore repeat here what has often been said before, that since the Treasury-Federal Reserve Accord early in 1951 open market operations have been carried on primarily with regard to their effect on bank reserve positions. Meanwhile, the role of the discount mechanism has increased in importance.

The use of the various instruments of credit and monetary action has been adapted to prevailing economic conditions, and sometimes two or more of the instruments have been used together to bring about the desired results. The Federal Reserve has studied carefully the operations of the various instruments in the postwar economic and financial setting, and the experience gained has enabled it to adapt the use of these instruments better to the needs of the banking system.

Open market operations are generally the instrument best adapted to meeting changes in the needs for bank reserves as they develop over time. Typically, reserve needs can best be met by an instrument that can supply or absorb funds in small amounts and that can be reversed if necessary. Open market operations are eminently suited to fill this requirement.

Changes in economic conditions calling for changes in credit policy are usually gradual. At any time the need is not likely to be for a drastic change in bank reserve positions, but rather merely for somewhat tighter or somewhat easier positions. Moreover, at times it is not clear what policy will be called for several months in the future. Open market operations are readily adapted to meet these circumstances, since purchases or sales can be in any amount and they can be readily reversed if necessary.

Open market operations are also used to meet changing reserve needs associated with many developments other than changes in general credit and monetary policy, and such operations in any period must be interpreted with regard to these developments. For example, a gold inflow associated with a surplus in our international balance may supply banks with reserves while a gold outflow may deprive them of reserves. Temporary changes in the Treasury balances at the Reserve Banks also affect bank reserve positions. Open market operations may be used to offset these developments. In addition, the Federal Reserve typically purchases securities in the second half of the calendar year and sells them in the first half in response to seasonal changes in the demand for currency and credit. Finally, the needs of a growing economy require an increase in deposits and reserves from year to year.

From time to time the Federal Reserve also purchases U. S. Government securities from dealers and brokers under repurchase agreements. According to the terms of these agreements, the dealers and brokers agree to repurchase the securities at a fixed price, usually within a matter of a few days. Repurchase agreements have been found extremely useful to supply bank reserves to the market at times of temporary shortages for technical reasons. For example, there are frequently special needs for reserves near the end of the year when banks are unwilling to show indebtedness on the Dec. 31 balancesheets.

Changing Reserve Requirements

At times changes in reserve requirements have been used to provide banks with reserve funds or to absorb such funds. This instrument can best be used when

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Your Financial Debts

By ROGER W. BABSON

In calling attention to "a bad debt boom" that has been shaping up in recent months, Mr. Babson ascribes it to shorter working hours. Questions why debts should increase in this prosperous period, and, though seeing no immediate danger, says "when all the world begins rushing in one direction it is time to start looking the other way."

If you're an average American, this last year has been an unusually successful one. You had good employment, have probably "collected" more money than ever before in your life, and you've bought a lot of things, including several of the more costly items purchased on the instalment plan. For your own safety, do you owe too many people too much?

Roger W. Babson

Bad Debt Boom Due to Shorter Hours

There is a boom of a new sort which has been shaping up in recent months—a bad debt boom. Collection agencies are having the most business they have had in many months, with increases in their business of from 30% to 100%. This means, of course, that a great many people are not paying their bills. As a matter of fact, the American Collectors Association estimates that about 10 million families, or one in every five, are over their heads in debt. Do you realize that Americans today owe more than $12.5 billion on car-installment loans; that mortgage debts are close to the $125 billion mark? And these are but two items people purchase on time while working shorter hours.

Why are people so deeply in debt in such good times? The collection agency will tell you that the credit delinquent is not usually unemployed. The difficulty is that he is increasing his debt while working fewer hours. He may be earning $4,000 per year, but due to shorter hours, prices have gone up and he is spending at the rate of $5,000. He buys $300 items on $5-down bait. He doesn't want to miss a good thing. So, before he knows it he may be overloaded with monthly installment payments.

Study Economics

Of course, the more you buy, up to your ability to pay, the better business is. But watch out. Periodically I make a Babsonpoll of Business Conditions, I ask people what they think about different things. My latest poll reveals that 69% of those polled express definite confidence in the future of business. Only 2% feel that general business prospects are poor. Now when people have confidence in the future, they spend which should be to the good if they will match it by work.

I have found that when all the world begins rushing in one direction, it is time to start looking the other way. Ever since World War II, while business has been booming, there has been raised almost constantly one skeptical question, "How long will boom times last?" Every dip in business has been viewed as the possible start of a new depression. Since the last dip in 1953-1954, a kind of "optimism unlimited" has set in. There seems to be a belief that we never can build too many houses or automobiles. Perhaps such a time is many years ahead, but for the good of your family and your community you should avoid getting into too much debt while working shorter hours.

No Immediate Danger

Our economy, both business and industry, has expanded and we have the fullest employment ever. Your cash income is probably also the highest ever. While all this is true, it is not necessarily good in the long run if prices climb correspondingly. Only 15 short years ago your dollar bought you twice as much as it does now. Remember when you paid $800-$1,000 for a new Ford car? One reason for today's conditions is that you have worked shorter hours and borrowed more money. I am not advising against more installment purchases; but I do appeal to you to work harder and longer to produce enough to match your increased borrowings.

The trouble is that too few people really care what is happening now. They say that future generations will have to liquidate our present Government Debt. This is true regarding the big Federal Debt, but it has nothing to do with your personal debts. You must pay these up yourself. Let us remember that with the material prosperity which we inherit, there goes a responsibility to our children and our community to leave our country financially strong for them. Let us be fair to those who will follow us, that they may enjoy the standard of living we now know. Let us not fall short of this obligation, but meet our borrowing with increased production so as to hold up the purchasing power of our dollar.

Joins Dempsey-Tegeler

(Special to THE FINANCIAL CHRONICLE)

ST. LOUIS, Mo.—Robert J. Hrastich has joined the staff of Dempsey-Tegeler & Co., 1000 Locust Street, members of the New York and Midwest Stock Exchanges.

With Powell & Johnson Co.

(Special to THE FINANCIAL CHRONICLE)

PASADENA, Calif. — Hal B. Fitzgerald is now affiliated with Powell, Johnson & Powell, Inc., Security Building.

With E. S. Hope & Co.

(Special to THE FINANCIAL CHRONICLE)

SAN DIEGO, Calif.—William P. Higgins has become associated with E. S. Hope & Co., San Diego Trust & Savings Building, members of the Los Angeles Stock Exchange.

With Warrants in Canada

By IRA U. COBLEIGH

Enterprise Economist

A topical look at this peripheral vehicle of finance, this forward looking, and favorite paper privilege and frequent appendage to many Canadian senior securities—the warrant.

Warrants are the will o' the wisps of finance. They "toil not neither do they spin." They represent neither a lien on assets nor a share in earning power, and they never pay a dividend; yet, withal, they are the most sprightly, the most volatile and among the most romantic of all the markers developed by the genius of man for playing this fascinating game of finance, with heavy accent on capital gains.

Ira U. Cobleigh

Traditionally, warrants pick up where convertible bonds leave off. They are geared to the price of the subject common stock, and they will follow same in the market like an underfed hound dog. But where convertible securities (bonds or stocks) move into the junior equity merely by exchange, with warrants you must put up new money to get the stock. Both gear their potential change in status to fixed prices for the common, but warrants require (upon their exercise) the delivery of new money into the corporate till. This is important because it often means, for the issuing company, killing two birds with one stone. You sell the bonds now, and later, when the warrants are exercised, you sell stock (usually at much higher prices). Another factor then creeps in, in favor of the corporation. The bond "ex warrants," usually will no longer sell at a premium; and in fact it may move off to a sizeable discount. This gives the company an opportunity to buy in its own debentures at a favorable price, an opportunity non-existent in respect to "converts."

With this minor dissertation on the anatomy of warrants, permit us to note that while warrants have been fairly popular in the United States, in Canada they have attained an absolute vogue. Some of the most attractive and successful Canadian financing in recent years has involved the offering of warrant-laden securities.

To document our case for warrants, let's look at a few representative issues.

While most uranium companies are still in the promotion or development phase, several Canadian companies have proven up major ore bodies, obtained government purchase contracts and have thus become quite mature mineral enterprises. Among those sturdy enough to warrant the issuance of senior securities are Algom, Pronto and Gunnar.

Pronto Uranium, under a prospectus dated Oct. 7, 1954, offered \$6 million of 5% sinking fund debentures due Dec. 1, 1960, at par. Each debenture carried a warrant for the purchase of 60 shares of common (for each \$1,000 bond) at \$5 through June 30, 1958. The bonds were well received and rose to a premium. Today the bonds are traded both with and without warrants. The 5% bonds sell around 101 by themselves, since they are in effect secured by a contract with the Dominion of Canada. The warrants, faithfully following the common, have ranged 1954-55 between \$1.50 and \$8. Quote of Sept. 20, \$6. This is an interesting warrant with considerable potential; and 2¾ years left to run.

Algom Uranium Mines Ltd., which ranks among the largest uranium producers in the world, offered in March 1955, \$25 million of 5% general mortgage debentures, with each \$1,000 unit carrying a warrant for the purchase of 40 common shares at \$11, through March 2, 1959. Separate markets in the "ex" bonds, and warrants, have been made on the Toronto Exchange since March 15 of this year. The ex warrant bonds sell at par. The range on the warrants has been between 7¾ and 14.

Warrants of Gunnar Mines, Ltd. carry three purchase prices: \$10 to Oct. 1, 1956; \$11 to Oct. 1, 1958, and \$12 to Sept. 30, 1960. These warrants sell at around 6 and are favored by some because of the longer option period.

One of the classiest Canadian performers in the 1954-55 period has been North Star Oil. The warrants here came (40 to the bond) with an issue of 5½% North Star Oil Ltd. debentures offered in 1953, carrying the privilege of buying common (class A) at \$10 until Nov. 15, 1958. You could have bought this fast traveling option at \$1.50 in 1954. This year's high was 10⅝!

The third largest instalment finance company in Canada is Laurentide Acceptance Corp. Ltd. In 1953, an issue of 25,000 shares of \$1.20 preferred was offered at \$20 a share; and each certificate carried on its back a warrant to buy a share of class A common at \$12 until Feb. 29, 1956; and at \$14 to Aug. 8, 1957. These warrants have ranged (1954-55) between \$1.80 and \$4.25. As instalment finance gains popularity in Canada, Laurentide, operating in populous Quebec, should be in a position to benefit; and the warrant holders, ditto.

Great Northern Gas Utilities is a lively and growing natural gas and propane company doing business in a number of towns and cities in British Columbia and Alberta, and in the city of Sault Ste. Marie, Ontario. Gross earnings for 1955 will be more than treble the 1952 figures, with net earnings expanding correspondingly. For this reason, the warrants attached to the 4½% series A debentures, offered this past May, have attracted those with a speculative turn of mind. The warrant called for the purchase of 35 shares of common (per \$1,000 bond) at \$5 through Dec. 14, 1958 and rising \$1 a share per year until Dec. 14, 1963 when the option, then at \$10, expires. This warrant has ranged between \$1.75 and \$4 in the 1954-55 period. It's a low priced share call on a potentially important company.

Now we'll switch to an early futurity. On and after Oct. 1, 1955 the warrant now clinging to Mid-Western Industrial Gas, Ltd. 5% series A secured notes (due April 1, 1970) may be detached. The attraction of this particular piece of paper is that it (in respect to each \$1,000 bond) lets you buy 100 shares of capital stock at \$2.75 to April 1, 1956; at \$3.25 for the next 12 months; \$3.50, the following 12 months; \$3.75 for another 12 months; then at \$4 for the last year period ending April 1, 1960. This company reports gas reserves running into the hundreds of millions of cubic feet; and has expanding long term contracts to supply gas to Sherritt Gordon Mines Ltd. and Calgary Power Ltd. In acquiring and developing natural gas reserves in Western Canada and selling same to industrial users, Mid-Western is moving ahead rapidly. You may want to look at the bonds at 122 today; or take a detached interest in the warrants as and when they may be quoted, solo, after Oct. 1.

For a king sized warrant, look at the one bearing the corporate imprint of DeCoursey Brewis Minerals Ltd. This warrant permits you to buy a real bundle of the common—1,000 shares—at \$1 a share through Dec. 31, 1956; or at \$1.50 through Dec. 31, 1957, when it ends. This plump warrant was attached to each \$1,000 6% debenture offered for subscription in June of this year at par. Today you can either buy bonds with warrants appended at 125, or the individual warrant item at 55c a copy. Oh yes, you wanted to know what the company does. It has a mercury mine in Alaska containing apparently a quite sizeable ore body. Mercury is a much discussed mineral these days, particularly as it may relate to nucleonics. If DeCoursey Brewis Minerals can produce the stuff in volume, it should be able to enjoy profitable operation at today's quicksilver price around \$270 a flask (76 pounds).

Switching to copper, there's an interesting Canadian entry, a corporate partnership — Bathurst Mining Corporation and Maritimes Mining Corporation. Each company has an identical corporate structure and shares 50-50 in ownership of copper properties in New Brunswick and in association with Falconbridge (a Ventures Ltd. subsidiary) two sizeable copper properties in Newfoundland. Each company has two warrants, A and B. The A lets you buy common at \$2 to Dec. 29, 1955; the B at the same price until Sept. 29, 1956. These warrants (the B) have ranged since issuance from 20c to \$1. They're 70c now.

Another Canadian copper bond is reported on its way—Kilembe Copper Cobalt Ltd. It is expected to bear warrants, possibly, for 150 shares at \$3. And, amazing to say this warrant may be called for redemption! You'll probably want to see the prospectus on this.

Today's piece has touched upon a number of diverse Canadian warrants. If you've plenty of sporting blood and can take wide market swings in stride, then the opportunities for fat capital gains on minimum outlays, in such warrants as these, may lure and fascinate you. Our Canadian friends have, as you see, prepared a zestful option menu. It may "warrant" your attention!

Joins Walston Co.

(Special to THE FINANCIAL CHRONICLE)

SACRAMENTO, Calif. — Theodore W. Mulch is now with Walston & Co., 926 J Street.

First Calif. Adds

(Special to THE FINANCIAL CHRONICLE)

SAN FRANCISCO, Calif. — Charles C. Mayhew has been added to the staff of First California Company, 300 Montgomery Street.

S. R. Manganaro With F. L. Salomon Co.

S. Ralph Manganaro has become associated with F. L. Salomon & Co., 120 Broadway, New York City, members of the New York Stock Exchange, as Manager of the new business department.

Frederick W. Vogell With Stamrowe Trad'g

Frederick W. Vogell has become associated with Stamrowe Trading Company, 96 Wall Street, New York City.

With Hannaford Talbot

(Special to THE FINANCIAL CHRONICLE)

SAN FRANCISCO, Calif. — William E. Baker has become connected with Hannaford & Talbot, 519 California Street.

Two With H. L. Jamieson

(Special to THE FINANCIAL CHRONICLE)

SAN FRANCISCO, Calif. — Robert H. Bohna and Merrell F. Stock are now with H. L. Jamieson Co., Inc., Russ Building.

With McCluney Co.

(Special to THE FINANCIAL CHRONICLE)

ST. LOUIS, Mo. — Thomas J. Hagan has become associated with McCluney & Co., 418 Olive Street. Mr. Hagan was formerly with Olsen, Donnerberg & Co., Inc. and Slayton & Co., Inc.

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.

Canada—Monthly commercial letter with up-to-the-minute facts and figures on the Canadian economy—Business Development Division, Canadian Bank of Commerce, 25 King Street, West, Toronto, Ont., Canada.

Canadian Economy—Monthly business review—Bank of Montreal, Montreal, Que., Canada.

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

Canadian Market Letter C-38—Developments in the Canadian Market—Bache & Co., 36 Wall Street, New York 5, N. Y.

Canadian Mines — Three months' trial subscription to fortnightly bulletin—$11.25—Babson's Canadian Reports Limited, Dept. CFC, 601 Harbour Commission Building, Toronto 1, Ont., Canada.

Canadian Retail Department Stores—Analysis—Ross, Knowles & Co., Ltd., 25 Adelaide Street, West, Toronto 1, Ont., Canada.

Clothing Industry—Survey with particular reference to **Bond Stores, Inc., Hart Schaffner & Marx, United Merchants and Manufacturers, Inc., General Shoe Corp., International Shoe Co.** and **Melville Shoe Corp.** — Thomson & McKinnon, 11 Wall Street, New York 5, N. Y.

The Economy and Bond Portfolio Management—Study—New York Hanseatic Corporation, 120 Broadway, New York 5, New York.

High Grade vs. Low Priced Common Stocks — Analysis — Francis I. du Pont & Co., 1 Wall Street, New York 5, N. Y.

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

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

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.

Petroleum Situation — Monthly review — Chase Manhattan Bank, Petroleum Department, Pine Street corner of Nassau, New York 15, N. Y.

Railroads—Review—H. Hentz & Co., 60 Beaver Street, New York 5, N. Y.

Toronto Stock Exchange — Monthly review — Toronto Stock Exchange, Bay Street, Toronto, Ont., Canada.

Twelve High Yielding Stocks for Income—Bulletin—Zuckerman, Smith & Co., 61 Broadway, New York 6, 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.

* * *

American Chain & Cable Co. — Analysis — Laird, Bissell & Meeds, 120 Broadway, New York 5, N. Y. Also available is an analysis of **American Enka Corp.**

Anticline Uranium Inc. — Memorandum — Coombs and Company, 23 East 2nd South Street, Salt Lake City 1, Utah.

Black & Decker—Memorandum—Walston & Co., 120 Broadway, New York 5, N. Y.

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

Chemical Process Company—Analysis—Walker's Newsletter, 333 Kearny Street, San Francisco 8, Calif.

Delta Air Lines—Memorandum—Ira Haupt & Co., 111 Broadway, New York 6, N. Y.

Dobbs Houses, Inc. — Memorandum — Mid South Securities Co., American Trust Building, Nashville 3, Tenn.

Food Machinery and Chemical Corp.—Analysis—E. F. Hutton & Company, 61 Broadway, New York 6, N. Y.

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

Greater New Orleans Expressway—Analysis—Glickenhaus & Lembo, 55 Liberty Street, New York 5, N. Y.

Gulf Cities Gas Corp.—Memorandum—Eisele & King, Libaire, Stout & Co., 50 Broadway, New York 4, N. Y. Also available is a memorandum on **White River Propane Gas Co.**

Hammermill Paper Company—Analysis—Cohu & Co., 1 Wall Street, New York 5, N. Y.

Manabi Exploration Company Inc. — Comprehensive report — Leason & Co., Inc., 39 South La Salle Street, Chicago 3, Ill.

Market Basket—Analysis—Bateman, Eichler & Co., 453 South Spring Street, Los Angeles 14, Calif.

Mountain Fuel Supply Co.—Memorandum—Edward L. Burton & Co., 160 South Main Street, Salt Lake City 1, Utah.

New Amsterdam Casualty Company — Report — Loewi & Co., 225 East Mason Street, Milwaukee 2, Wis. Also available is a report on **Kroehler Manufacturing Co.**

New York Capital Fund of Canada, Ltd. — Report — Carl M. Loeb, Rhoades & Co., 42 Wall Street, New York 5, N. Y.

New York, Chicago & St. Louis Railroad Co. — Analysis — Stanley Heller & Co., 30 Pine Street, New York 5, N. Y.

Northeastern Turnpike — Progress report to the Oklahoma Turnpike Authority—De Leuw, Cather & Company, Farm Bureau Building, Oklahoma City 5, Okla.

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

Peabody Coal Company—Analytical brochure—A. C. Allyn & Co., 122 South La Salle Street, Chicago 3, Ill. Also available is an analysis of **Life Insurance Stocks** with particular reference to **Aetna Life Insurance Company, Connecticut General Life Insurance, Continental Assurance Co., Jefferson Standard Life Insurance, Life Insurance Company of Virginia, Lincoln National Life, National Life and Accident Co., Travelers Insurance.**

A booklet entitled "Opportunities for Investors in the Midwest" is also available containing data on 24 companies: **R. C. Allen Business Machines, American Hospital Supply, American Marietta Company, Anheuser Busch, Incorporated, Baxter Laboratories, Bell and Gossett, Central Electric & Gas Company, Central Illinois Electric & Gas Company, Fanner Manufacturing Company, Foote Bros. Gear and Machine Corp., Gross Telecasting Inc., Hamilton Manufacturing Co., Interstate Securities Company, Iowa Public Service Company, Iowa Electric Light & Power Co., Iowa Southern Utilities Company, Lake Superior District Power Company, Meredith Publishing Co., Northern Indiana Public Service Company, Otter Tail Power Company, Gas Service Company, Upper Peninsula Power Company, Wagner Electric Corporation, Weco Products** and **Wisconsin Power & Light Company.**

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

Sheller Manufacturing Corporation — Study — Sutro Bros. & Co., 120 Broadway, New York 5, N. Y. Also available is a study of **Bowater Paper Corporation, Ltd.**

Signal Oil & Gas Co.—Memorandum—Dean Witter & Co., 623 South Spring Street, Los Angeles 14, Calif.

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

Tarbell Mines Limited — Report — H. J. Cooney & Co., 25 Beaver Street, New York 4, N. Y. Also available are reports on **Consolidated Discovery Yellowknife Mines, Ltd., Radiore Uranium Mines Limited** and **Rayrock Mines Ltd.**

Texas Gas Transmission Corp. — Card memorandum — G. A. Saxton & Co., Inc., 70 Pine Street, New York 5, N. Y.

Textron American, Inc.—Analysis—Dreyfus & Co., 50 Broadway, New York 4, N. Y. Also available is a bulletin on the **Airlines, Schering Corporation** and **Chicago & North Western.**

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

Tokyo Shibaura Electric—Analysis in current issue of "Weekly Stock Bulletin"—The Nikko Securities Co., Ltd., 6, 1-chome, Kabuto-cho, Nihonbashi, Chuo-ku, Tokyo, Japan.

Warner Lambert Pharmaceutical Company—Analysis—Seligman, Lubetkin & Co., 30 Pine Street, New York City. Also available in the same bulletin are data on **Walworth Co.** and **Pacific Mercury Television.**

Jed Hamburg Joins Maltz, Greenwald

Maltz, Greenwald & Co., 1441 Broadway, New York City, members New York Stock Exchange, announce that Jed L. Hamburg is now associated with the firm as Manager of its newly established Investment Department. Mr. Hamburg was formerly President of Standard Investing Corp.

Jed L. Hamburg

Before entering the investment business, he was associated with the national office of the United Jewish Appeal and the Greater New York Committee of the State of Israel Bond Organization.

J. M. Dain to Be NYSE Member Firm

MINNEAPOLIS, Minn. — J. M. Dain & Company, Incorporated, 110 South Sixth Street, will acquire a New York Stock Exchange membership as of Oct. 6th. Officers will be James M. Dain, President; Merrill M. Cohen, Executive Vice-President; Lael R. Abbott, Rollin G. Andrews, Charles R. Bennett, Charles C. Cook, William J. Lau, C. Myron Webster, and Harold H. Wylie, Vice-Presidents; Donald W. Hocks, Secretary and Assistant Treasurer; and Louis R. O'Grady, Treasurer and Assistant Secretary.

James M. Dain will hold the firm's Exchange membership.

With Prescott & Co.

(Special to THE FINANCIAL CHRONICLE)

CLEVELAND, Ohio — John F. Brooks is now with Prescott & Co., National City Bank Building, members of the New York and Midwest Stock Exchanges.

COMING EVENTS

In Investment Field

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.

Oct. 24-27, 1956 (Palm Springs, Calif.)
National Security Traders Association Annual Convention.

Nov. 3-6, 1957 (Hot Springs, Va.)
National Security Traders Association Annual Convention.

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

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

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

Dec. 2, 1955 (New York City)
Security Traders Association of New York Annual Meeting at the Bankers Club.

Changing Times and Their Effect On the Motor Carrier Industry

By NICHOLAS E. PETERSON*
Vice-President of The First National Bank of Boston

Ascribing to the motor industry the most important contributing factor in recent economic and social progress, Mr. Peterson reviews both social and economic gains in the last quarter century. Lists as stimulating forces in our dynamic economy: (1) growth and mobility of population, and (2) technological progress. Says we stand on the threshold of atomic energy, and mentions automation as another development that will likely have far-reaching significance in the future. Stresses the value of adaptation to industrial changes, and suggests steps to improve the position of transport carriers.

We are living in a dynamic world. Changes are taking place daily that go unnoticed but when we review the progress of a comparatively short period such as a quarter of a century, we are amazed at what has transpired.

Nicholas E. Peterson

It is well now and then to look up from our desks, lift our sights above and beyond own industry, and behold the world about us so that we can better understand the forces at work that are having such a profound influence.

Despite a prolonged depression and a world war with subsequent critical international tensions, in the last quarter of a century there has been substantial economic and social progress, practically all of which came in the last decade and a half. The motor industry has been a most important contributing factor in this substantial development.

Marked gains have been made in our standards of living since 1929, as indicated by the 60% increase in per capita real income during this period. Today nearly 60% of the families own their own homes, as against 48% in 1929. About 98% of the homes are serviced by electricity, as compared with 75% in the earlier period. Mechanical refrigeration is now in 90% of the households, while 25 years ago only 4% had this modern facility. The number of telephones per hundred people is now over 30, or double the proportion of 1929. There are now over 125 million radio sets in the United States, 12 times as many as 25 years ago, and more than in all of the rest of the world combined. The number of television sets in this country is estimated at 35 million, while there were none a quarter of a century ago. Since 1929, the number of passenger cars per one hundred persons in this country has increased from 19 to 28. Three-fourths of the world's passenger cars are in the United States. The amount spent for recreation last year is estimated at around $15 billion, a threefold increase over 1929.

Not only are the American people well equipped with facilities that make for more pleasant and comfortable living, but also substantial sums have been invested in protective coverage. The amount of ordinary and group life insurance held by the American people is placed at over $285 billion, or 3.4 times as much as a quarter of a century ago.

Social Gains

Nor has the progress during this period been confined to providing material benefits to the people. Work-week schedules have been reduced by more than 10% during this period.

Educational opportunities have been availed of to an increasing extent by a larger proportion of our population. During the past quarter of a century, the number of high school graduates has doubled and now constitutes 42% of our adult population, as against 12% in 1929. The enrollment in our institutions of higher learning has increased from 1.1 million to 2.5 million, while the number of college graduates has increased 2.5-fold in the 25 year period. We have more young people in our institutions of higher learning than has all of the rest of the world combined.

Redistribution of Income

Fundamental changes in our economy have been accompanied by a revolutionary redistribution of income among various groups. The proportion of total disposable income received by those in the top 5% group has been cut in half since 1929. During this period, dividend payments to stockholders declined from 6.6% to 3.3% of total national income. Further evidence of changes in the share of income is indicated by the pay of factory and salaried employees. While in 1929, white-collared workers on the average received about 75% more income than the average for manual workers, today they receive less pay on a weekly basis than wage earners. Those in the income groups under $5,000 a year receive about two-thirds of total income after taxes and account for about the same proportion of total consumer expenditures. This striking redistribution of income in the past 25 years is largely accounted for by the rise in wage payments relative to other sources of income and to the progressive income tax.

It should be pointed out that if the redistribution of income should continue at the same pace as it has since 1929, the country would in the course of a quarter of a century be on an equalitarian basis, with all persons receiving the same amount of income.

Stimulating Forces

Propelling forces are at work in our dynamic economy. One of the strongest forces compelling the economy to provide for pressing needs is the vigorous population growth. In the last quarter of a century, the number of persons in this country has increased by about 42 million, or the equivalent of the current population of France.

In addition to growth, mobility of population is an important stimulating force in our economy. In the last decade, mobility of our people has been the greatest in history. About one out of every five persons changes residence every year, resettles in a different home or in another part of the country from where he formerly resided, according to United States Census figures. Mobility of the population contributes much to the dynamics of the economy, creates markets for new homes, builds new communities, and expands the need for transportation services. The extent of this migration movement during the last decade is reflected by the increase of over 35% in the number of persons living in suburbs as against an increase of only 14% in the central cities.

In order to provide for the growing population and a modest increase in housing space in keeping with rising living standards, it is estimated that additional dwelling units averaging a million annually would be needed for the next five or six years. The flow of cars is rising at a much faster pace than the development of highways, which are built for about 30 million cars but are forced to accommodate over 55 million.

Technological progress has been unparalleled. Expenditures for scientific and engineering research in 1954 amounted to about $4 billion, or four times as much as for the entire decade of the 1920's. Our scientists are blazing new trails with unlimited horizons. We are about at the stage where the huge postwar expenditures will begin to show outstanding results.

As a consequence of the rapid and tremendous scientific developments during the war period, it is estimated that at present the number of persons whose jobs are based upon products from the research laboratories, has increased from one-third in 1939 to about one-half of the total employed in this country. Crawford H. Greenewalt, President of E. I. du Pont de Nemours & Company, has recently predicted that, 25 years from now, half of the working force will be making or selling products unknown to us today.

We stand at the threshold of atomic power with its limitless possibilities. While most of the efforts are now for defense purposes, there is a growing realization of the essential need for atomic energy to provide power for our dynamic and expanding economy and to reduce the depletion of our natural resources. It has been pointed out that while our population is increasing at the annual rate of 2%, the demands of our utility system are increasing between 7% and 8% a year.

In recognition of the importance of industrial use of atomic energy, Congress passed an Act which was signed by President Eisenhower in August, 1954, authorizing the Atomic Energy Commission to issue licenses to business, subject to rigid Federal regulation. In a speech given in Boston last Fall, the chairman of the Atomic Energy Commission Lewis L. Strauss, stated that, based upon studies made, the Atomic Energy Commission is convinced that, within the next decade, atomic energy will be competitive with electricity derived from the conventional fuels. Scientists visualize that in the course of time, atomic energy will provide heat and power for our factories, light our cities, and propel our ships, planes, and trains, as well as create many new industries.

Great Britain may because of compulsion make even speedier advances in the development of atomic energy than the United States. A coal shortage threatens Great Britain. Mine output is stationary while consumption of coal is increasing at an annual rate of 3%. The price of coal has shown a substantial increase, and this has been reflected in higher industrial costs. In order for the domestic industry to expand and to meet foreign competition, the British are making plans for the use of atomic energy. The United Kingdom Atomic Energy Authority has announced sites of two major commercial stations — with capacities of 400,000 kw. each—scheduled for completion before 1960. According to one study made, it was estimated that the cost per kilowatt from atomic stations would, on the basis of current coal prices, be 20% less than from a coal-fired plant.

Automation

Another development that will likely have far-reaching significance in the future is automation. This is a new word applied to the continuation of the long-term trend toward increased mechanization in the economy.

Automation will be extended because of economic pressure. We have reached the stage in our highly complicated industrial system where this forward step in mechanization must be taken in order to prevent productivity from leveling off or declining. The necessary productivity can be provided only by operating machines longer and at faster pace than it is possible for humans to operate them and supply them with materials.

Another reason for the adoption of automation is to cut unit costs, which have moved sharply upward in the last two decades or so due to the rise in wages, taxes, and other elements. For instance, the average cost of an hour's factory labor, including fringe benefits, is more than 165% above that of 1939, while it is estimated that the cost of equipment has advanced only half as much. Hence, emphasis is being placed on labor-saving devices in preparation for the rugged competition that lies ahead. Furthermore, the annual increase in our labor force is at a diminishing rate due largely to the abnormally low birthrates in the depression period of the 1930's. Whereas the current labor force is around 42% of our population, by 1965 it is estimated that it will be less than 38%. On the other hand, the number of non-productive persons will have increased from 44% of the population to nearly 50% during this period. In other words, there will be a growing burden on the workers.

Automation can not only relieve this strain but also provide more goods and services for all people. By means of this system, machines can operate on a 168-hour week basis doing the monotonous and repetitive work now being done by human labor, thereby greatly increasing productivity.

The Necessity of Adaptation

The forces set in motion by modern technology are irresist-

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*An address by Mr. Peterson before the New England Motor Carrier Accounting Council, Hotel Kenmore, Boston, Sept. 27, 1955.

New Patterns of World Trade and Finance

By GUENTER REIMANN*

Editor, International Reports, Inc., New York City

Mr. Reimann, in this paper, covers the various aspects of current world trade and international currency problems. Says postwar era is ending, and a new balancing of international payments is necessary. Looks for a lowering of sterling exchange rates as used in international trade, and notes that the overriding trend in international trade and finance is away from the orthodox forms of payments of prewar days and adoption of new patterns in effecting international payments. Lists types of unusual payments.

Traditionally, the American banker and industrialist is not as foreign-trade minded as his European counterpart. This is quite understandable in view of the fact that only about 8% of America's production must be sold on foreign markets against 30 to 40% for most West-European countries. But this is changing. The dependence of the United States on foreign trade and international finance is growing. Here on the West Coast you may have the American centers of new industries. Their future position will largely depend on their ability to widen their sales on foreign markets and in many cases to participate in foreign enterprises. They must penetrate the wall of soft currencies in countries which are able to produce by means of relatively cheap labor and which are eager to use the most advanced techniques.

Guenter Reimann

The time when foreign countries were so starved of industrial goods that they were willing to buy what they could get and pay in dollars for them, or for Uncle Sam to provide the dollars, will not return. The rule to sell only against cash and dollars to foreign countries, where foreign exchange and credit risks can be calculated only by the expert, cannot be applied at a time of buyers' markets.

There was a time when international trade relied chiefly on payments in Sterling and the City of London functioned as the international center of foreign trade financing. Such an international financial center no longer exists. The vision that New York would supersede the City of London and that the dollar would replace the role of Sterling is unrealistic, nor will the Pound Sterling ever regain its former role. The unity of the world economy as it developed during the 19th century, with Western Europe as the industrial world center and the City of London as the world's financial metropolis, is a thing of the past. A geographical shift of these centers is not feasible. Instead, we are now at the beginning of a new era: a greater diversification of world trade and production, based on fuller industrialization of all parts of the world, and a new type of industrialization with features which will defy old traditional patterns of world trade. This is a very long and painful process. It will not end in our generation. The socalled underdeveloped countries which now insist on their share in new advanced techniques cannot copy the old type of industrialization which developed in the Western world and which, by the way, has been copied more or less by Russia. The old international division of labor which made nineteenth century international finance relatively harmonious and the City of London an effective world center has disintegrated while a new basis for stable international economic cooperation has not yet been found. Therefore we are moving from one temporary and emergency solution of international balance of payments difficulties to other temporary solutions. We have to live with them in our time, and many business men may discover that they can expand and prosper with them.

During a long intermediary period, I visualize the formation of several currency blocs. They will not have definite frontiers, with fluctuating rates and various degrees of convertibility within the group area, and a multiplicity of conversion possibilities at various rates. At present, we may distinguish between the following currency areas:—

(1) The hard currency or dollar area.

(2) The Sterling bloc area.

(3) The EPU area (in part combined with the Sterling bloc area and some latin-American countries).

(4) Bilateral Clearing countries (in part combined with areas 2 and 3).

(5) The Russian-Chinese Communist area.

Only the Communist area will have definite boundaries with fixed coordinated foreign payments rules. However, the "clearing agreements" among the Communist countries are not always functioning and are often used in such a one-sided way that they curtail economic exchange even among the members of the area. As a result, behind-the-scene exchange opportunities emerge for countries outside the bloc at various rates of exchange.

The Sterling bloc area is no longer a closely-knit bloc. Some members are establishing relations with outside countries which reduce the role of London as the center of the bloc.

Inroads on Economic Nationalism

In this era of transition, we cannot expect economic nationalism to disappear merely because the theoretical economist points out the advantages of free exchange of goods and an international division of labor. For the same reason, we may observe the emergence of several financial world centers and foreign exchange markets in New York, Zurich, Amsterdam-Rotterdam, Hong Kong, with the old City of London having a backseat driver's role. In New York, all private banks are now under pressure to extend the scope of their activities on behalf of the American foreign trader. What Washington is doing by insuring the American foreign trader against foreign exchange or political risks covers only a small part of foreign trade activities. Besides, private enterprise, also in the sphere of banking and finance can act faster and is more able to meet individual requirements than a government agency.

You will still have to find solutions for the problem: How to get dollars from customers in soft currency countries—how to get funds converted into dollars and at what rate? In most countries foreign exchange controls persist and you may have to take risks which cannot be easily calculated. The problem would be easy if you could rely on promises of an early return to complete international freedom of foreign exchange and freedom of transfers or convertibility at fixed rates. I agree that much progress has been made in these respects since the end of the war. But the vista of an early return to full convertibility of soft currencies or new freedom of transfers on an international scale—at least within the Western world—will not be realized for a long time. In fact, there is a serious danger that much of the progress we have made in recent years will be erased because of new monetary and foreign exchange difficulties in foreign countries, including the Sterling block. We may only later realize how far the progress towards convertibility in the past relied on governmental dollar aid and on special temporary situations, i.e. the Korea boom.

Needed, a New Balancing of International Payments

With the ending of this era, a new balancing of international payments is necessary. Very soon we may find out that most countries are not prepared for a return to some kind of peace-time normalcy in world trade and international finance. They cannot earn enough foreign exchange in order to finance vital imports and meet other foreign financial obligations. They cannot adjust themselves to new situations on world markets, or only at the cost of a painful transformation which may create grave inner political difficulties to them.

This also applies to the need for an adjustment of unrealistic rates of exchange. It is easy to advise those countries where monetary values have been inflated far more than in the United States and where official parity rates are unrealistic to adjust their official currency rates.

But such measures are a remedy only if the new rate can be kept stable and if a new balancing of international payments can be achieved. Otherwise, we are moving in a vicious circle.

There is one thing they cannot do: Return to convertibility without having stopped inflationary processes and without adjusting rates of exchange realistically. I may refer here again to the international position of British Sterling.

Only a short time ago, it was a generally accepted view that Britain would be able to make Sterling convertible and restore freedom of foreign exchange for the City of London. Apparently, only one final step had to be taken after having eliminated most wartime and postwar controls of foreign trade. At the very moment when the City of London seems to resume its old role a new danger period is starting for the international position of the British Pound. I, personally, became aware of a new deterioration of the underlying conditions for Britain's balance of payments some months ago, at a time when the outlook still was bright for Sterling, according to generally accepted views. Then, in June, I issued a "blunt" warning concerning new dangers for the British Pound including a possible devaluation within the next 12 months as follows:

"... We now have reached a point where we believe that a warning must be given concerning the future of Sterling rates. Another devaluation of Sterling may come as a deliberate and calculated move. It will be designed to improve Britain's balance of trade and of payments at the very time when convertibility is being decided.

"... It is true that Britain has

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*An address by Mr. Reimann before the World Trade Association in San Francisco, San Francisco, Cal., Sept. 12, 1955.

From Washington Ahead of the News

By CARLISLE BARGERON

The way to be a good newspaperman, I have long since learned, is always to be shocked or amazed. That, of course, comes with youth. When you become older you realize that what you are writing fervently about as news has really been happening since the beginning of time. Anyway, every young reporter in Washington is supposed, at one time or another, to write a story about lobbyists, their salaries, their iniquitous influence. Not only that, but a Congressman losing a fight on an issue will invariably blame it on the "lobbyists," meaning, of course, the lobbyists on the other side. The Congressman seeks to depict, and the young newspapermen follow him, the opposing lobbyist as some sinister influence employing devious ends to arrive at his accomplishment. You are a lobbyist if you are on the other side.

Carlisle Bargeron

I attended the funeral, the other day, of one of Washington's most influential lobbyists and a most widely respected man. The turn-out at the funeral attested to that. There was an overflow at the funeral parlor. Five men were there from the White House. There were men from the Pentagon, influential members of Congress, members of the press.

It was the funeral of Walter Chamblin, Jr., Executive Director of the Washington office of the National Association of Manufacturers, who had been accidentally killed in a hotel elevator accident. Walter was a lobbyist and he had a staff of young lobbyists under him. He was the representative of a very "selfish" organization, an organization so selfish, indeed, as to be always expressing the viewpoint before Congress, and trying to make it prevail, of the businessman in this country, that scoundrel.

Walter was the unabashed representative of this element in our midst, against the CIO, the ADA, and all of the other Leftist elements. And he was a forceful representative. Leftist traducers of the National Association of Manufacturers propagandize that it is an organization of no influence because it is "to the right of Louis XVI," and occasionally this propaganda would seep into the NAM councils to the extent that there would be a pressure on Walter to be a little more "liberal" or moderate.

How wrong this was, the influence of the NAM in the Government's policy making, in Walter's own attitude, was shown at his funeral. At that, there was a recognition of the much abused "lobbyist" as a substantial citizen, recognition of the much abused "representative of the special interests," as a man who had served a real purpose in life, a man of worthy accomplishment, an able citizen—contributing as much to his fellow citizens as an educator, a doctor, a lawyer or a scientist.

When you think of Walter Chamblin and his work you have got to disabuse your mind of the conception of a Washington lobbyist which the young reporter in his ignorance, and the Leftist reporters deliberately, seek to give you. You have got to forget about the pictured type who slink around in the corridors of the Capitol, buttonholing honest but unsophisticated members of Congress, dining, wining and seducing them. You have got to know them as avowed spokesmen and pleaders of the interests they represent, open and above board.

They represent conflicting interests, the diverse interests of which a country so big and powerful as ours is composed. They constitute a Congress in themselves, frequently cooperating with one another when their interests jibe, just as do the members of Congress; frequently pressing legislation which the journalistic pundits say is not in the "national" interest but it seems always to be difficult for the pundits to understand that it is the varied local and sectional and "selfish" interests that make up the so-called national interest.

I think the tribute to Walter Chamblin at his funeral was a fitting testimonial to a man who served his country well as a "lobbyist," and it should serve to clarify the meaning of that term.

I know of no Reverend for whom I had more respect.

Joins Bache Staff

(Special to THE FINANCIAL CHRONICLE)

KANSAS CITY, Mo.—William L. Evans has become affiliated with Bache & Co., 1000 Baltimore Avenue. Mr. Evans was formerly with E. F. Hutton & Company.

With A. G. Edwards Sons

(Special to THE FINANCIAL CHRONICLE)

ST. LOUIS, Mo.—Charlotte S. Cohen has joined the staff of A. G. Edwards & Sons, 409 North Eighth Street, members of the New York and Midwest Stock Exchanges.

Joins Mann & Gould

(Special to THE FINANCIAL CHRONICLE)

SALEM, Mass.—Herbert N. Babb has become affiliated with Mann & Gould, 70 Washington St., members of the Boston Stock Exchange. He was previously with Edward E. Mathews Co.

With Lloyd D. Fernald

(Special to THE FINANCIAL CHRONICLE)

SPRINGFIELD, Mass.—Harold L. Davenport has become associated with Lloyd D. Fernald & Co., Inc., 1387 Main Street, members of the Boston Stock Exchange.

Gibbs & Co. Add

(Special to THE FINANCIAL CHRONICLE)

WORCESTER, Mass.—Katherine W. Spillane has been added to the staff of Gibbs & Co., 507 Main Street.

Now With Hanrahan

(Special to THE FINANCIAL CHRONICLE)

WORCESTER, Mass.—Joseph E. Carew has become connected with Hanrahan & Co., 332 Main Street, members of the Boston Stock Exchange. Mr. Carew was previously with F. S. Moseley & Co.

The Economic Outlook For Various Industries

By NICHOLAS E. CRANE*
Dean Witter & Company
Members, New York Stock Exchange

In his induction address as President of the Association of Customers Brokers, Mr. Crane extols the integrity of those engaged in stock exchange transactions, and gives advice relating to customer brokers' responsibilities. Comments on the "credit squeeze," and reviews current situations in various industries that justify an optimistic outlook for their securities.

Two thoughts occur to me tonight; one is that as a group you belong to a very fine profession, one of which you should be very proud and yet about which you are undoubtedly too modest. I know of no industry where ethics are as high as in the financial community. What business can boast of doing virtually 98% of its transactions on the phone with practically never a renege? Think of the men on the floor of the two Exchanges guided by Harold Scott and John Mahon, who in the course of a day do literally billions of dollars of business with never a contract and no signing of orders.

Nicholas E. Crane

When it comes to automation, we in the Street can, I think, teach a few lessons to industry. Think of a company like General Motors offering $300 million of bonds through the investment banking fraternity and within a half hour, the entire lot is disposed of and the books closed, that, to my mind is automation at its best. I repeat, there is no business in the country or in the world where such a tremendous volume is done with so little difficulty and on such a high ethical plane.

My second thought is that we salesmen too often do not adhere to the fundamental job of seeking investment values and selling. There is a tendency to master mind the market instead of sticking to security values. A salesman sometimes holds off the purchase of a sound security because he thinks the market is going down or holds on to a poor security with the thought that the market is going up. He hurts his clients by not doing a proper job and hurts himself by losing commissions. No one of you ever buys the stock market or the Dow Jones averages; you buy individual stocks which you personally believe represent value. Let's stick to that function.

The Credit Squeeze

We are all fully conscious of the credit squeeze; that is, money is getting harder to borrow and is costing more. Virtually everything else costs more these days, why not money? Instead of "running scared" because of rising costs of money and the credit squeeze, we should, perhaps, think how wonderful it is that business is so good that the Administration feels it must be curbed. Neither this Administration nor any other administration in Washington desires a depression or even a serious recession. I am firmly convinced that these credit restrictions will be eased promptly should it appear that business is in danger of a serious slide.

We hear a great deal of high consumer credit. Certainly the dollar figure of consumer credit is high. However, when you consider that our gross national product, that is, the total value of all the goods and services sold in this country in a year, is now at a record $379 billion annual rate, it does not appear that the amount of consumer credit outstanding is at a critical level.

The Federal Reserve presumably was concerned about speculation in the stock market and so, margins were raised to 70%. From our observation there is no broad speculative move in the market and the reasons given for increasing margins would not appear justified by the facts. This, we feel, is borne out by the figure for brokers' loans. The latest figure for brokers' loans is only a little over $1,600,000,000 or well under 1% of the present value of $198,000,000,000 for stocks listed on the New York Stock Exchange. For those who feel we are getting into another 1929, it might be pointed out that brokers' loans at that time were $8,000,000,000 or over 9% of the $87,000,000,000 value of the listed securities. We are convinced that this market is primarily an investment market. The greatest percentage moves been in the high grade investment stocks, those commonly used in making up the averages. Consider these additional factors. We have a vastly stronger economy today. We have a total of 65 million people employed, an all-time peak. We have total time and demand deposits of $192,190,000,000. We have free credit balances in stock exchange firms alone of over $900 million. It is hard to justify the statement that credit has been overextended.

I don't know where the market is going; however, picking a few industries at random, let's see whether we can justify present prices for their securities.

Aircraft Industry

The aircraft industry appears assured of high sales and earnings for years ahead. This group should be a far more attractive peace than war group. One way to assure real peace is to have an air force second to none and, I believe, the Administration is conscious of this fact. These companies are also ideally set to produce guided missiles which may well be a real volume item in the years ahead. Let us keep in mind that some guided missiles cost as much as a medium bomber. Another item, the airlines undoubtedly will go to jet planes within a few years. United Airlines announced plans to buy $125 million jet liners. Today's DC-7 costs approximately $2 million. A commercial jet will probably cost $6 or $7 million.

The Aluminum Industry

This industry has had a 100% increase in production and sales in only five years. This is expected to more than double again within another 10 years. It has been estimated that the automobile industry alone could add 200 pounds of aluminum to a car against the present figure of about 30 pounds. If they added this figure, it would take approximately 800,000 tons of aluminum or 50% of all domestic production. If the tin can industry, which is a longer range possibility, turned to aluminum, it would require more aluminum than the entire aluminum industry is producing today.

Bank Stocks

We mentioned the increase in interest rates and the higher costs of borrowing money. The most obvious beneficiaries of higher cost money are the banks and their stockholders.

Coppers

Whether you want to buy the copper stocks at this level or not, it does appear that the scarcity of the metal will continue for at least another four to six months. Earnings and dividends for this industry should be at an all-time peak this year.

Department Stores

We mentioned we have an all-time high of 65 million employed. They're doing all right too; recent wage increases for Federal employees, the steel and automobile workers alone were in excess of $4 billion a year. This wage increase went to a segment of the population most likely to spend the bulk of it and the department stores will be among the obvious beneficiaries.

Public Utilities

The population trend alone assures this group of steady rise in revenues. The constant increase in industrial and residential per capita use of power should continue with increased use of home appliances, washers, driers, etc. This augurs well for this group. An interesting possibility is that within the next year color television should be far more popular. Your present black and white set adds roughly 50 cents a month to your electric bill. Color television will add probably three times that much.

Keep in mind too that it will cost the utilities virtually nothing to provide this additional power—no expensive installations, etc.

Railroads

The railroads are not generally considered a very dynamic group. They are estimated to have lost over $600 million last year on passenger business, pretty close to the total net earnings of 1954. Now the railroads plan to purchase new light weight passenger cars costing less than half the conventional car. More important is that the operating costs will be less than half. Obviously, this industry could have a tremendous increase in earnings if they could just break even on the passenger business.

Railway Equipment

The President of the Pennsylvania Railroad only a few days ago announced that the railroads would have to spend $20 billion on equipment etc. in the next decade. Apparently, the rail equipment industry is going to do better.

Trailers

Even in this industry which has not generally been regarded as a growth industry, one company, Fruehauf, announced within the past year the development of a new van which carries one-third more cargo, immediately obsoleting 250,000 trailers now on the road.

Road Building

The Administration estimates that we will have to spend $100 billion to bring our roads up to par to handle today's traffic. Equipment companies, cement companies, steel companies — all will benefit.

The Steel Industry

The steel industry has confounded many analysts by showing an extraordinary low break-even point. This year the group will probably report record earnings. Business is already being booked into the first quarter of 1956 and the prospect for higher dividends and stock splits is bright in this group. Papers, rubbers and even the coal companies are going to have an excellent year.

The Shorter Work Week

The trend to the shorter work week which came to our industry only a few years ago means more leisure time for do-it-yourself or "rue-it-yourself" hobbies. It means bigger sales of sporting equipment, sport clothes and hobby tools of all sorts. You might keep in mind that do-it-yourself tool sales alone totaled $150 million last year.

Population Trend

The increase of four million babies a year is having a tremendous impact on the demand for baby foods and many other goods and services. It is a natural tendency to want our children to have more than we had and I am sure that they are twice as destructive as we were.

On the other side of the coin, the number of our people in the over 65 age group will double in this decade. This segment of the economy is relatively independent compared with 20 years ago. Social Security, pensions, etc. are providing at least minimum comforts. By and large they will require special drugs, foods, equipment, eyeglasses, etc. Instead of being a drain on the economy, they will have funds and buy their share of consumer goods.

Drug Industry

The above factors of the increased number of babies and old people certainly will be a boon to the drug industry which is constantly finding new and better ways to keep you healthy and make you live longer—at a profit.

World Conditions

World Conditions today appear more conducive to doing business than at any time since World War II. The needs of 9/10's of the world are enormous. Think of the staggering volume of goods the U. S. would be called on to supply when and if economic stability becomes more a reality than a dream.

Such items as atomic energy, automation and a constant series of new inventions by a creative people should make for a better and more prosperous world.

As the year end approaches, we are going to see record earnings from many companies, higher dividends, the probability of many stock splits. As we go into the New Year, we have the virtual certainty of a tax cut.

With all these favorable factors you still have a most serious responsibility to see that your clients get into sound securities. You must be constantly alert to help them avoid the pitfalls of wild speculations which offer little or no chance of a return. You Ladies and Gentlemen as Customers Brokers have a unique privilege in being able to advise your clients, in one of the most important steps they can take, their investments, a step which may vitally affect their way of life.

*Induction address of Mr. Crane as President of the Association of Customer Brokers, New York City, Sept. 21, 1955.

Expanding Production Causes Inflation

By PAUL EINZIG

Dr. Einzig maintains in spite of automation progress, Britain's major danger is still inflation and scarcity of labor. Cites inflationary effects of time lag during which goods are in pipeline and of the "multiplier" through changing the relation between the volume of saving and capital expenditures. Calls wage demands exploiting automation benefits, unjustified.

LONDON, Eng. — Many economists and Trade Union officials appear to have developed, during the last year or two, a pathological fear of the menace of deflation and unemployment which they expect to result from automation. They do not realize that, in spite of the progress of automation, the major danger is still inflation and scarcity of labor and not deflation and large-scale unemployment, owing to the inflationary effect of an increase in the volume of production involving an increase in the aggregate cost of production.

Paul Einzig

Practical Implications

Although this may appear to be a theoretical point, it has in fact practical implications of the utmost importance from the point of view of monetary and economic policy. It has also an important bearing on the attitude of employers and employees towards automation, and especially towards wage demands put forward in connection with automation. It is essential to realize that, owing to the inherently inflationary character of an expansion of production, the increasing use of automation devices need not be feared on account of its supposed deflationary dangers, but should be welcomed as a means for mitigating the prevailing nonstop inflation.

It is a popular misconception that an increase in the volume of production has disinflationary effects. This belief is based on the popular definition of inflation as "too much money chasing too few goods." On the face of it, it may appear that, since an increase of production means **more** goods being chased by an **unchanged** volume of money, the result is a lessening of inflation. In reality this is not so. Ignoring for the moment any effects of automation, it should be obvious that any increase in the output brought about by an increase in employment means that **more** money (in the form of additional incomes) is chasing **more** goods. The additional goods are not conjured out of thin air. They are produced as a result of paying for raw materials and wages.

The Time Lag

What is less obvious but equally true and equally important is that, generally speaking, the additional incomes created in connection with an expansion of production become available long before the additional output appears on the markets. In most industries there is a fairly long time lag between the beginning of the process of production and the actual increase in the output of the finished goods. This time lag may extend over a number of months. During that period the additional income received by those employed on the increase of production creates an additional demand which is not matched by a corresponding and simultaneous increase in the supply of goods. It means that during this transitional period **more** money is chasing an **unchanged** quantity of goods. Under the popular definition of inflation this surely means more inflation and not less.

It is true that the additional goods are bound to emerge from the pipeline eventually. But assuming that production is maintained at its increased level, the increased output should be easily absorbed by the increased volume of incomes of those engaged in maintaining production at its increased level. In practice production is, generally speaking, not only maintained at its increased level but is increased almost incessantly. Over the centuries production had been expanding, apart from temporary setbacks after each of which the output had reached new record levels. This means that the inflationary effect of an increase in production is almost continuous. Additional wages were paid out in 1954 in connection with the production of additional goods which did not appear on the markets until 1955. By 1955 production has increased further so that additional wages are being paid out in connection with the production of additional goods which will not become available till 1956. In 1956, again, additional incomes will anticipate the additional goods due in 1957. Evidently assuming that the secular trend of expanding production continues—and we have no reason for doubting it—it means that, as a result of the time lag between the payment of ever-increasing wages bill and the appearance of the additional goods, we are faced with an influence tending to perpetuate inflation.

Such inflationary effect is produced irrespective of whether the increased production is achieved through an increase in employment, or through working additional overtime, or through attracting labor from lower-paid occupations. The only case in which it does not apply is when the increase in the output is achieved by means of more efficient methods without involving any addition to the aggregate cost of production.

The "Multiplier"

Apart from the direct inflationary effect of the time lag during which the goods are in the pipeline, an increase of production also produces indirect inflationary effects through the operation of the so-called "multiplier," through changing the relation between the volume of saving and that of capital expenditure. These may sound abstract theoretical points, but they have important practical bearings and can be explained in practical terms.

Under the multiplier principle, whenever additional income is created—whether through government deficit or additional capital outlay by industry or an increase in the production of consumer goods—tends to generate further additional employment, income purchasing power and demand. We say above that the original additional incomes received by employees engaged in the increase of production is spent on consumer goods before the additional output becomes available. This tends to reduce inventories and may lead to replacement orders which again means a further increase of production creating additional employment, incomes, purchasing power and active demand for goods, long before the additional goods become available. The process may repeat itself a number of times. Even though on each occasion part of the additional income may be saved, or it may be paid in taxation, or used for repayment of debts, the grand total of the additional demand created by the original increase in production is likely to be several times the figure involved in that increase. On each occasion when the re-spending of the income results in additional production, there is a new inflationary delay in the appearance of the additional finished goods during which even **more** money is chasing the **same** quantity of goods.

Saving and Capital Investment

In addition to changing the relation between the supply and demand of consumer goods, an increase of production also tends to change the relation between the amount of saving and that spent on capital investment. Saving would produce a disinflationary effect were it not for the fact that the amounts saved are employed for the purposes of the capital expenditure—or, as it is fashionable though confusing to call it, "investment" in the Keynesian sense of the term. It is a generally accepted rule that when savings exceed capital expenditure it tends to produce deflation, unemployment and a decline of the price level, and that when capital expenditure exceeds the amount of savings, the effect is inflation, an increase of employment and a rising trend in the price level. What is not generally realized is that an increase in the volume of consumers goods in the pipeline resulting from an expansion of production, is also a form of additional investment in capital.

Keynes himself duly realized this. He included under "investment" not only the production of capital goods—which he called "fixed assets" — but also an increase in the amount of goods in the pipeline — which he called "working capital." In spite of this, post-Keynesian economic literature has been in the habit of overlooking this second category. Ninety-nine economists out of a hundred, when writing about an increase of "investment" or of capital expenditure, have only in mind additional industrial plant or other similar fixed assets. They overlook the fact that an increase in the amount of working capital, resulting from an increase of production while the additional goods are in the pipeline, also adds to the total invested in industrial capital. The immediate economic effects of an increase in the amount of working capital are substantially the same as those of an increase in the amount of fixed assets from the point of view of the relation between supply and demand. It is because of the time lag between the moment when the process of production begins and the moment when the final result becomes available that an increase in the production of consumer goods as well as of fixed assets is inflationary. Admittedly, production of fixed assets usually involves a longer time lag, but the difference from this point of view is merely one of degree. The principle involved is identical.

What is important is to realize that, in order to avoid both inflation and deflation, it is necessary that the total of net new savings should be equal to the **grand** total of the amounts invested in the production of both additional fixed assets and additional working capital. Most economists have failed to realize this fact. They believe that if only enough is saved to cover the amount spent on additional fixed assets, there can be no inflation. In reality unless the total of savings covers not only the amount spent on fixed assets but also the increase in the amount of working capital brought about by an increase of production of consumer goods, the deficiency of saving compared with capital investment (in the broadest Keynesian sense of the term), is bound to result in inflation.

What is worse, an increase in such working capital is much less likely than in increase in capital investment in fixed assets. According to Keynes and his followers, the main cause of economic instability lies in the lack of coordination between voluntary saving and capital expenditure. The amount of saving is determined by decisions taken by millions of individuals. The amount of capital expenditure is determined by a totally different set of people, by the much smaller number of businessmen engaged in production. The two grand totals can only be equal by sheer coincidence. This is undoubtedly true as far as capital expenditure is concerned, but as far as investment in working capital through an increase of production is concerned, the state of affairs is even less satisfactory from the point of view of economic stability. The trouble there is not lack of coordination between the decisions of savers and producers but, on the contrary, the existence of a too close coordination — in the wrong sense.

An increase in the production of consumer goods is usually the result of an increase in consumer demand. An increase in consumer demand means, in the absence of a previous increase in consumer income, a reduction in the amount saved. Whenever consumers decide to spend more and save less, producers decide to invest more in working capital through increasing their production. An expansion of production means, therefore, an increase in the absolute figure of capital investment in face of a reduced amount of saving. Clearly this makes for inflation not only because consumers save less, but also because, in doing so, they cause an increase of investment in the form of additions to working capital by producers.

Impact of Automation

How does the development of automation affect the situation? It depends on whether automation results in the production of the same quantity of goods with the aid of less human labor, or an increased quantity of goods without any reduction in the number of employees. Even if automation aimed at lowering aggregate costs instead of increasing the output, it must be remembered that it cannot be applied to any considerable degree, if at all, in a large number of industries which are likely to continue to increase their production by means of additional employment. These industries will be able to re-employ the workers dismissed as a result of automation. Progress of automation in industries where it can reduce aggregate costs would have to be very considerable before it offsets the inflationary effects of the continued expansion of production in industries which are unable to check the increase of their aggregate costs.

But the chances are that, amidst conditions of full employment prevaling in Britain, and possibly also in the United States, automation is more likely to be adopted and developed for the purpose of increasing the output rather than for the purpose of being able to reduce the number of employees. There is strong resistance to the dismissals through redundancy, and, owing to the prevailing industrial balance of power, the labor unions are likely to be in a position in the majority of instances to ensure that the number of employees is not reduced by firms which install labor-saving equipment. This means that in many instances it is not worth while for producers to adopt automation unless it is for the purpose of increasing the output without having to increase the number of their employees. It is, therefore, probable that aggregate cost of production will continue to increase even in industries where automation will make good progress.

We saw above that, owing to the time-lag involved in modern production, an increase in the aggregate amount paid out during that time-lag tends to produce inflationary effects. If automation is unable to prevent an increase in the aggregate costs of the community as a whole, it will be unable to prevent the continuation of inflation, even if it may moderate it to a considerable degree. It may be argued that, by reducing the cost per unit, automation may lower the price level, even if it does not prevent the continued increase in the aggregate cost. Those who argue in this sense overlook the fact that, so long as the increase in the aggregate cost creates inflationary conditions, the inflated purchasing power would be exercised, and if the prices of goods directly affected by automation are reduced, this would release more purchasing power which would press on the prices of goods unaffected by automation. Moreover, it is by no means certain that producers will use for the reduction of prices the greater part of the economies achieved through automation. They may be tempted to aim at higher profits; or they may be pressed by their employees for higher wages.

The fact that the considerable progress of automation achieved in the United States during the last year or two has only succeeded in halting the rise in prices so long as there was a temporary setback in production appears to confirm that automation, unless adopted at a spectacular rate, is barely able to check the inflationary effect of an expansion of production. The danger of deflation through automation is, therefore, very remote. The Labor Unions do not run any risk by allowing employers to proceed with automation. It may cause unemployment in certain occupations —among office workers, in distributive trades, etc.—but, taking industry as a whole, the danger is virtually non-existent.

Wage Demands Unjustified

Nor is there any economic justification for substantial wages demands on the ground of cuts in production costs through automation. Those cuts are needed for counteracting the inflationary effect of the expanding production on the price level. Workers directly concerned in automation are not justified morally in demanding the increase of their wages well above those paid to workers in less fortunately placed industries. The cuts in production costs should be the benefit of the whole community, and this end can be achieved if automation is used for moderating the inflationary effect of expanding production.

Needless to say, there are innumerable other causes, besides the expansion of production, contributing towards inflation. Automation will have to progress very far before it is able to halt this process. Meanwhile, it is highly premature to worry about its deflationary effects.

Aronson to Admit

Bernard Aronson & Co., 745 Fifth Avenue, New York City, members of the New York Stock Exchange, will admit Philip B. Wershil to partnership as of Oct. 1st. Mr. Wershil has been a partner in David J. Greene & Co.

Is There A Ford in Your Bargaining Future

By JULES BACKMAN*
Professor of Economics, New York University

Dr. Backman indicates the types of materials which should be compiled by a company attempting to evaluate the practicability of Supplementary Unemployment Benefits for its own situation. Cites variations in particular phases of the programs, as: cost to employer; weekl y benefits received; seniority; extent of protection to workers; effective date of contributions and benefit payments; the waiting period; and other restrictions. Stresses necessity of cost estimates. Mentions unions that have come out in opposition.

The title of my address is not intended to convey the idea that collective bargaining will be concerned with whether or not a company will give a Ford car to each of its workers. Although as the package settlements grow in size, this may not be so fantastic as it seems at first. Rather, the title is intended to indicate that I will be concerned with that phase of the recent Ford contract which introduced the new idea of supplementary unemployment benefits (SUB) into mass production industries.


Jules Backman

Developments during the past few months indicate tnat a company which prepared itself to deal solely with a program indentical to that of Ford would probably find itself inadequately prepared to evaluate the demands made upon it or to determine what variations should be made in the program to meet its own peculiar situation. My task today is to indicate the types of materials dealing with its internal operations that a company should compile in its attempt to evaluate the practicability of SUB for its own situation. By way of introduction, it is useful to review the provisions contained in the various programs adopted up to this time.

Diversity rather than uniformity has characterized the SUB plans adopted. They have in common a program to supplement state unemployment compensation programs. There is also similarity in the cost to employers and the benefits paid—to those who receive them. However, the duration of payments, the seniority requirements, the provision for dependents, methods of payment, and related provisions have differed between industries, within industries, and in contracts signed by the same union.

Moreover, all companies and unions have not jumped on the SUB bandwagon. Among the industries and companies which have adopted SUB in some form are the following:

Automobiles: Ford, General Motors, Chrysler Corp., American Motors, White Motors.

Farm Equipment: Allis Chalmers, Deere & Co., Caterpillar Tractor, International Harvester.

Can: American Can, Continental Can.

Aviation: Bendix Aviation.

Railroad Equipment: Budd Co.

Glass: Pittsburgh Plate Glass, Libby-Owens-Ford

Among the industries and companies which have not adopted SUB in 1955 bargaining since the Ford plan was announced are the following:

Coal Industry.

Electrical Equipment: General Electric. The General Electric five year contract provides for a reopening in 1958 for a 30 day review of the guaranteed annual wage. This contract was with the same union that obtained the SUB from General Motors.

Rubber: B. F. Goodrich & Co., Firestone Tire, Goodyear.

Non Ferrous Metals: Kennecott Copper, Anaconda Copper, American Smelting and Refining, Eagle Picher.

Retail Trade: Safeway Stores.

Transportation Equipment: General Dynamics Corp.

Aviation: Boeing.

Some AFL unions have come out in opposition to SUB. Two unions that have taken such a stand are the Upholsterers and the Machinists.

The variations in particular phases of the SUB programs may be summarized as follows:

(1) **Cost to Employers:** In most plans, it is provided that five cents an hour be paid into a trust fund for each hour worked. Exceptions include Continental Can, which pays three cents an hour with an additional payment of two cents contingent upon withdrawals from the fund and the Atlantic and Gulf Coast Operators, who pay 25 cents **per day per man** into the fund. Most plans provide that when the fund reaches its designated maximum, the employer is relieved of further payments. Under the glass program, however, the payments are continued but the excess is used to provide additional vacation pay.

(2) **Weekly Benefits Received by Employee:** It is generally provided that inclusive of the state unemployment compensation, the employee will receive a total of 60 to 65% of his take home pay. The Ford and General Motor's plans provide for 65% of take home pay for the first four weeks and 60% for the following 22 weeks. Allis Chalmers, which was negotiated later, provides 65% for the entire 26 week period. The UAW has indicated that this is now its minimum goal. American Can and Continental Can provide for 65% for 52 weeks. The Can plans provide $2 for each dependent up to a maximum of four. The General Motor's Euclid Division (Road Machinery Workers Alliance, Inc.) contract provides the worker may receive six times his base hourly rate but combined UC and layoff pay may not exceed 66⅔% of his weekly base pay. For the worker not entitled to UC, the maximum layoff pay is 50% of weekly rate. The maximum payment under the Continental Can plan is $51 and for American Can $66.82 per week, inclusive of UC. Under the Allis Chalmer plan, a worker not covered by UC, can receive $48.30 plus $2 for each dependent to a maximum of four or a total of $56.30.

Under the Can program, the weekly benefits are reduced as the amount in the fund falls below 90% of the maximum position. The Ford plan, on the other hand, protects the fund by reducing the number of weeks for which benefits are paid. In the American Can plan this is also done to a lesser extent for employees with less than 20 years' seniority when the fund falls below 50%. When the Ford fund is below 13%, the benefits are reduced by 20%. This provision is not contained in the Allis Chalmers plan. Here again, the UAW has indicated that the Allis Chalmers plan is now its model.

The glass company plans provide for payments between $15 and $30 for 20 weeks, if the employee is laid off or **if he is ill.** However, the payment may not exceed 10% of his account. It also vests in the employee the money set aside. If he leaves the company or retires, he is paid the balance in his account. If he dies, the balance is paid to a beneficiary. A similar provision is found in the General Motors' Euclid Division contract. In connection with these benefits in the various plans, two points should be noted.

(a) **The definition of take home pay may vary.** In the Ford plan take home pay is defined as 40 times the base hourly rate, exclusive of all premiums and bonuses of any kind, minus "all Federal, state, and municipal taxes and contributions which would be required to be collected, deducted, or withheld by the company from regular weekly pay." In the American Can plan, only income taxes are deducted to determine weekly straight-time take home pay. This provides a higher base than the Ford plan. The actual dollar benefit received by the employee will vary moderately depending upon the definition of take home pay used.

(b) **The relationship between total benefits received and weekly earnings is less than 60 to 65%.** Under the Ford plan, for a man with a wife and one child, 65% take home pay is equal to 56.6% of basic weekly earnings; 60% of take home pay is equal to 52.2% of basic weekly earnings. For employees with fewer dependents, the ratio of benefits to weekly earnings is still lower because higher income tax payments reduce their take home pay. The ratio is somewhat higher for workers with more than two dependents. The relationship to **actual weekly earnings** is even lower than these figures indicate, because the payments are based on straight time earnings rather than actual earnings.

Despite the variations noted, we have what appears to be a general similiarity of costs to employers and of weekly benefits to employees in the different plans. Since the relative importance of layoffs varies widely among industries and the level of UC benefits varies among the states, it is clear that this does not show the entire picture. The safety valve is found in widely differing provisions for eligibility to receive benefits, the periods for which benefits are paid, the highest wage which is fully covered, and related factors. If we consider the **package of benefits** to include the weekly supplement, the duration of payments, the eligibility, etc., then while the initial hourly cost to employers is about the same, the package of benefits varies considerably. This is directly opposite to the situation which prevails for UC. Under the state programs, the package of benefits within the state is the same for all employees in a given category, while the costs to employers may vary widely. In effect, SUB provides varying benefits and uniform costs while UC provides uniform benefits and varying costs. SUB differs from other fringe benefits in this respect. For other fringes, such as holidays, vacations, pensions, etc., the emphasis usually is upon the benefits received and pattern bargaining attempts to achieve uniformity in terms of benefits rather than in terms of costs. This is particularly marked in connection with pension plans for which hourly costs may differ much more markedly than benefits depending on the degree to which provision is made for funding and the age composition of the work force.

The variations in other provisions of the SUB plans may be summarized briefly:

(3) **Seniority:** The Ford program and most of those negotiated by the UAW apply to employees with at least one year of service; the Can companies' contracts protect only employees with service of three years or more. Depending upon the layoff experience, this difference in seniority requirements could mean a significant difference in the proportion of workers protected and in the overall drain on the fund.

(4) **Duration of Benefits:** The UAW contracts provide protection for a maximum of 26 weeks, which is the duration for UC payments in the more important industrial states. The Can companies' benefits are paid for 52 weeks. Generally, the relative costs for benefits, where they must be paid, increase sharply after the 26th week because there is no offsetting UC payment. Depending on the layoff experience, the increase in period of protection from 26 weeks to 52 weeks could mean a substantial increase in the cost of the program should economic conditions become adverse. In the Ford plan, the precise duration of benefits will be determined by the number of credit units accumulated by the worker, by the relative size of the fund accumulated, and by the seniority of the worker. For example, no worker may accumulate more than 26 credit units a year. When the trust fund position is 85% or over, then all workers can receive the benefits up to 26 weeks. However, if the trust fund position is less than 49%, then workers with seniority of less than five years can receive benefits for a maximum of only 13 weeks, those with 15 to 20 years' seniority for a maximum of less than 21 weeks, and only those with seniority of 25 years or over for 26 weeks. The American Can plan follows the same principle, although with different relationships than in the Ford plan.

(5) **Extent to Which Workers are Fully Protected:** The SUB plans generally provide a maximum amount of supplementation which will be paid to each worker. Under the Ford plan, the maximum supplementation is $25 a week. It is the same for American Can for the first 26 weeks and then is increased to $46.80 for the last 26 weeks of the guarantee when UC payments are not received. As a result of this maximum, the higher paid workers do not receive the same relative protection as the lower paid workers. For example, in a state with a maximum UC benefit of $36, a Ford worker with take home pay of $122 would be protected to the extent of $61 or 50% while a worker with take home pay of $101 or less would be protected for 60%. In the last 26 weeks of the American Can plan, single workers with take home pay of $72 or less would be protected to the extent of the designated 65%. Workers with dependents and take home pay of less than $86 a week would receive 65% of the total straight-time pay. Most workers in these companies are protected now. However, as the wage scale climbs, a steadily smaller proportion of the workers would receive the percentage protection specified in the plans. For companies with higher pay scales, fewer workers would be protected than

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*An address by Dr. Backman before the American Management Association Personnel Conference, New York City, Sept. 27, 1955.

Savings Banking in The Dynamic Age

By AUGUST IHLEFELD*
President, Savings Banks Trust Company

Mr. Ihlefeld, referring to the present as the Dynamic Age, discusses the role of banking and the trend of personal saving in relation to changes taking place in the national economy. Says there are forces at work that may reduce the proportion of personal savings, and foresees increased competition for savings accounts. Urges more activity of mutual savings banks to stimulate thrift, and advocates easing of curbs and restrictions on individual savings deposits accounts.

American economic history has been marked by several periods of accelerated growth and progress. The westward movement transformed the nation within one generation from a series of seaboard settlements to a continental power. The great era of railway building, within two decades following the Civil War, bound together the 48 states with a network of steel over which goods and people could move speedily and cheaply. The age of industrial consolidations, in the early years of this century, paved the way for large-scale production and distribution.

August Ihlefeld

We witness today another such national upsurge. So many and varied are the forces that propel our economy forward that I doubt any one of them will give its name to this era, although some have already christened it the Atomic Age. I prefer to call it the Dynamic Age, because change itself is its dominant characteristic.

The most striking features of today's Dynamic Age are:

(1) An upsurge in population that will give us close to 200,000,000 people by 1970, and possibly 300,000,000 half a century hence.

(2) A continuous rise in personal incomes. Well over a third of the nation's families earn over $5,000 a year, as compared with 15% only nine years ago.

(3) A shift from home renting to home ownership. Fifty-five percent of the nation's dwellings other than farm are occupied by their owners today, as compared with only 40% in 1939.

(4) A vast movement of people from cities to suburbs and adjacent rural areas.

(5) Striking advances in technology, of which atomic power and automation are merely the dramatic examples.

(6) A powerful urge to expand, displayed by virtually every type of enterprise, which reflects the general revival of faith in our economic future.

Banking in the Dynamic Age

Banking has both reflected and facilitated the striking advances of the past 15 years.

Banking is a service industry, catering to the financial needs of individuals, business, and government. These financial requirements are closely attuned to the pace and character of economic growth.

During the stagnant 1930s banking's chief task was to conserve resources. Since 1940, it has again become highly dynamic. Commercial bank deposits have expanded threefold in 15 years. Mutual savings banks have enjoyed almost as great a growth. Share capital in savings and loan associations, which are freer to adapt themselves to new conditions, has expanded more than sixfold.

At the same time, newer financial institutions have been developed and now vie in importance with old-established institutions. U. S. Government trust funds have accumulated $50 billion, invested entirely in Treasury obligations. Pension funds are growing at a rate of over $4 billion a year. Open-end investment companies are absorbing savings at a rate of a billon a year.

The Prospect Ahead

Brilliant as the record of the past 15 years has been, our financial institutions cannot be complacent about the future.

True, our economy is bound to grow, barring a disastrous atomic war. But great economic and social changes are in the making, and only institutions that adapt themselves successfully to change can expect to share in the growth.

Mutual savings banks doubled in size during the 1940s, and they are growing almost as fast in the 1950s. Their ability to continue to expand at any such rate, however, will depend upon three factors, namely:

(1) The volume of personal savings.

(2) The proportion placed in savings or thrift accounts.

(3) The ability of mutual savings banks to maintain or increase their share of the funds going into savings or thrift accounts.

Personal savings last year amounted to $18.3 billion, according to the Department of Commerce. Nearly half of this total went into savings or thrift accounts. Mutual savings banks received 22% of such funds.

Let us consider, step by step, the outlook for personal savings, for savings and thrift accounts, and for mutual savings banks specifically.

The Volume of Personal Savings

Even if the pace of economic growth is sustained, it is doubtful that the American people will continue to save 6 to 7% of their disposable income, as they are now doing.

For one thing, optimism about the future and such devices as medical and unemployment benefits tend to stimulate spending and lessen the pressure to save. Secondly, a high birth rate and the growing size of the average family swells consumption needs. In the third place, millions of families who have bought new homes face repair and improvement outlays that did not confront them when they were renters. Finally, mounting mortgage and consumer debts will absorb a growing slice of personal income for debt service.

Personal savings in the future could be nearer the 4.1% of disposable income saved in 1939, therefore, than the 6.2% of the second quarter of this year. Put another way, personal savings could remain around the current $17 billion level or even decline moderately, even though incomes mount.

How Much in Savings Accounts?

There are forces at work that may also reduce the proportion of personal savings placed in savings and thrift accounts.

For one thing, more money is going into contractual forms of savings such as life insurance, social security, pension plans, and, most recently, so-called "guaranteed annual wage" plans and company-contributed employee thrift plans. Such savings are very stable because they do not involve an act of will on the part of the savers. Contractual savings now absorb over half the total and the proportion could rise in the future. This would lessen what is left for discretionary types of savings.

Discretionary savings, in turn, are divided between savings and thrift accounts and direct investment in securities, including United States Savings Bonds. The great bulk of discretionary savings in recent years has gone into savings and thrift accounts. But revival of public interest in common stocks could result in a larger proportion being invested directly in equities.

Prospects for sustained rapid growth of savings and thrift accounts are thus clouded both by the tendency to spend more for consumption and personal debt service, and by the growing proportion of savings going into contractual and direct investment channels.

Competition for Savings Accounts

Three groups of institutions compete actively for savings and thrift accounts.

Commercial banks, operating throughout the country, in many areas without competition, are the largest holders of thrift accounts. They held nearly $45 billion of personal thrift deposits in April of this year. Many commercial banks have hitherto been rather indifferent to thrift accounts because they were not considered profitable, but this attitude is changing. With commercial banks keenly interested in making consumer loans, they are coming to regard the thrift depositor not so much as a source of funds, but as a potential borrower from the bank at high rates of interest.

In 1940, commercial banks held over 50% of individual savings and thrift funds. Their percentage has declined to 45%. We may expect strong efforts by commercial banks to check this declining trend.

Savings and loan associations, less subject to restrictions than other institutions, have been very aggressive in their efforts to attract funds to finance the current high level of home building. They held 14% of all the funds in savings and thrift accounts in 1940. Today, their proportion is 28%, and rising.

Mutual savings banks, which held 36% of savings and thrift funds in 1940, hold 27% today. Considering that savings banks operate in only a limited number of states and are severely hampered by outworn restrictions, this is not a poor showing. But inability to open branches in suburban areas to which population is shifting, outworn deposit account limits and other handicaps seriously threaten the ability of savings banks to compete on an equal footing in the future.

Is it sound economic policy to hamper and curb mutual savings banks in this way? That depends upon the importance of their contribution to the nation's economy today.

The Economic Role of Savings Banks

The primary economic role of commercial banking is to provide the nation with demand deposits, the chief component of our money supply. This is a very vital function, which the commercial banks now perform quite well. Holding and investing savings is merely incidental and secondary.

The primary role of savings and loan associations is to finance home ownership. By fostering home ownership, savings and loan associations make a major contribution to the well-being of the American people. They seek thrift deposits to provide funds for this primary objective.

The dominant role of mutual savings banks is to stimulate and encourage thrift. Every other activity is subordinated to this objective.

Now, in this Dynamic Age, more savings are urgently required for our nation's economic health. In the depressed 1930's the requirements for business capital were at a low ebb. The emphasis then was on spending to stimulate the economy. Today, however, savings are needed in large volume to finance new homes, new public works of states and local municipalities, and the new productive facilities required for our rapidly rising population and living standards. The alternative would be to finance a large part of these needs through commercial bank credit expansion, which would mean still more inflation with all its disadvantage and dangers.

In an era when thrift has once again become so essential it is senseless to hamper and restrict the one major group of institutions whose primary objective is to foster thrift among all classes of people.

It is high time, therefore, that the states in which mutual savings banks operate, and particularly New York State which historically has held the leadership in savings banking, free them from obsolete restrictions. Existing curbs on branches, restrictions on individual deposit accounts and prohibition of deposits of surplus funds accumulated by small businesses and the like have no logical place in the savings bank law today.

At the same time, the public interest would be furthered by encouraging formation of new savings banks in many areas that do not now possess such institutions. This calls for an up-to-date model savings bank law. New York, as the leading savings bank state, should take the lead in drafting such a statute. It may be desirable also to authorize existing savings banks to subscribe out of their surplus to a fund from which advances could be made to newly-organized savings banks, to supplement contributions to initial surplus funds provided by local incorporators.

A Program for the Future

The need for more savings in our economy in this Dynamic Age is urgent, while the volume of savings tends to be reduced by the freer spending fostered by prosperity.

Mutual savings banks, the only major class of financial institutions whose primary and dominant objective is to promote thrift, thus have an invaluable contribution to make to the nation's economy. Their ability to make this contribution can be assured by adoption of a program like the following:

(1) Constant improvement of the thrift service offered depositors.

A relaxed atmosphere, friendly spirit and human warmth are characteristics of savings bank service that are appreciated increasingly as commercial bank branches become more busy, crowded places preoccupied with large-scale consumer lending and other highly profitable activities that are being pushed so aggressively by the commercial bank of today.

Moreover, savers are becoming increasingly rate conscious. All earnings of mutual savings banks belong to depositors and after setting aside a reasonable addition to reserves and surplus, savings banks can pay an attractive return for thrift while maintaining very high standards of safety and liquidity.

(2) Savings banks must insist upon legislative authority to follow their depositors to the suburbs through branches.

Mutual savings banks are and will always remain community institutions. But when depositors move by tens of thousands from cities to suburbs and adjacent rural areas, the savings banks should be permitted to continue to serve them through limited and regulated authority to relocate existing, or to open new, offices in these areas they have helped to vitalize.

Mutual savings banks have done a great deal to make the socially desirable shift of population to the suburbs possible, by promoting thrift and through financing home ownership, new residential construction, and other capital improvements. It is inequitable as well as unsound economic policy to prevent them from following their depositors to the suburbs. Since both commercial banks and savings and loan associations possess broad and flexible branch banking authority, why not savings banks?

Restrictions upon their places of business should be relaxed for savings banks. Broader authority to open branches, needless to say, would be exercised only with the approval of the Superintendent of Banks, to assure that a need exists for the services of a savings bank in a community where a branch is to be opened.

(3) Savings banks will want to broaden the services they provide to keep pace with economic and social change.

As the level of family income and wealth rises, the average American needs more financial counsel and services. Some of these needs savings banks can satisfy; others they are not permitted to serve. But as savings bankers we must keep an open mind, and be ready to step in where suitable opportunities present themselves.

Savings bank life insurance has proved a sound supplement to savings service. It is an example of how the job done by savings banks can be broadened.

A field that deserves careful study is the investment of pension funds of smaller businesses and of retirement trust funds for the self-employed when the latter gain legislative approval. It would be highly desirable to give the employee a treasured passbook to represent his growing equity in a pension fund, instead of a participation that seems vague and remote, especially to younger persons far from retirement age.

Another new service that may be practicable is a "variable savings account," consisting in part of a participation in an equity fund of fluctuating value. Such an account would give a higher rate of return and afford some protection from inflation to the saver.

The making of personal loans to depositors on a limited scale for certain contingencies also could be a part of a complete thrift service.

Above all, the average family needs professional, objective guidance as its financial interests increase in size and variety. In buying and financing a home and car, in incurring mortgage and personal debt, in accumulating life insurance, savings accounts and securities, and in setting up a trust estate, many problems not easily understood by the layman arise. If the rank and file of the people in our communities can be persuaded to come to the savings banks as the sure source of objective, qualified counsel, we

*An address by Mr. Ihlefeld before the Annual Meeting of Group Five, the Savings Banks Association of the State of New York, Brooklyn, N. Y., Sept. 20, 1955.

would have the opportunity not only to render an invaluable added service to the public in the promotion of thrift but at the same time to assure the loyalty of our depositors.

(4) **Modern methods of marketing, including effective advertising and public relations programs, are essential to enable savings institutions to fulfill their primary mission of promoting thrift.**

Competition for the consumer's dollar is going to be very keen, as we already see in the automobile and some other industries. As pressure to get people to spend increases, the margin left for savings tends to shrink.

Thrift institutions, and particularly savings banks whose primary function it is to promote thrift, will have to utilize these same advanced techniques to maintain a reasonable balance between spending and saving in our economy. The Savings Banks Association of the State of New York has time and again given expression to the need for carrying the story of mutual savings bank service more effectively to all classes of the population.

(5) **While we improve and broaden service and reach out into growing communities with branches, let us not forget Carlyle's statement that an institution is only the lengthened shadow of a man.**

Mutual savings banks can be only as effective as the people who run them.

In this period of rapid economic growth, competition for qualified personnel is very keen. But unless savings banking continues to attract able young people, and unless these young people are trained and given responsibility as fast as they are ready for it, we cannot expect to hold our own in this highly competitive era for banking, and so make our full contribution to the Dynamic Age.

Problems of personnel cannot be left to solve themselves, as was possible in the stagnant 1930s. Growing savings banks need a regular program of recruitment and training of personnel, to assure their ability to get the people they need to do an even better job of serving the public. We should consider the establishment of a Graduate School of Savings Banking at a university, to provide intensive training for younger savings bank executives.

(6) **Every State in the Union should be urged to enact a model savings bank law to promote the organization of new savings banks and to make possible conversion of savings and loan associations into mutual savings banks where such associations wish to shift their primary emphasis to thrift promotion.**

An institution that has proved so beneficial to the nation, and whose economic importance has been greatly enhanced by the growing need for savings, should not be limited to 17 states, and severely hampered by outworn restrictions in many of these. The states owe it to their citizens to make a mutual savings bank service readily available to them.

By perfecting and broadening their services, by overcoming obsolete and inequitable restrictions, and by strengthening their internal organizations, mutual savings banks, as America's preeminent thrift institutions, will be in position to make the fullest contribution to the economy in this Dynamic Age.

E. D. Fox Partner

James S. Ford will acquire a membership in the New York Stock Exchange and on Oct. 1 will become a partner in E. D. Fox & Co., 61 Broadway, New York City, members of the New York Stock Exchange.

More Spending Needed to Keep Up With Growing Productivity!

By ARNO H. JOHNSON*
Vice-President and Director of Research
J. Walter Thompson Company, New York

Stressing importance of better marketing and greater advertising, Mr. Johnson points out, in order to keep up with our growing productivity and labor force, we must sell to consumers $40 billion more goods and services in 1956 than in 1954. Says this can mean huge new markets, with more advertising. Holds real purchasing power in the U. S. has increased 92% over prewar period, and consumer credit could be safely expanded by 60% in 1956.

Business has been good in 1955. But it must expand still further if we are to keep up with our growing productivity and the changing standard of living of the American population.

Arno H. Johnson

The reaching of new heights in consumer purchases, in home building, and in use of credit in 1955 is not the "spending spree" or the "inflationary boom" that many fear and wish to curtail. It has been just in line with the growth that will be necessary to utilize our productive capacity, to avoid serious unemployment, and to reach the minimum goal of living up to a $500 billion level of production by 1965 as envisioned by the President in his Economic Report to Congress in January, 1955.

In fact, we must sell $40 billion more goods and services to consumers in 1956 than we did in 1954 to assure a continuing expansion in our national economy. We need this higher level of consumption just to keep up with our growing productivity and growing labor force. We need it to support a total production large enough to provide the revenue both for a balanced budget and a continued strong defense. We need it to advance the standard of living of our American population to a level more nearly in line with our capacity.

Forty billion dollars more sales by the end of 1956, would bring the total level of personal consumption to $277 billion—about 17% over the $237 billion sold in 1954 and about 10% above the peak level of $250.5 reached in the second quarter of 1955. That measures the immediate job for selling and advertising!

50% Increase in Standard of Living—The Selling Job by 1965

But this is only the start! The President, in his Economic Report to Congress on Jan. 20, 1955, gave a measure of the opportunity and the selling job for the next 10 years by pointing out that "our country can within a decade increase its production from the current annual level of about $360 billion to $500 billion, or more, expressed in dollars of the same buying power."

Furthermore, the Joint Committee on The Economic Report, in its October 1954 study "Potential Economic Growth of the United States During the Next Decade," pointed to an opportunity for a gross national production of $535 billion for 1965.

To support even the minimum level of over $500 billion of production by 1965 will require a major increase in our standard of living. We will have to increase sales of goods and services to consumers by at least 50%, to a minimum level of $350 billion compared with $237 billion in 1954.

Such an increase in living standards is perfectly possible. Purchasing power is created by production. The increased productivity of our population since 1940, for example, has resulted in an increase of 92% in **real** purchasing power—even after adjustment for inflation, higher taxes, and heavy defense needs. The production level of over $500 billion possible by 1965 could yield disposable income to individuals, after taxes, of $375 billion. This would be sufficient for an increase to over $350 billion of consumer purchases, plus a high level of about $25 billion annually in personal savings.

So both our productive ability and purchasing power point urgently to the need for rapid improvements in living standards. But these improvements can take place only if mass millions of Americans change their habits, change their desires, change their motives, change their ideas of what statisfies them, and change their level of demand for the infinite variety of goods and services and investments that measure a standard of living.

Advertising—The Educational and Activating Force to Increase Demand

Advertising is the educational force—the "activating" force—that can bring about these needed changes in demand. This is not placing advertising on an altruistic pedestal. The aggressive and intelligent advertising of a worthy product or service while serving the self-interest of the producer through profitable sales does at the same time contribute importantly to our national economy in educating many people to a higher standard of living and to the higher levels of consumption that our productivity and resources justify.

This need and opportunity for increased sales covers all areas of the standard of living. The magnitude of the sales opportunity among consumers is indicated by the fact that to achieve the $350 billion sales needed to support our $500 billion production ability in 1965 we will have to sell:

$54 billion more non-durable goods than in 1954.

$44 billion more services than in 1954.

$16 billion more durable goods than in 1954.

This increase in physical volume to be sold in the next 10 years is 1¼ times as great as the increase in physical volume in the 14 years from 1940 to 1954. That's further evidence that the expansion in consumer spending in 1955 is just a step in line with the growth we need to encourage (Table I.)

The Job for 1956 Is to Sell $40 Billion More to Consumers

Just to equal, in 1956, the per capita production we had in the first six months of 1955 would require selling $25 billion more to consumers in 1956 than in 1954. This should be the minimum goal.

Our national productivity in the first half of 1955 was approximately $2,310 per capita. A similar per capita productivity in 1956 would mean a total production of $387 billion. After anticipated needs for defense, other government purchases and private investment, this would point to the need of expanding consumer sales by $25 billion to $261 billion as a minimum—about 10% above 1954. But this would allow for no growth whatever in productivity.

Actually, our per capita productivity in the 14 years from 1940 to 1954 increased annually about 2½%. Just to keep up with our growing productivity, therefore, we are faced with the need for a production rate of about $2,400 per capita, by the end of 1956, or a total of $403 billion annual production. This widens the gap to $40 billion between the 1954 level of consumer purchases of $237 billion and the $277 billion needed to support our true productive ability.

In other words, just to keep up with our growing productivity and labor force we must sell to consumers $40 billion more goods and services in 1956 than in 1954.

There are internal growth pressures in our dynamic and changing American economy that point to an immediate opportunity for substantial improvements in our living standards — improvements that can mean huge new markets.

Let's look first at the probabilities for growth in total national production and consumption over the next 10 years since this will largely determine the future of both business and investments.

Opportunity for Market Expansion —As Productivity and Population Grow

In the next five years, by 1960, if we increase the productivity per capita of our labor force at the rate we increased productivity in the five years from 1950 to 1955, we shall have the opportunity for a gross national production of at least $430 billion which could yield disposable income of $320 billion and a level of personal consumption expenditures of over $300 billion compared with $245.8 billion in the first quarter of 1955.

Further, a continuation of this rate of increase in productivity per worker would, by 1965, indicate a level of production of over $500 billion and a standard of living measured by over $350 billion of sales to consumers. This checks with the President's goal.

The purchasing power can be there through increased production—but consumers will have to be educated to this higher standard of living necessary to utilize that productive ability. And we must learn to encourage, rather than hinder, the higher levels of consumer purchasing that go along with higher standards of living.

Let's examine the purchasing power changes that can make

TABLE I
Sales to Consumers (Billions — In 1955 Prices)

	1940	1954	Increase 14 Years 1940-1954	1965 Opportunity	Approx. Incr. Need. in 10 Years 1955-1965
Total Sales to Consumers	$145.0	$236.5	$91.5	$350	$114
Non-Durable Goods	81.8	120.8	39.0	175	54
Services	48.0	86.4	38.4	130	44
Durable Goods	15.2	29.3	14.1	45	16

Continued on page 46

*From an address by Mr. Johnson before the National Mutual Funds Sales Convention sponsored by the "Investment Dealer's Digest," New York City, Sept. 12, 1955.

THE MARKET . . . AND YOU

By WALLACE STREETE

Wall Street's "Figure Philberts" were kept hopping this past week posting the many new records brought about by what is being referred to as the "Eisenhower-scare market" — as differentiated from the Eisenhower boom market of the past two years.

The Week's Log

The list of new landmarks reached by the market at this juncture is a formidable one. In the brief span of a week's time — a week ago today through Tuesday of this week —here's what transpired:

(1) The Dow-Jones industrial average attained a new record high of 487.45 on Friday. (The rails just missed, reaching within one cent of the previous best level.)

(2) The same average plunged 31.89 points on Monday for the widest point decline since October, 1929, and the widest percentage loss since the fall of France in May, 1940. At the low the average was 40.71 points behind last Friday's closing.

(3) The rail average of this service declined 11.15 points on Monday, the worst setback ever encountered by this index.

(4) On Tuesday, when the market rallied smartly, the Dow-Jones industrial average recouped 10.37 points of its setback on the previous day, and this too represented a new record. It was the best gain in the industrial average since the 12.86 point rise on Oct. 6, 1931.

(5) Volume reached 7,720,000 shares in Monday's rout and amounted to 5,500,000 shares on Tuesday. The Monday total was the largest for any session since back in the depth of the depression—best since July 21, 1933. With this start it was indicated weekly volume also would set a new top for many years.

(6) While in Monday's decline the ticker kept up with actual transactions except for a few short spells, on Tuesday when the recovery was developing, it was being taxed to its utmost almost all day. It fell behind as much as 19 minutes, and for a period of more than three hours, couldn't catch up to actual floor transactions. The 19-minute lag set a new record going back to the outbreak of the Korean War, when it ran as late as 27 minutes.

(7) In Monday's market only some 38 issues advanced while 1,274 were being pounded. It made the day's swing the most one-sided of the year, and then some. Evidencing that Tuesday's recovery extended beyond the pivotals: — Issues advancing totaled 809 out of a total of 1,255 traded. The declines numbered 271.

* * *

Other record or near-record statistics included the fact that most pivotals had openings ranging from 30,000 to 75,000 shares on Monday and many did not open until just before the market's final gong rang out.

Exciting Markets

All in all this weekly interim period had as many interesting aspects as have been crowded into any week in many years. There were created many freak situations for the technicians to work out; such as the wide gap left in the day-to-day pattern chartists follow by the abrupt drop on Monday. Then too, there remains the question of whether Monday's lows must be tested before the long upswing can be resumed, assuming that the major portion of the widespread selling pressure has been lifted.

Blue Chip Pounding

It was not surprising that when the market turned, the "blue chips" took the major pounding. Just look at the ten most active stocks on Monday:

Complete Volume		Close	Changes
202,500	U. S. Steel	57	—5⅛
168,300	Chrysler ----	91⅛	—8¼
128,100	Sperry Rand	22¼	—2
110,800	Gen. Motors	135	—7
92,900	Central ----	44¼	—4
88,700	Pennsy ----	25	—2¾
78,200	Radio ------	45¾	—5
74,500	Rep. Steel--	48⅜	—5½
74,000	Anaconda --	67⅛	—8¼
73,400	Am. Airlines	22¾	—2

Besides the blue chips among these, and such favorites at Bethlehem Steel and Jersey Standard, the recently strong issues came in for heavy liquidation in the period. U. S. Gypsum, Douglas, Royal Dutch, Phillips Pete, ran off quite sharply on Monday. (It is true, they were among those that snapped back best.)

Status of "The Little Guy"

Because institutional buyers favor the quality issues—some are limited in their investments to such issues—and because these issues have led the market's climb to new tops in recent months, the savage slash in their price at the start of this week hit another group of investors—the little guy. He had just about decided these were the "going stocks" and apparently had gobbled up a bit of the pivotals here and there.

* * *

How much damage was done to the average investor? It would be hard to determine. For one thing there were hardly any margin calls resulting from the plunge on Monday. And then the market's climb has been so steep of late that only paper profits, in most cases, were lost.

* * *

The market put the specialists pretty much on the spot. But these boys are pretty canny, and if they didn't work off in Tuesday's recovery most of the shares they were forced to "take on" in establishing markets Monday in their respective issues, most of us would be greatly surprised.

* * *

The coming week may tell if the bears will be given more than the chunky bone thrown to them on Monday—the first real morsel they have had in many years. It should be interesting to watch —from the sidelines!

[*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.*]

Bache to Take Over McCleary & Co.

Bache & Co., members of the New York Stock Exchange and other leading securities and commodity exchanges, has acquired and will take over the offices of McCleary & Co., Incorporated, in St. Petersburg, Leesburg and Winter Haven, Florida, it was announced by Harold L. Bache, senior partner of Bache & Co. Operations of the three offices under the Bache management will commence on Monday, Oct. 3, Mr. Bache said.

McCleary & Co., Incorporated, members of the New York Stock Exchange, the Philadelphia-Baltimore Stock Exchange, the National Association of Securities Dealers and the Investment Bankers Association of America, was organized in 1954 by the late George M. McCleary who served as its President until his death recently. The organization, with headquarters at 556 Central Avenue in St. Petersburg and branches at 331 West Magnolia Avenue in Leesburg and at 259 West Central Avenue in Winter Haven, is active as stock brokers, underwriters and distributors of corporate securities and mutual funds and as specialists in Florida municipal and corporate issues.

Mrs. George M. McCleary, widow of the late President of McCleary & Co., will become associated with Bache & Co. Edwin S. Crooks, Manager of Bache's two Miami Beach branches, will serve as Acting Manager of the newly-acquired St. Petersburg branch. In Leesburg, George O. Craig will remain as Manager and Genver G. Mann will continue to manage the recently opened Winter Haven office.

Bache & Co. also has Florida branches in Palm Beach, Miami, and two in the Miami Beach area. Acquisition of the McCleary offices brings to 49 the number of branch offices and affiliates maintained by Bache in this country, Canada and abroad.

B. C. Morton Adds

(Special to THE FINANCIAL CHRONICLE)

BOSTON, Mass.—Nancy McCauliff has been added to the staff of B. C. Morton & Co., 131 State Street.

NEWS ABOUT BANKS AND BANKERS

CONSOLIDATIONS
NEW BRANCHES
NEW OFFICERS, ETC.
REVISED CAPITALIZATIONS

Vice-Presidents Clinton C. Johnson, Howard W. McCall and William S. Renchard have been promoted to Executive Vice-

H. W. McCall, Jr.

Clinton C. Johnson

William S. Renchard

Presidents by the Directors of **Chemical Corn Exchange Bank,** of **New York** it was announced on Sept. 23. Mr. Johnson heads the International Division, Messrs. McCall and Renchard direct the business of the National Division. In addition, Mr. McCall supervises the Oil and Gas Department and Mr. Renchard the Wall Street Division.

* * *

As a service to American firms doing business in the Near East, **The Chase Manhattan Bank** of **New York** opened a new branch in **Beirut, Lebanon,** on Sept. 28. The bank has maintained an office and a full-time representative in Lebanon for several years. Frank A. Howard, Vice-President, will be in charge of the branch. Mr. Howard, a veteran of more than 30 years of service with the bank, has had, it is added, extensive foreign banking experience in branches in the Far East and Cuba. The offices of the new branch are temporarily located in the Pan American Building, until permanent quarters in the Abboud Building are ready for occupancy in January next.

* * *

Edward J. Korbel has been appointed a Vice-President of **Manufacturers Trust Company,** of **New York** Horace C. Flanigan, President, announced, on Sept. 26. Mr. Korbel joined Manufacturers Trust Company in 1927 as a paying teller. Later he was advanced to Chief Clerk and then to Branch Manager. In September, 1932, he was appointed an Assistant Secretary and in January, 1937, an Assistant Vice-President. At present, Mr. Korbel is officer in charge of the bank's recently enlarged Columbus Circle Office, 969 Eighth Avenue, New York City.

Barry T. Leithead, President of Cluett, Peabody & Co., Inc., has been elected a Director of **Manufacturers Trust Company,** of **New York,** President Flanigan, announced on Sept. 27. Mr. Leithead succeeds Chesley R. Palmer, who has retired from the bank's board after 25 years of service. Mr. Leithead also had succeeded Mr. Palmer as President of Cluett, Peabody & Co., Inc. seven years ago.

Manufactures Trust Company has appointed Augusto Castiglioni as its representative in **Rome, Italy,** with an office at Via Lazio 9, corner of Via Veneto, it was announced on Sept. 28 by Horace C. Flanigan, President of the company, and Andrew L. Gomory, Senior Vice-President in charge of its International Banking Department. The office will open Oct. 1. For many years Manufacturers Trust Company has maintained representative offices in **London** and **Tokyo.**

* * *

The Merchants Bank of New York received approval on Sept. 16 from the New York State Banking Department of its plans to increase its capital stock from $500,000 consisting of 20,000 shares (par $25 per share) to $600,000 in shares of 24,000 of the same par value.

* * *

The First National City Bank of New York has appointed Charles E. Harris an Assistant Cashier and has assigned him to the **Caribbean District,** Overseas Division, at Head Office in New York. He was formerly a sub manager at San Juan, Puerto Rico. Arthur J. Stewart has been named Manager of the bank's 111th Street Office. He was formerly an Assistant Manager at the 72nd Street Office.

* * *

Following a meeting of the Board of Directors of **The New York Trust Company of New York** held September 27, Adrian M. Massie, Chairman of the Board, and Hulbert S. Aldrich, President, announced the following promotions: Raymond F. Adams, Assistant Vice-President, was appointed Treasurer of the Company. Francis X. Lavery, Assistant Treasurer, was appointed an Assistant Vice-President at the Seventh Avenue Office of the Company — Seventh Avenue at 39th Street.

* * *

The Trustees of the **New York Savings Bank** on Eighth Avenue at 14th Street, **New York,** have announced new dividend payments to its depositors for the quarter ending Sept. 30, 1955. The plan, it is stated, rewards the "long term," saver with **something extra** —viz. "3% on one year money." The method of payment provides for "a regular dividend at the rate of 2¾% per annum; and a special dividend at the rate of ¼of 1% per annum on money which has been on deposit in the bank for a full year."

The bank believes "that a regular dividend of 2¾% for **all** depositors and a special dividend on the money with it for one year establishes a fair and equitable pattern of rates for savers."

Richard L. Maloney, Jr., is President of the bank.

* * *

James P. Murphy, Personnel Officer of **The Lincoln Savings Bank** of **Brooklyn, N. Y.** joined the bank's Quarter Century Club on Sept. 26. The club now has 56 members, 16 of whom are retired. Mr. Murphy was installed as a member at a luncheon of the club in his honor in the bank's dining room. John W. Hooper, President of The Lincoln, congratulated Mr. Murphy in the presence of officers and trustees. Frederick Seifering, President of The Lincoln's Twenty-Five-Year Club, acted as toastmaster at the luncheon and presented an inscribed watch to the new member. Mr Murphy is a graduate of New York Chapter

Continued on page 44

Canada Rises From the Recession

By HON. WALTER HARRIS*
Minister of Finance, Canada

In reviewing the economic recovery of Canada since the recession of 1953, Finance Minister Harris discusses the Canadian fiscal and budgetary policy. Estimates national output in Canada in 1955 increased $25 billions, or 6% over previous year, and, with this in view, tax rates may be reduced. Urges freer trade between U. S. and Canada.

During 1954, and particularly last winter, it is true that on top of the seasonal slump in business activity, there was in Canada and the United States an additional and undesirable amount of unemployment in some of our secondary manufacturing industries. To some people it looked as if the steady growth of production and employment that had been so marked a feature of this continent in previous years had come to an end, at least, temporarily.

Hon. W. E. Harris

Most of us did not share that pessimism. The troubles of the North American economy were not chronic or deep-seated. In the United States there was a problem of excessive inventories in the hands of manufacturers and distributors and the liquidation of these inventories meant, for the time being, less production, less investment in new plants, and therefore less employment.

This recession in the United States, if you can call it that—had some unfavorable repercussions on Canada, as any trouble in the United States is bound to do.

Of course, we also had some of the same problems of declining demand to contend with in Canada, and difficulties in some of our manufacturing industries which had had to cope with increased international competition. We had a decline in production in some of those manufacturing industries which had expanded so greatly since World War II and especially since the start of the Korean War. I refer to some defense production industries, textiles, automobiles, electrical goods and so on. And we had a poor harvest in the Prairie Provinces, which had some adverse consequences for the rest of the economy too.

The Budget Question

By the time of the Budget in April of this year, there was evidence of improvement in the economic situation.

The decline in industrial activity in the United States had come to an end and production and employment was beginning to move forward again. This was also true in Canada, through our increased exports to the United States. At the same time the European demand for our exports of forest products, minerals, chemicals and the like was well maintained. Of course, the output of the basic resource industries — and the employment in them—continued to grow throughout the recession phase, and have gone on growing since then.

New capital investment—always a great provider of jobs and incomes—had slumped a little in 1954 from its high level of 1953 but was beginning to grow again by the spring of this year.

This was the broad picture as I saw it when planning the budget. I therefore estimated that, barring unforeseen events, 1955 would see a national output of at least $25¼ billion, or 6% more than last year. Many people at that time thought that this was over-optimistic, but were kind enough to say that a first budget was entitled to be.

Canadian Budget Policy

With this in prospect, I might have decided that the question of budget policy had almost decided itself. With a higher national product, there would be an automatic increase in revenues on the basis of existing tax rates, and the forecast revenues would just about balance the expenditures.

But there were other things to consider.

First and foremost, there was the question of tax rates. I happen to have said on another occasion that when taxes are high, we run the risk of diminishing the initiative and enterprise on which we all depend for a healthy and expanding economy. And I also believed that a reduction in certain kinds of tax would help increase consumer spending and encourage a larger amount of investment and enterprise, and thereby reinforce the expansion that was already going on. I therefore felt that our tax policy should be based, not on the immediate prospects, but on the longer-run prospects of the economy.

Looking at the revenues that would result from the probable growth of the economy during the year, it was apparent that the existing tax rates would begin to produce a surplus, perhaps beginning about the end of the fiscal year. This would be the case if the total production was to increase enough to make up for the ground that had been lost in 1954, and to increase still further by the normal annual growth of two or 3%. Since I felt that we could reasonably expect the Canadian economy to reach this position in about a year, or at least be in sight of reaching it, I felt that the tax policy for the year ahead of us should anticipate this condition right now when it would do the most good.

Consequently, I recommended to Parliament certain important tax reductions.

However, I did not suggest that the economy would **average** this higher level of production throughout the whole of the next fiscal year and I said that consequently, there would be a deficit for the coming year as a whole.

The Improvement in the Economy in 1955

As I have said, these measures were regarded by some people as being based on an over-optimistic view of our economic prospects.

In the result, the events of the last few months have shown that these expectations have been satisfactorily fulfilled so far. Industrial production, construction, exports and consumer spending have all risen impressively. Let us look at a few statistics at the half-year mark for Canada as a whole.

Manufacturing production this summer was up 8½% over the middle of last year. Last summer it was below the level of the previous year by 5%. We have found that some of the manufacturing industries which were in trouble last year are beginning to overcome their difficulties, and most other industries are continuing to produce and sell more goods and services and to employ more people.

Retail sales in June of this year were 11% above the level of a year earlier.

The Labor Force of Canada has grown substantially since last summer — by about 160,000 — nearly 3% — but the number of people at work has grown by about 183,000. Consequently, the number of unemployed (in July) was down about 23,000 from last year, and amounted to 2.6% of the labor force. This is beginning to approach a pretty high level of employment.

Gross National Product

As I mentioned earlier, my budget forecasts were based on the belief that National Production in 1955 as a whole would average about $25¼ billion, and that by the end of the year would have reached a **rate** of about $26 billion.

In a few days my Colleague, the Minister of Trade and Commerce, will release the calculations made by the D.B.S. concerning the Gross National Product for the second quarter of this year. This will show that the second quarter witnessed a sharp increase in economic activity, reaching a level of rather more than $26 billion, measured in annual terms. This is a 4% increase over the first quarter and 9% over the 1954 figure of $24 billion. It would appear, therefore, that if the level of production in the second quarter is reasonably well maintained during the second half of the year, the forecasts I made at budget time about the size of the national income in 1955 will be considerably surpassed.

There are some uncertainties ahead of us; there always will be. There is still the usual seasonal concern over the Western wheat crop, and of course the drought in Ontario has had unfortunate results. But our exports this year are some 10% above the levels of last year and one can see no evidence of any decline in demand in the United States, where business is very active. Since the United States is by far our best market, we hope to keep our trade relations with that country as free of difficulty as may be and we are having a conference with the American representatives of the Joint Canada-United States Committee on Trade later this month. It will be our intention to place before the American representatives, the needs of the Canadian exporters and all matters which will permit the continuation of the high level of business activity between the two countries.

Dangers of Instability and Inflation Abroad

The closer a country moves towards a position of high employment, the greater becomes the danger of inflation. In some of the countries of Europe, evidence of the strains and stresses caused by the full employment of resources is beginning to show itself in the form of a reappearance of foreign exchange shortages. All of us should be concerned that a solution of these difficulties can be found by public and private measures of restraint, without resort to the undesirable forms of import restriction that were present a few years ago. Happily, it would appear that the lessons of the last 10 years or so have not gone unnoticed and fiscal and monetary measures are being used to restore a proper balance, thereby making it unnecessary to reimpose quantitative controls on imports.

The Trend Towards Freer Trade in Western Europe

The economic recovery of Europe has been one of the most encouraging features of the last few years. Why is this important?

(1) Because it gives strength to the NATO alliance by restoring social stability in Europe;

(2) Because Western Europe is an enormous market for the foodstuffs and raw materials of the world, including Canada, and thus a more prosperous Europe means more demand for exports.

The Results of Recovery in Europe include:

(a) Control of inflation. Prices have been stable for three years, although measures to prevent a revival of inflation have just had to be taken in some countries, including the United Kingdom.

(b) Europe, instead of being an international borrower, or recipient of grants, is now increasing its investments abroad, particularly in the under-developed countries. That is, Europe is resuming its customary role as a capital exporter.

(c) Much progress has been made in removing undesirable restrictions on trade, such as import quotas and prohibitions and exchange controls.

As a result of European progress, and of the dismantling of import controls, Canadian exports to the United Kingdom, for example, were 35% higher in the first half of this year than they were last year.

Canadian Commercial Policy

The benefits of increased exports are reflected in greater economic activity throughout Canada. For that reason and for others we must avoid doing anything which will make it difficult for overseas countries to sell their products in Canada, since only by selling to us and the United States can they obtain all the dollars they need to pay for their purchases from us.

To sum up, it seems to me that we have indicated as a Government our desire to assist in cutting the costs of commodities by reducing taxes, and I can assure you that the only desire is to provide a climate for the intelligent and vigorous competition which has always marked the Canadian business world. We, therefore, ask you to take the same view, namely, keep costs down and aggressively seek business so that we can continue to improve our standard of living.

*From an address by Finance Minister Harris at the Maritime Boards of Trade at Charlottetown, P. E. I., Sept. 12, 1955.

Means of Safe Disposal Of Atomic Wastes Reported

Capt. Theodore J. Williams and Lieut. William L'a R. Rice, of U. S. Air Force inform American Chemical Society of research on a method to soak up "hot" discharges from nuclear reactors.

Safe disposal of atomic wastes can be achieved by sealing the radioactive residues in glazed bricks, United States Air Force officers reported to the 128th national meeting of the American Chemical Society; at Minneapolis, Minn. on Sept. 13.

Research on a method to soak up "hot" discharges from nuclear reactors in clay, which could be baked into bricks and glazed for easy handling, was outlined in a scientific paper presented by First Lieut. William L'a. R. Rice, project officer in the fuels and lubricants branch of the materials laboratory at Wright Air Development Center, Ohio. Lieut. Rice, who has a degree in chemical engineering, described to fellow scientists of the Society's Division of Physical and Inorganic Chemistry what he said were effective procedures for fixing radioactive ions (tiny particles carrying an electric charge) in clay. The research, using the clay mineral known as montmorillonite, was conducted at the USAF Institute of Technology, under the direction of Captain Theodore J. Williams, a co-author of Lieut. Rice's paper.

Captain Williams, who holds the Ph. D. degree and is assistant professor of chemical engineering at the Institute, called the clay system "a practical disposal method and one worthy of much further study." He said:

"The ultimate plan of disposal is to absorb the radioactive ions on the clay particles, then to compress the clay particles into bricks. Finally the bricks would be fired and glazed, resulting in a package which would be impervious to leaching and thus perfectly safe for ultimate disposal in the ocean or underground."

Lieut. Rice expressed a belief that his experiments also would help to predict the extent of contamination in the event of an accident to a nuclear reactor. If dangerous fission products, accidentally released, were to reach the ground, he observed, they would flow in solution with the ground water through surrounding terrain. He added:

"There is a distinct possibility that, on coming in contact with the soil, part if not all of these dissolved radioactives would be removed from solution before they could contaminate drinking supplies.

"The clay minerals, such as kaolinite and montmorillonite are found in varying amounts in many of the soils encountered. It has been found that these clays, even when comprising a small fraction of the total soil weight, markedly influence soil properties. . . . Thus it can be seen that by studying the reaction between the clay minerals and typical fission product solutions, one can be reasonably certain that the studies would show how soils would behave under similar circumstances."

For the disposal of radioactive wastes, the speaker visualized either mixing a solution containing radioactive materials with clay in a thin, soupy slurry, or allowing the solution to trickle through a column of clay. Either way radioactive particles would become firmly enmeshed in the clay. After water is removed by draining, filtering or whirling, the clay, (now radioactive) could be made into bricks, glazed and discarded.

Using solutions of iron, to check previous experiments, and lanthanum, an element typical of the type found in fission products, Lieut. Rice determined what he considered to be the best conditions for decontaminating radioactive solutions with clay. According to his results, a pound of montmorillonite clay, mixed in about 24 gallons of water, can tie up about three-quarters of an ounce of lanthanum. It does not work as well with more or less water. The ability of the clay to hold lanthanum is also affected by the acidity of the solution, the speaker reported. When the solution was acid, less material was taken up by the clay than when the solution was neutral. The greatest amounts of lanthanum were held by clay in alkaline solutions, but some of it was not bound up in the clay structure and later it could be leached out.

Benson Co. Formed

A. W. Benson is engaging in a securities business from offices at 130 West 42nd Street, New York City, under the firm name of Benson & Company.

Canada's Industrial, Mineral and Financial Growth

Continued from first page

ores, beef, wheat, timber, and latterly, oil. Such a limited notion of the Canadian economy is long since outmoded as any visitor north of the St. Lawrence today would swiftly perceive. There is still, of course, a vast and increasing output of basic resources: oil, but still only half as much as Canada uses; natural gas, but still with heavy imports in the East. The rapid rise in production of both of these petroleum items is working steadily toward self sufficiency.

And while we're on the subject of oil, we should jot down a few current notes. Well over a million dollars a day is going into exploration, pipelines are carrying larger barrelage each month; and the refining and distribution techniques are keeping pace. Imperial Oil is still in the number one spot among integrated companies, McColl-Frontenac Company and British American are moving ahead, but perhaps the swiftest recent gainer has been Canadian Petrofina, Ltd. This enterprise, sponsored by Belgian capital, has built a refinery outside Montreal, acquired a very extensive retail chain of gas service stations and, within the year, has taken great strides toward supplying its demands for crude by acquiring controlling interests in Western Leaseholds, Ltd., and Calvan Oil & Gas. These properties have been mainly acquired by exchange of shares, in particular by receiving Canadian Petrofina, Ltd. participating preferred in exchange for producer stock. This preferred has enjoyed not a spectacular, but a steady market rise in recent months.

Railroad Development Continues

Canada is an up and coming railroad country. Whereas in the U. S. several hundreds of miles of rail track are being abandoned each year, in Canada it's the other way around. 360 new miles have been run from Seven Islands, on the St. Lawrence, north to the Labrador iron ore country; extensions are underway by Canadian National Railways in Quebec, from Beattyville to Chibougamau (159 miles), and there's a new line in prospect to run from Grimshaw north to the shores of Slave Lake. As for Canadian Pacific, well that about covers Canada any way you look at it, and since the other trunk line is government owned, CP is the rail equity of Canada. But so diverse (and profitable) are CP's other investments — Consolidated Mining & Smelting Co., steamships, air lines, hotels, plus over 12 million acres of present and potential oil land—that some analysts have figured you are paying only $8 a share for the railroad end of the business at 36.

Life Company Shares in Demand

The life insurance companies, like their counterparts in the U. S., have been zooming. The fine stock companies like Sun, Manufacturers, Canada Life, Great Western have in the past six months all posted big gains in insurance in force, premium income, and increased share prices in the market. Perhaps the most spectacular performer was Manufacturers which advanced 150 points in four months. Canadians are big believers in life insurance and the population growth is giving these underwriters a lot of new clients for the future.

Then let's talk about minerals for a moment or two. You can't do that very well without going a bit geological and talking about a vast hunk of glacier trodden terrain known as the Pre Cambrian Shield. This shield, a broad "U" shaped swath of land embracing 1,800,000 square miles, runs, on the West, in southerly direction from the Arctic Ocean, skirting the eastern end of Great Slave Lake down to the Great Lakes; then cuts back northeasterly to where upper Labrador meets the Atlantic. It's one of the most fabulous mineralized areas in the world. Just look at its present products. In the Northwest at Port Radium the lushest uranium in Canada (Eldorado Mines), many gold mines at Yellowknife (N. W. Territories) and at Great Slave Lake; amazing copper at Pine Point, cobalt and lead further south, vast iron ores at Steep Rock Mines (on Lake Superior), uranium at Blind River (Pronto, Algom and Consolidated Denison), more uranium and tremendous nickel deposit in the Sudbury district of Ontario, rare minerals at Oka near Montreal, and swing up Northeast, the wonderful iron mines at Labrador, and more copper north of the Gulf of St. Lawrence.

Investors in these areas, these vast remnants of erosion comprising the Pre Cambrian Shield, have some wonderful companies to choose from—Algom in uranium; International Nickel Company, the biggest in the world; Steep Rock Iron Mines; Kerr-Addison and Giant Yellowknife for gold; Hollinger Consolidated Gold Mines, and Noranda, and Ventures, Ltd., which spread eagle the whole region with affiliated companies. These are the companies with proven earning power; dozens of others will be coming along.

Impact of St. Lawrence Waterway

Topical comment on Canada today would be remiss if it omitted the impact of the St. Lawrence Waterway. It will take three years to complete and while that's going on the suppliers of materials should prosper — Canada Cement Co., Steel Corp. of Canada, Canadian Dock and Dredge, Foundation Co., Ltd., Massey-Harris-Ferguson Ltd. Later on drydocks, ship repair yards, warehouses and terminals should expand and prosper as the Atlantic moves 2,000 miles further inland.

We've been having quite a building boom in the U. S. but Canada has been booming more so. Canadian construction and repair work this year will exceed $5 billion, will involve 20% of Gross National Product (twice as high a ratio as the U. S.); and will employ a work force of 500,000 people.

Big in serving international wants are such leaders as Asbestos Corporation Ltd. and Aluminium Ltd. Asbestos Corporation Ltd. is the largest independent producer of asbestos fiber in the world with four big mines in Eastern Quebec. Company is expected to earn around $5 on its 1,800,000 shares in 1955.

Aluminium, Ltd. with its tunneled hydroelectric water power installation at Kitimat is producing the lowest cost aluminum in the world;

and is in line for large capacity expansion as time goes on. Considering the diversity of new uses for aluminum being thought up each year, a vast and efficient producer, like Aluminium Ltd. has surely a bright future. Its common has been appearing on about every top drawer list of "growth" stocks for the past three years.

We can't cover Canada in an article, a book or a library. We've just set down some early autumn notes that may interest and attract financially minded folks. Not the least attractive is the Canadian fiscal position: a balanced budget, and even debt reduction during the postwar years; no capital gains tax, and on April 5, 1955 an across-the-board reduction of corporation, personal and excise taxes. That's the sort of thing that we'll remember come next March 15.

Extensive Market Facilities

Those not completely *au courant* in the Canadian economic scene, may not be aware that there are seven stock exchanges in Canada providing active markets, and most modern facilities for security trading and the recording of sales, in thousands of representative corporate issues. The Toronto Exchange, for example, has become famous for the volume of its transactions—775,000,000 shares trading in 1954, for a total clearing value of $1,349,697,159. Equally fabulous, is the Montreal Stock Exchange. The Canadian Stock Exchange (also in Montreal) is roughly the equivalent of the American Stock Exchange, in New York. In addition, the Stock Exchanges in Calgary, Vancouver, Winnipeg and Edmonton provide listed markets in a broad diversity of, for the most part, shares of smaller local enterprises.

Of particular importance is the over-the-counter, and placement machinery, available. This is largely provided by members of the Investment Dealers' Association of Canada; with the interdealer activities being governed by Security Traders Associations located in Toronto and Montreal.

During recent years, much of Canada's expan-

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Business Seen Holding on High Plateau

Business Survey Committee of the National Association of Purchasing Agents reveals that 93% of purchasing executives report production higher in September than in August.

A composite opinion of purchasing agents who comprise the N. A. P. A. Business Survey Committee, whose Chairman is Chester F. Ogden, Manager of Purchases, Detroit Edison Company, Detroit, Mich., indicates that there is little doubt in the minds of purchasing executives that business can do anything other than remain on its present high plateau throughout the balance of 1955 and into 1956. Topping last month's record 85%, this month 93% report production as high as or higher than in August. And 92% report their new order position equal to or better than last month.


Chester F. Ogden

Although commodity prices are very high, it does not seem to be deterring any buying, as demand still exceeds supply in several basic commodities. Inventories strengthened slightly over last month but many would increase their stocks of some items even further if they could get materials. Little more can be said for employment than that it is exceptionally good.

The slightly-extended lead time in buying policy that was evident in the August reports shows up again in September. And, yet, in answer to a special question on that factor this month, 76% of those who answered indicated that they were scheduling purchases for requirements only. The remaining 24% were admittedly reaching for scarce items to cover against unforeseen contingencies ahead.

Commodity Prices

The marked general increase in prices, which was reported last month, was repeated this month by 86% of the Business Survey Committee members. Not one felt that prices were any lower, leaving only 14% who see prices remaining the same.

Although none indicated that prices generally were lower, several commented on the current weaknesses in agricultural commodity prices, which may serve to hold the cost-of-living index down, in spite of a rise in durable consumer goods prices.

Inventories

There is little change in the inventory status in September. Again, a significant number, 23%, report inventories lower but without any intentional effort on their part to reduce them. The 29% who report inventories higher is a reflection of those purchasing executives who have liberalized lead-time buying policy. The factors of greater demand than supply and high consumer spending are still the predominant ones in keeping inventories at a lower level than might seem justified in such a high production period.

Employment

The employment picture for September reflects the general optimism. Although 60% reported employment the same as last month, many added comments like "at the same high level."

Only 6% of the committee members indicated that employment was any lower this month than last, and they generally had a plausible explanation which was presented.

Buying Policy

The "minor modifications in buying policy" to protect against price increases and longer deliveries, which were reported last month, continue into the September reports of purchasing executives. No panic, just a desire to be sure that materials needed for production are available and at the best price.

The reports show that 48% feel that the 90-day and over range is the necessary lead time on production materials. On capital goods, 81% are in this range. However, on MRO supplies and materials, 71% continue to keep purchases on a hand-to-mouth to 60-day basis, with only 26% willing to extend this to a 90-day interval.

Sage Co. Partner

Robert H. Muller will acquire a membership in the New York Stock Exchange and on Oct. 6 will be admitted to partnership in Sage & Co., 1 Wall Street, New York City, members of the New York Stock Exchange.

Fahnestock Co. Wins Hayden Golf Tourney

A four-man golf team representing Fahnestock & Co. beat out teams from 28 other New York securities firms to win the 27th annual Charles Hayden Memorial Trophy Tournament at the Baltusrol Golf Club, Springfield, N. J. Compiling a net score of 310, the winning team was composed of L. S. Potter, Jr., Grover O'Neill, Jr., Donald Scanlon and Kenneth McAleenan.

A team representing Dillon, Read & Co. Inc., with a score of 314, was second in the tournament winning out over a team from Hayden, Stone & Co. which had a score of 315.

Ernest Grauer of Hayden, Stone & Co. won the low gross score honors with 77 and Phillip Bartow of Wood, Struthers & Co. was the individual low net score winner with a 70.

The Charles Hayden trophy was donated by the partners of Hayden, Stone & Co. and is kept in perpetual play as a memorial to Mr. Hayden, founder of the firm.

New Reeves Branch

LA JOLLA, Calif. — Daniel Reeves & Co. have opened a branch office at 7815 Ivanhoe Avenue under the direction of Harry N. Purdy.

With McCarley Co.

GREENVILLE, S. C. — William H. Wallace, Jr. has become associated with McCarley & Company, Inc., South Carolina National Bank Building, as a registered representative.

Harding Co. Formed

HOUSTON, Texas—Harding & Co. has been formed with offices at 3217 Montrose Boulevard to engage in a securities business. Edward E. Harding is a principal of the firm.

With Federated Secs.

(Special to THE FINANCIAL CHRONICLE)

BATON ROUGE, La.—Ivan W. Fisk, Jr., J. B. Gray, George W. Malone, Claude D. Martin, Raymond B. Oliver and T. K. Stitzlein have joined the staff of Federated Securities Corporation, Louisiana National Bank Bldg.

Bond Club of N. J. Annual Outing

The annual "Dutch Treat" outing of the Bond Club of New Jersey was held at the Deal Country Club, Deal, N. J., on Thursday Sept. 22, for members and guests. A beef-steak dinner followed a day of golf. After the dinner twelve of the members dressed as bathing beauties of the Gay Nineties and a Miss New Jersey Bond Club was chosen, whose identity must remain a mystery.

Field Day Chairman was Jim Musson, B. J. Van Ingen & Co., Inc.

Winners of the Golf Contest were:

Class A—1st low gross, Jerry Tripp, Tripp & Co., Inc., New York City, 78.

1st low net, Frank Cole, F. R. Cole & Co., Newark, 68.

Class B—1st low gross, Philip Arnheiter, Adams & Hinckley, Newark, 79.

1st low net, Harry Schaub, Sr., Harry P. Schaub, Inc., Newark, 72.

Class C—1st low Gross, Howard Graham, Stone & Webster Securities Corporation, New York, 94.

1st low net, Rudolph Deetjen, Emanuel, Deetjen & Co., New York, 73.

Officers of the Bond Club are Glenn Thompson, Drexel & Co., President; Andrew Spring, Outwater & Wells, Jersey City, Vice-President; John Ryan, Ryan, Hanauer & Co., Newark, Secretary; J. William Roos, MacBride, Miller & Co., Newark, Treasurer.

Wins Cashiers' Golf Tourney

Andrew Minker, Bartow, Leeds & Co., won the annual fall golf tournament of the Cashiers' Division of the Association of Stock Exchange firms, with a score of 71.

Hooker & Fay Add

(Special to THE FINANCIAL CHRONICLE)

WALNUT CREEK, Calif.—Ralston Bullitt is now with Hooker & Fay, 1393 Main Street. He was formerly with H. L. Jamieson Co., Inc.

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CANADA'S INDUSTRIAL, MINERAL AND FINANCIAL GROWTH

sion has been financed through the issuance of bonds and shares. It is estimated that approximately 80% of such securities have been underwritten and distributed in the domestic market; although, subsequently, a proportion of many have undoubtedly found their way into the hands of investors outside Canada's boundaries.

The scope of underwriting, placement, and over-the-counter trading operations might well be considered huge in relation to the country's population. Mortgage and convertible bonds, preferred and convertible shares, debentures with share purchase warrants, running into the millions of dollars for each issue, have been distributed and, in most cases, gone quickly to premium prices. In dollars, the majority of new securities have provided funds for the capital expansion of established companies, as they strive to keep up with the constantly growing economy.

All these extensive facilities for buying and selling, and the maintenance of orderly trading markets, assure prompt and efficient execution of Canadian investment orders.

Long-Term Consecutive Cash Dividend Payers

Whether your varied interests lead you to mines or oils, banks or insurance companies, Ford cars or waterfalls, gold or land-locked salmon, what they have to offer in each category in Canada is tops. And last of all should anyone turn away from Canada on the ground that only securities of exploratory, or highly speculative nature, are indigenous there. The penny shares bear no more relationship to leading Canadian investment issues, than rabbits to thoroughbred horses. Just look at the list which follows; an amazing and complete list of mature and in some cases magnificent companies in Canada that have paid dividends without hiatus for from five to 127 years. The ultimate test of good stocks is the sustained earning and payment of dividends. Canada can pay you lifelong and wonderful dividends.

TABLE I

LISTED CANADIAN *Common Stocks*

On Which CONSECUTIVE CASH DIVIDENDS Have Been Paid From

10 to 127 Years

	No. Consecutive Years Cash Divs. Paid	Cash Divs. Including Extras for 12 Mos. to June 30, 1955	Quotation June 30, 1955♦	Approx. % Yield Based on Paymts. to June 30, 1955
		— Canadian $ * —		
Agnew-Surpass Shoe Stores, Ltd. (Makes & distributes shoes through retail chain)	22	0.40	7¾	5.2
Aluminium Ltd. (Largest producer of aluminum ingot in the world)	17	2.00	104	1.9
Andian National Corp., Ltd. (Operates crude oil pipe line in Colombia, S. A.)	12	0.40	7	5.7
Anglo-Canadian Oil Co., Ltd. (Oil exploration & development in Alberta)	15	0.15	5.70	2.6
Anglo-Canadian Pulp and Paper Mills, Ltd. (Newprint and allied products)	10	2.00	45⅞	4.4
Anglo-Huronian Ltd. (Holding & operating co.—chiefly interests in Can. gold mining)	16	0.50	13.00	3.8
Anglo-Newfoundland Development Co., Ltd. "Ord." (Newprint & allied products; also mining interests)	11	0.60	13⅛	4.6
Asbestos Corp., Ltd. (Mining & milling of asbestos fibre)	18	1.25	43	2.9

♦ Quotations represent June 30, 1955 sale prices or the last sale price prior to that date. Bid and ask quotations are as of June 30, 1955.

* Add current Canadian Exchange Rate.

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Study of National Bank Deposits and Assets

Comptroller of the Currency Ray M. Gidney reports, as of June 30, the assets of national banks amounted to $108 billion, or $200 million below April figure. Deposits were at $98.9 billion, representing an increase of $271 million.

The total assets of national banks on June 30, 1955 amounted to $108,000,000,000, it was announced today by Comptroller of the Currency Ray M. Gidney. The returns covered the 4,751 active national banks in the United States and possessions. The assets were $200,000,000 below the amountre-low the amount reported by the 4,759 active bands on April 11, 1955, the date of the previous call, the major reason for the decrease centering in a $417,000,000 reduction in funds borrowed from the Federal Reserve and other banks.

Ray M. Gidney

The deposits of the banks on June 30 were $98,900,000,000, an increase of $271,000,000 since April. Included in the recent deposit figures were demand deposits of individuals, partnerships, and corporations of $53,700,000,000, which decreased $600,000,000, and time deposits of individuals partnerships, and corporations of nearly $25,000,000,000, which increased $336,000,000. Deposits of the United States Government of $3,100,000,000 increased $171,000,000 since April; deposits of States and political subdivisions of $7,300,000,000 increased $461,000,000, and deposits of banks amounted to $8,300,000,000, a decrease of $184,000,000. Postal savings were $13,000,000 and certified and cashiers' checks, etc., were $1,500,000,000.

Net loans and discounts on June 30, 1955 were $39,500,000,000, an increase of $1,800,000,000 since April. Commercial and industrial loans of $15,800,000,000 were up $800,000,000 since April, and loans on real estate of $10,400,000,000 were up $372,000,000. Retail automobile instalments loans increased $267,000,000 to $2,800,000,000, and other types of retail instalment loans amounting to $1,165,000,000 increased $46,000,000. Loans to brokers and dealers in securities, and other loans for the purpose of purchasing or carrying stocks, bonds, and other securities increased $107,000,000 to $1,578,000,000. Other loans, including loans to farmers, loans to banks, and other loans to individuals (repair and modernization and instalment cash loans, and single-payment loans) amounted to $8,300,000,000, an increase of 2% since April. The percentage of net loans and discounts to total assets on June 30, 1955, was 36.59 in comparison with 34.90 in April and 34.69 in June, 1954.

Investments of the banks in United States Government obligations on June 30, 1955 aggregated $34,800,000,000 (including $2,755,000,000 guaranteed obligations), a decrease of $1,700,000,000 since April. These investments were 32% of total assets. Other bonds, stocks and securities of $9,200,000,000, which included obligations of States and political subdivisions of $7,000,000,000, were $100,000,000 less than in April. Total securities held amounting to $44,000,000,000 decreased $1,800,000,000 since April. This reduction was a natural outgrowth of increased loan portfolios, as noted in the paragraph next above.

Cash of $1,400,000,000, reserve with Federal Reserve banks of $11,000,000,000, and balances with other banks (including cash items in process of collection) of $10,600,000,000, a total of $23,000,000,000, showed a decrease of $100,000,000 since April.

The capital stock of the banks on June 30, 1955 was $2,400,000,000, including nearly $4,000,000 of preferred stock. Surplus was $3,700,000,000, undivided profits $1,300,000,000 and capital reserves $300,000,000, or a total of $5,300,000,000. Total capital accounts of $7,700,000,000, which were 7.82% of total deposits, were $100,000,000 more than in April when they were 7.75% of total deposits.

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A Review of Credit And Monetary Policy

banks are faced with a large and long-run change in their need for reserves. By its very nature, this instrument is not ordinarily suited to meeting gradual and short-run changes in reserve needs.

Reference thus far has been to the ways in which reserves are supplied or absorbed at the initiative of the Federal Reserve. Member banks can also obtain reserves at their own initiative by borrowing from their Reserve Banks. Regulation of the discount mechanism is the third way in which the Federal Reserve can affect bank reserve positions. Discounting tends to increase when open market and reserve requirement actions of the Federal Reserve become more restrictive. Since banks do not like to remain in debt, an increase in member bank borrowing tends to restrict bank credit expansion. In addition, when a more restrictive credit policy is being followed, the Federal Reserve Banks generally raise their discount rates, thus making borrowing more expensive. It is therefore evident that when Federal Reserve policy eases, member bank indebtedness declines and excess reserves may increase, thus encouraging bank credit expansion. At such times reductions in Federal Reserve discount rates are customary.

Use of Instruments of Credit Action

These instruments of credit action have all been utilized in recent years in response to economic developments. Since mid-1952 economic developments have included two periods of rapid expansion in business activity and in the demand for credit as well as a period of moderate business recession.

From mid-1952 until the spring of 1953 Federal Reserve credit and monetary policy was directed toward preventing inflation. At this time there was an increase in the demand for credit stemming from the removal of selective credit controls, optimistic business expectations, growth in inventories, and a Federal deficit. Since the economy was already fully employed, the extent to which production could increase was limited, and it was necessary to take steps to restrict credit expansion. This was done largely by restricting Federal Reserve purchases of securities in the open Market. Purchases over this period on balance were more than offset by gold and currency outflows. Member bank discounts exceeded $1 billion on the average in nearly every month from July, 1952 through April, 1953. In January, 1953 Federal Reserve Bank discount rates were raised from 1¾ to 2%. Despite the strong demand for credit, the rate of growth of bank credit and money declined, and prices remained stable.

By the spring of 1953 it appeared that the existing degree of restriction was no longer necessary, and after the middle of 1953 the demand for credit became less active, particularly for consumer credit and short-term business credit. Beginning in May, the Federal Reserve acted to ease bank reserve positions, and from late 1953 until late 1954 it pursued a policy of active ease. It purchased securities in the open market beginning in May, 1953, and in July additional reserves were provided by a reduction in reserve requirements. Although the reserves thus provided were used in part to meet seasonal needs, they permitted a reduction in member bank indebtedness to the Federal Reserve Banks. Discounting declined further early in 1954 despite seasonal sales of securities by the Federal Reserve. Discount rates were reduced from 2 to 1½% in the period from February through May. In the summer of 1954 adidtional reserves were provided through further reductions in bank requirements. Since these were provided in part in anticipation of seasonal needs, they were partly offset by sales of securities in the open market. As needs developed, the Federal Reserve made reserves available by purchasing securities.

The money supply increased slightly from mid-1953 to mid-1954, in contrast with declines in some earlier business recessions. After mid-1954 it increased sharply, at a seasonably adjusted rate of about 5% per year.

By late 1954 it was clear that a policy of active ease was no longer appropriate for prevailing economic circumstances. There was an increase in the demand for credit, especially consumer credit and short-term business credit, and employment and production increased. The Federal Reserve permitted bank reserve positions to tighten somewhat in late 1954 and early 1955. Although Federal Reserve sales of securities early in 1955 were largely seasonal, bank discounting increased to an average of almost half a billion dollars in the second quarter of 1955. Since mid-year the Federal Reserve has permitted bank re-

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CANADA'S INDUSTRIAL, MINERAL AND FINANCIAL GROWTH

	No. Consecutive Years Cash Divs. Paid	Cash Divs. Including Extras for 12 Mos. to June 30, 1955 — Canadian $ * —	Quotation June 30, 1955♦	Approx. % Yield Based on Paymts. to June 30, 1955
Ashdown Hardware Co., Ltd., J. H., "B" Large wholesale & retail business in general hardware	18	0.80½	14½	5.5
Aunor Gold Mines Ltd. Ontario gold producer	15	0.16	2.15	7.4
BANK OF MONTREAL Operates 602 branches and agencies throughout the world	127	1.40	47	3.0
BANK OF NOVA SCOTIA Operates 450 branches & sub-offices throughout the world	123	1.90	56½	3.4
Banque Canadienne Nationale Operates 247 branches in Canada	74	1.20	39	3.1
Barber-Ellis of Canada, Ltd. Stationery & printers' supplies	25	3.20	b18	17.7
Beatty Bros. Ltd. Manufactures barn & stable equipment, household equipment, pumps, etc.	16	0.40	7½	5.3
Belding-Corticelli Ltd. Makes nylon, silk and rayon threads for all purposes	33	0.45	6½	6.9
Bell Telephone Co. of Canada Most important telephone system in Ontario & Quebec	75	2.00	49½	4.0
Belleterre Quebec Mines, Ltd. Quebec gold producer	11	0.10	2.20	4.5
Biltmore Hats Ltd. Men's fur felt and wool felt hats	22	0.40	b7½	5.3
Brazilian Traction, Light and Power Co., Ltd. "Ord." Diverse utility interests in Brazil	15	†0.53	8	6.6
British American Bank Note Co. Ltd. Makes bank notes, bonds, revenue stamps, and similar items	21	1.20	24¾	4.8
British American Oil Co. Ltd. Petroleum production, refining, distribution	46	0.85	29¾	2.9
British Columbia Telephone Co. "Ord." Second largest privately owned telephone system in Canada	40	2.00	49½	4.0
Brock (Stanley) Ltd. "B" Laundry supplies, hardware, plumbing supplies, etc.	10	0.40	6	6.7
Building Products Ltd. Asphalt roofing, flooring and insulation	29	1.80	44⅜	4.1

♦ Quotations represent June 30, 1955 sale prices or the last sale price prior to that date. Bid and ask quotations are as of June 30, 1955.
* Add current Canadian Exchange Rate.
† Adjusted for stock dividends, splits, distributions, etc.
b Bid.

CANADA'S INDUSTRIAL, MINERAL AND FINANCIAL GROWTH

	No. Consecutive Years Cash Divs. Paid	Cash Divs. Including Extras for 12 Mos. to June 30, 1955	Quotation June 30, 1955♦	Approx. % Yield Based on Paymts. to June 30, 1955
		— Canadian $ * —		
Burlington Steel Co., Ltd. — Steel rolling mill & related oper.	19	1.50	28⅛	5.3
Butterfly Hosiery Co., Ltd. — Makes ladies' full-fashioned hosiery	14	0.10	3	3.3
Caldwell Linen Mills, Ltd. — Makes wide variety of linen & cotton products	13	0.80	a14½	5.5
Calgary & Edmonton Corp., Ltd. — Leases oil & gas drilling rights in Alberta	19	0.10	17⅛	0.6
Canada & Dominion Sugar Co., Ltd. — Cane & beet sugar refining	25	1.00	22¼	4.5
Canada Bread Co., Ltd. — Bread and cake wholesaler and retailer	13	0.10	3.50	2.9
Canada Iron Foundries, Ltd. — Holding & operating company—machinery & equipment interests	11	1.20	28¾	4.2
Canada Life Assur. Co. — One of the largest Canadian companies underwriting life, accident and sickness insurance	101	3.25	170	1.9

Listed Companies Which Have Paid Consecutive Dividends From 5 to 10 Years Appear in the Second Table Starting on Page 35

Canada Machinery Corp. Ltd. — Wide variety of tools & machines	16	0.50	9	5.5
Canada Malting Co., Ltd. — Malt for the brewing & distilling industries	28	3.00	74	4.1
Canada Northern Power Corp., Ltd. — Through subs. serves important mining area in Northern Quebec	27	0.60	12¾	4.7
Canada Packers Ltd. "B" — Full line of packinghouse prods.	21	1.50	35½	4.2
Canada Permanent Mortgage Corp. — Lends on first mortgages security, issues debentures, accepts deposits	100	2.70	86	3.1
Canada Steamship Lines, Ltd. — Freight and passenger vessels: other diverse interests include hotels	13	0.62½	29¾	2.1
Canada Vinegars Ltd. — Vinegar and apple products	31	1.00	18½	5.4
Canada Wire and Cable Co. Ltd. "B" — Copper and steel wires and ropes	17	3.00	69	4.3
CANADIAN BANK OF COM. — Operates 711 branches throughout the world	88	1.20	43¼	2.8
Canadian Breweries Ltd. — Holding co.—brewing and grain milling interests	11	1.37½	28¾	4.8
Canadian Bronze Co., Ltd. — Holding co. — subsidiaries make bronze bearings, bushings, and castings	23	1.75	34	5.1
Canadian Canners Ltd. — Cans fruits, vegetables, meats, etc.	16	2.00	35½	5.6
Canadian Car & Foundry Co., Ltd. "Ord." — Rail and highway rolling stock	11	1.00	28⅞	3.5

♦ Quotations represent June 30, 1955 sale prices or the last sale price prior to that date. Bid and ask quotations are as of June 30, 1955.
* Add current Canadian Exchange Rate.
a Asked.

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A Review of Credit And Monetary Policy

serve positions to tighten further, as employment and production have reached record levels, but the demand for credit has continued to grow. Discount rates at the Reserve Banks have been raised from 1½ to 2¼% by three separate steps. In addition, the Board of Governors has raised margin requirements for purchasing or carrying securities from 50 to 70% by two separate actions in order to help prevent the excessive use of credit for stock market trading.

U. S. Compared to Foreign Monetary Policies

It may now be of some interest to compare our credit and monetary policies with those of some other nations. Needless to say there are often differences between other countries and our country in institutional structures as well as in economic and financial conditions. Therefore, we must be extremely cautious if we try to apply our experiences to other countries, or foreign experiences to our own conditions. Nevertheless, it seems to be significant that all over the free world, and especially in Europe, there has been a growing reliance on general credit and monetary policy. Permit me, therefore, briefly to review this development.

You know that ever since the end of the Second World War, most foreign countries have been suffering from inflationary rather than from deflationary pressures. In the early postwar period, these pressures originated primarily from the need for rapid reconstruction of war damaged plant and equipment and depleted inventories; the desire for a rapid restoration of prewar standards of living; and the inability of countries with reduced foreign exchange holdings and impaired productive capacities to pay for the bare minimum of producer and consumer goods imports, either out of their reserves or by increased exports. At that time, anti-inflationary monetary policies were little used. Instead, reliance was placed on direct controls, which aimed at channelling available resources to those uses that the authorities, rather than the individual producer and consumer, believed to be most urgent. The breakdown of the world economy was avoided primarily by large-scale foreign assistance, most of it (though by no means all) from the United States.

These initial pressures had largely disappeared when the outbreak of hostilities in Korea gave inflation a new impetus. Fears of a new world conflagration, exaggerating the rise in demand for raw materials and equipment needed for the war effort of the United Nations, led to excessive spending in the industrialized countries; the inflow of an unprecedented amount of foreign exchange, reflecting the increase in the volume as well as in the price of raw material exports, produced similar excesses in many underdeveloped countries. When the crisis passed, some industrialized countries experienced a slight recession, but in most of them the upward movement was soon resumed.

By that time, however, recovery from the war had everywhere proceeded far enough to raise production above the prewar level, and to permit the restoration of economic flexibility in both domestic and international transactions. These changes made monetary policies more practical, both politically and economically. In 1951-52, therefore, all major industrial countries used monetary policies to reestablish or maintain financial equilibrium. Belgium, Italy, and Germany had already done so in earlier years; now they were joined by the Netherlands, the United Kingdom, and France. In no major country did wholesale prices rise significantly between 1952 and 1954.

Stabilization was not purchased at the price of economic stagnation. On the contrary, world production and world trade expanded at record rates. The physical volume of world exports rose in these years by 13%, dramatically refuting the idea of a continuous decline in the importance of international commodity movements. The rise was even more rapid in the case of the European countries: the volume of exports of Western European countries (including the United Kingdom) rose between 1952 and 1954 by 21%. The gold and dollar holdings of these countries increased between the end of 1951 and the end of the first half of 1955 by 55%. And industrial production

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A Review of Credit And Monetary Policy

in Western Europe rose in that period by 24%—more than twice as fast as in the United States. In some countries, such as Germany, production has doubled since prewar days; in recent years, the countries with the most rapid advance have been by and large those with the best record of financial stability.

Such rapid progress, however, was bound sooner or later to build up renewed pressures. In contrast to the early postwar years, but in line with post-Korean experiences, the Governments of most European nations recently threatened by this kind of "prosperity inflation" promptly applied again anti-inflationary monetary policies. Since the beginning of this calendar year, eight European countries have increased their discount rates, and some of them also have used other forms of monetary action.

In Germany, the central bank, in addition to raising the discount rate, increased the reserve requirements for commercial banks and, for the first time in postwar German monetary history, used open market operations in Treasury bills to tighten the money market.

In the Scandinavian countries, where the danger of inflationary developments was more urgent, the authorities used anti-inflationary fiscal as well as monetary policies. Denmark imposed a national sales tax, raised its excise taxes, and reduced housing subsidies; moreover, the National Bank raised the discount rate, reduced its support price for Government bonds, and urged the commercial banks to be more restrictive in their lending policies. Norway imposed taxes on investment; its monetary measures included a rise in the discount rate, the establishment of reserve requirements for commercial banks and of credit ceilings for mortgage credit associations, and an increase in the interest rate of Government bonds. Sweden introduced a tax on business construction and increased the rates of corporation taxes; in the field of monetary policy, it raised the discount rate, stimulated savings by offering Government-financed premiums for long-term savings deposits, increased interest rates of bonds issued by municipalities and public utilities, and induced the commercial banks to restrict their lending under the threat of introducing compulsory reserve requirements.

Britain's Monetary Policy

The United Kingdom relied exclusively on weapons of credit and monetary policy, and so far has not adopted anti-inflationary tax measures. Early this year, the Bank of England raised its discount rate in two steps from 3 to 4½%. This action led to a general rise in the interest rate level and on the whole banks could expand their loans only if they sold their investments at a loss. The interest rates on Government loans to the local authorities, which provide the bulk of housing and other public work finance, were repeatedly increased. Instalment credit was curbed. Finally, in July, the Bank of England used also the weapon of "moral suasion" to induce the commercial banks to agree to a reduction by 10% in the total amount of their loans; "moral suasion" can be effective under the British system of branch banking since lending policies are determined by a handful of large banks which maintain the closest ties with the monetary authorities.

This, then, is a short general review of credit and monetary policy both here and abroad. It is too early to judge the effects of the policy actions undertaken in recent months. On the whole, however, the record of the past three years gives evidence that flexible credit and monetary policy has contributed to stable economic growth. There have been many other factors contributing to the generally high level of production and employment, and to the stability of price levels. However, the role played by the banking system should not be overlooked. For this reason, a credit and monetary policy that enables the banking system to fulfill its economic functions and thus helps to maintain economic equilibrium, is of vital interest to us all.

First Calif. Branch

VAN NUYS, Calif.—First California Company has opened a branch office at 14547 Victory Boulevard under the management of A. E. Nichols.

W. H. Hilbert Opens

MT. CARMEL, Ill.—William H. Hilbert is engaging in a securities business from offices at 1131 Mulberry Street.

Joins Gibbs & Co.

(Special to THE FINANCIAL CHRONICLE)

WORCESTER, Mass. — Wilfred R. Alarie has become associated with Gibbs & Co., 507 Main Street.

Louis A. Held

Louis A. Held, member of the American Stock Exchange, passed away Sept. 20.

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CANADA'S INDUSTRIAL, MINERAL AND FINANCIAL GROWTH

	No. Consecutive Years Cash Divs. Paid	Cash Divs. Including Extras for 12 Mos. to June 30, 1955 — Canadian $ * —	Quotation June 30, 1955♦	Approx. % Yield Based on Paymts. to June 30, 1955
Canadian Celanese Ltd. — Synthetic yarns and fabrics	20	0.60	22¼	2.7
Canadian Fairbanks Morse Co., Ltd. — Exclusive sales agent for Fairbanks, Morse & Co. of Chicago	18	1.00	20½	4.9
Canadian Gen. Elec. Co., Ltd. — Exclusive manufacturing & selling rights of General Electric products in Canada	26	6.00	1050	0.6
Canadian Gen. Invest. Ltd. — Management type invest. trust	27	1.28	32	4.0
Canadian Industries (1954) Ltd. — Chemicals and allied products	29	0.35	25⅞	1.4
Canadian Ingersol-Rand Ltd. — Manufactures compressors, pneumatic tools, pulp & paper	26	4.00	76	5.3
Canadian Oil Cos., Ltd. — Petroleum refining & distribution	30	0.52½	24	2.2
Can. Pac. Ry. Co. "Ord." — "The" private railway system of Canada	12	1.50	33¾	4.5
Canadian Tire Corp., Ltd. — Automotive accessories, parts, etc.	12	0.70	90¼	0.8
Canadian Westinghouse Co., Ltd. — Airbrakes and large variety of electrical apparatus	10	2.00	59	3.4
Celanese Corp. of America — Yarns and fabrics	17	0.50	‡	--
Celtic Knitting Co., Ltd. — Silk, silk & wool, and cashmere hosiery	11	1.00	b11	9.1
Central Canada Invest. Ltd. — Investment co. — large insurance interests	72	0.60	27	2.2
Chartered Trust Co. — General fiduciary business	21	1.20	50	2.4
Chateau-Gai Wines Ltd. — Wines and juices	11	1.00	17½	5.7
Cockshutt Farm Equip. Ltd. — Manufactures agricultural equipment	14	0.10	7⅝	1.3
Collingwood Terminals, Ltd. — Operates a 2 million bushel grain elevator in Collingwood, Ontario	14	1.00	b12	8.5
Conduits National Co., Ltd. — Rigid electrical conduits, elbows, couplings, etc.	19	0.80	10½	7.6

♦ Quotations represent June 30, 1955 sale prices or the last sale price prior to that date. Bid and ask quotations are as of June 30, 1955.
* Add current Canadian Exchange Rate.
b Bid.
‡ Inactive issue, no Exchange trading.

CANADA'S INDUSTRIAL, MINERAL AND FINANCIAL GROWTH

	No. Consecutive Years Cash Divs. Paid	Cash Divs. Including Extras for 12 Mos. to June 30, 1955 — Canadian $ * —	Quotation June 30, 1955♦ — Canadian $ * —	Approx. % Yield Based on Paymts. to June 30, 1955
Confederation Life Assoc. Wide range of endowment and life policies	32	1.50	225	0.7
Consolidated Mining & Smelting Co. of Can. Ltd. Lead, zinc, silver, chemical fertilizers, etc.	23	1.35	37⅜	3.6
Consol. Paper Corp., Ltd. Owns five mills; daily newsprint capacity, 2,479 tons	10	1.1875	38¼	3.2
Consumers' Gas Co. of Toronto Manufactures and distributes gas in the Toronto area	108	0.80	22⅞	3.5
Consumers Glass Co., Ltd. Wide variety of glass containers	20	1.50	29	5.2
Corby (H.) Distillery Ltd."A" Holding and operating co.—alcohol and spirits	19	1.10	18¾	5.9
Cosmos Imperial Mills Ltd. Manufactures heavier grades of cotton duck	21	0.70	12¾	5.5
Crown Cork & Seal Co., Ltd. Bottle caps for the beverage industry	27	2.00	46	4.3
Crown Trust Co. General fiduciary business	56	†0.60	22	2.7
Crow's Nest Pass Coal Co., Ltd. Coal producer on western slope of Canadian Rockies	38	4.00	135	3.0
Distillers Corp.-Seagrams Ltd. A holding co.——interests include a complete line of whiskies and gins	19	1.70	38⅝	4.4
Dome Mines Ltd. Ontario gold producer	36	0.70	15.75	4.4
Dominion and Anglo Investment Corp., Ltd. Investment holding company	16	14.00	325	4.3
Dominion Bridge Co., Ltd. Bridges, cranes, and structural steel of all kinds	43	0.60	22¾	2.6
Dominion Engineering Wks., Ltd. Wide variety of machines and equipment	14	1.00	29	3.4
Dominion Fabrics, Ltd. Towels, tapestries, draperies, etc.	29	0.40	10	4.0
Dominion Foundries & Steel Ltd. Makes wide variety of primary steel products	19	0.60	24¼	2.5

♦ Quotations represent June 30, 1955 sale prices or the last sale price prior to that date. Bid and ask quotations are as of June 30, 1955.
* Add current Canadian Exchange Rate.
† Adjusted for stock dividends, splits, distributions, etc.

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Copper Mining Prospects in Canada

electric power from the north shore of the St. Lawrence, was compelled to delay milling operations until early this year when, utilizing local power, it started production at the initial rate of 2,000 tons daily. The company has by diamond drilling on the surface alone proved the existence of no less than 67,000,000 tons of ore, averaging 1.3% copper on its property.

Two Dozen Copper Producers

Two dozen companies altogether are engaged in the business of producing copper in Canada at the present time. Just to note the more spectacular developments of the larger or better known producing companies, however, would be to fail to see the actual accomplishments of the copper industry as a whole in recent years and months. To be able to assess accurately the prospects for copper in Canada over the foreseeable future, including the immediate short term, it is necessary to take into consideration the activity and accomplishments also of the newer and the less-well-known firms among the two dozen companies in production as well as the host of other firms trying to get into production.

The favorable market situation has induced numerous companies to re-examine old mining claims. Exploration, naturally, is proceeding at fever pitch. It is probably true that for the more speculative enterprises, the possibility of capitalizing on even some of the lower grades of ore have not appeared so bright in a very long time. The speculator's role in the development of business enterprises has seldomly been made so clear as in what is transpiring now in the field of copper in Canada. To the speculator—promoter and investor alike—Canada today must look like paradise itself.

Something over 1,000 mining companies are engaged in development or production in Canada at the present time and early this summer five new companies were reported being formed each week. Of these more than 1,000 companies, slightly in excess of 200 companies were interested in one phase or another of copper, some times as a by-product or an opportunity for investment, but more usually—in such prospects as the metal might hold out to them through active—and intensive exploration and of course production—mining, milling and refining.

The Chibougamau Area

One of the more important new areas of Canada being developed for copper today is the relatively remote Chibougamau section, about 350 miles north of Montreal in the Province of Quebec, accessible at the present time only by air or the all-weather highway from St. Felicien on Lake St. John from which flows the Saguenay River. As in the case of Lynn Lake, a whole new community—Chibougamau—had to be built to accommodate the mining industry, just off Lake Chibougamau itself. A new air strip has just been completed there. The community itself is also taking shape with modern new homes, stores, a hotel and the like.

The Canadian National Railway, too, is taking steps to construct two spurs from its main lines, one from the southwest and the other from the southeast, which will join at Cache Lake where another short spur will lead to Chibougamau town itself. Tracks have already been laid, on the spur from the southwest, from Beatty-

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Copper Mining Prospects in Canada

ville as far as Belle Riviere where a bridge is under construction. This 149-mile spur, expected to be completed about this time next year, will extend generally northward via Bachelor Lake. Along this route, 90% of the necessary clearing and 20% of the grading has been completed. The CNR, however, has also completed surveys of the other route, 139 miles in length, from St. Felicien to Cach Lake. At the junction of the two spurs at Cache Lake, a short extension of track will go to Chibougamau town. CNR asked for tenders for clearing, grading and installation of culverts, trestles and sub-structures of bridges for the first 66-mile section from St. Felicien to Chibougamau Lake in July and a month ago the railroad awarded a joint contract for work on this stretch to Therrien Construction Co., Ltd. and the McNamara Construction Co., Ltd. The spur from Beattyville in to Chibougamau will cost about $17 million as will also the other spur in from St. Felicien.

Occurrences of copper, iron and gold have been known to exist in the Chibougamau area in Abitibi County, Quebec, for more than a half century. The difficulty of transportation restricted development of the numerous deposits which were discovered. Nevertheless, prospecting and exploration continued in the area and in 1935 underground development was actually started on the Opemiska property, discovered in 1929. Low metal prices forced the suspension of work in 1937. It was the completion of a road to Chibougamau from St. Felicien by the Quebec Dept. of Mines in 1947 that stimulated renewed interest in the area. It was then that the Chibougamau townsite was laid.

9 Million Tons of Ore

Up to that time about 2½ million tons of potential base metal and gold ore had been proved in that section. Within a year of the building of the road this estimate had been increased to approximately 4½ million tons and by the beginning of this year—1955—a total of over nine million tons had been indicated. There are two main operations in production in Chibougamau at the present time — Opemiska Copper Mines (Quebec), Ltd. and Campbell-Chibougamau Mines, Ltd.—and they are shipping their output over the highway to St. Felicien for refining at Noranda. This shipping operation will be greatly simplified next year when the railroad line from Beattyville initiates service over a much-shortened route to the Noranda smelter.

The railroad has obtained guarantees from the two already producing companies that they will ship a daily average of 325 tons of ore concentrates over the Beattyville line for a period of six years. In addition, the Howard Smith paper interests have undertaken to guarantee the movement of 30,000 cords of pulpwood per year for a period of six years from the area between Belle Riviere and Chibougamau. Traffic over the Cache Lake-St. Felicien line will probably consist mostly of lumber, pulpwood and supplies since that area is heavily forested with an estimated 15.7 million cords of pulpwood capable of sustaining an annual yield of 366,000 cords.

To supply the Chibougamau area with the necessary electric power to operate mills and mines and to meet the ordinary needs of life in the area, the Quebec Hydro-Electric Commission constructed a transmission line from St. Felicien into this district. This work was completed only early this summer. Connecting transmission lines were erected from the Obaski Substation five miles to the Campbell Chibougamou mill and, another, a 25,000-volt line 21 miles to the Opemiska mine. Quebec Hydro has also contracts to sell power to the Chibougamau Explorers, Ltd. mill and of course will be in a position to supply power to other mining companies which may establish themselves in the district. Quebec Hydro purchases its power for the area from the Saguenay Transmission Co. at St. Felicien.

Hoyle Mining Co., subsidiary of Ventures, Ltd., is reported to hold more than two million of the six million shares of Opemiska Copper (Quebec) mines which itself acquired the assets of the original company and four years ago five claims from Royran Gold Fields. The company's reserves are also reported to be 1,054,000 tons grading 4.82% copper and 0.068 ounces per ton of gold. The company is deepening the original 550-foot shaft on its property and drilling below the 525-foot level—has indicated additional high grade ore. The Opemiska mill has a capacity of 400 tons a day.

Campbell Chibougamau

Campbell Chibougamau which holds a 99-year lease from Merrill Island Mining Corp., Ltd. for two of its claims on adjoining property and the Kokko Creek zone on the mainland has reserves of 2.6 million tons of ore, most of which averages better than 3% copper besides some gold. The company has also decided to deepen its main operating shaft 1,000 feet below the present 1,250-foot level. Its mill which has a

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CANADA'S INDUSTRIAL, MINERAL AND FINANCIAL GROWTH

	No. Consecutive Years Cash Divs. Paid	Cash Divs. Including Extras for 12 Mos. to June 30, 1955	Quotation June 30, 1955♦	Approx. % Yield Based on Paymts. to June 30, 1955
		— Canadian $ * —		
Dominion Glass Co., Ltd. — Wide variety of glassware	38	1.425	35	4.1
Dominion Insurance Corp. — Operates company for fire insurance etc.	12	6.00	b175	3.4
Dominion Oilcloth and Linoleum Co., Ltd. — Wide range of linoleum and oilcloth products	69	2.00	36	5.6
Dominion Steel & Coal Corp., Ltd. — A holding co.—coal, iron & steel interests	10	1.00	17	5.9
Dominion Stores Ltd. — Operates grocery & meat chain	14	0.80	39	2.1
Dominion Tar & Chemical Co., Ltd. — Distiller of coal tar & producer of its derivatives	10	0.40	13	3.1
Dominion Textile Co., Ltd. — Wide range of cotton yarns and fabrics	44	0.40	7⅛	5.6
Donohue Brothers Ltd. — Owns & operates a paper mill at Clermont, Quebec	10	1.20	33	3.6

Listed Companies Which Have Paid Consecutive Dividends From 5 to 10 Years Appear in the Second Table Starting on Page 35

Eastern Theatres Ltd. — Operates theatre in Toronto	13	4.00	b22⅛	18.0
Easy Washing Machine Co., Ltd. — Electric washing machines, floor polishers, air circulators, etc.	12	0.55	13	4.2
Economic Invest't Trust Ltd. — General investment trust business	29	1.50	35½	4.2
Electrolux Corp. — "Electrolux" vacuum cleaners, & air purifiers	12	§1.00	15⅜	6.5
Equitable Life Insurance Co. of Canada — Wide line of life & endowment policies	17	0.75	43	1.7
Falconbridge Nickel Mines, Ltd. — Nickel, copper, cobalt; subsidiary produces steel castings	23	0.75	28¾	2.6
Famous Players Canadian Corp., Ltd. — Largest operator of motion picture theatres in Canada	21	1.60	25	6.4

♦ Quotations represent June 30, 1955 sale prices or the last sale price prior to that date. Bid and ask quotations are as of June 30, 1955.
* Add current Canadian Exchange Rate.
b Bid.
§ Adjusted for Canadian-U. S. rate of exchange. Add current Canadian exchange rate to translate into U. S. funds.

CANADA'S INDUSTRIAL, MINERAL AND FINANCIAL GROWTH

	No. Consecutive Years Cash Divs. Paid	Cash Divs. Including Extras for 12 Mos. to June 30, 1955 — Canadian $ * —	Quotation June 30, 1955♦ — Canadian $ * —	Approx. % Yield Based on Paymts. to June 30, 1955
Fanny Farmer Candy Shops, Inc. Operates large candy chain	28	§1.50	26½	5.7
Federal Fire Insurance Co. of Canada Sells fire, rain insurance etc.	13	2.00	50½	3.9
Ford Motor Co. of Canada, Ltd. "B" Automotive manufacturer	23	4.00	b120	3.3
Foundation Co. of Canada Ltd. Engineers and general contractors	16	0.675	27	2.5
Fraser Companies, Ltd. Wide variety paper and lumber products Synthetic yarns and fabrics	12	1.20	34	3.5
A. J. Freiman, Ltd. Owns & operates largest department store in Ottawa	10	1.00	b13⅝	7.5
Gatineau Power Co. Hydro-electric energy in Eastern Canada	18	1.20	31½	3.8
General Steel Wares Ltd. Household utensils; hotel, restaurant, and hospital equipment; refrigerators, etc.	15	0.40	9¼	4.3
Goodyear Tire & Rubber Co. of Canada, Ltd. Natural and synthetic rubber products	29	4.00	151	2.6
Gordon Mackay Stores Ltd. "B" Manages subsidiaries which distribute textile products & allied goods	31	0.75	7	10.7
Grand & Toy Ltd. Manufactures commercial & general stationery & business forms & distributes office supplies & furniture throughout Ontario	12	1.00	b40	2.5
Great-West Life Assur. Co. Wide range of life, accident and health policies	56	2.50	b345	0.7
Greening (B.) Wire Co., Ltd. Wide variety of wire products	18	0.25	4.75	5.3
Guaranty Trust Co. of Can. General fiduciary business	27	0.60	18	3.3
Hallnor Mines, Ltd. Ontario gold producer	17	0.20	3.25	6.2
Hamilton Cotton Co., Ltd. Wide variety of textile products	14	1.10	13	8.5
Harding Carpets Ltd. Specializes in seamless "Axminster" and "Wilton" rugs	20	0.70	9	7.7
Hayes Steel Products Ltd. Wide variety of automotive parts	13	1.50	36	4.2
Hinde and Dauch Paper Co. of Canada Ltd. Wide variety of paperboards, boxes, etc.	22	1.60	61	2.6
Hollinger Consolidated Gold Mines, Ltd. Ontario gold producer	40	0.24	23⅝	1.0
Hudson Bay Mining & Smelting Co. Ltd. Manitoba copper & zinc products	21	4.00	62	6.5

♦ Quotations represent June 30, 1955 sale prices or the last sale price prior to that date. Bid and ask quotations are as of June 30, 1955.
* Add current Canadian Exchange Rate.
b Bid.
§ Adjusted for Canadian-U. S. rate of exchange. Add current Canadian exchange rate to translate into U. S. funds.

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Copper Mining Prospects in Canada

capacity of 1,700 tons a day went into production late this spring.

Campbell Chibougamau is in the enviable position of holding a contract to sell 63,200,000 pounds of electrolytic refined copper, to be refined at Noranda from its ores, to — the Defense Materials Procurement Agency of the U. S. Government. Production was to have started by last December with delivery to be completed by the end of 1956 but a six-month extension was secured under the terms of an agreement with the Export-Import Bank in Washington, D. C., from whom a $5.5 million credit was obtained to finance the contract.

The contract with the U. S. Government will terminate when Campbell Chibougamau has received $6.3 million after payment of operating expenses. The company is to receive, under the contract, 24.5 cents per pound or current market price, whichever is greater, for all copper delivered to the U. S. Government but the floor price is to be adjusted downward to the extent of net value to the company of any cobalt production.

Of 205 companies currently engaged in one aspect or other of copper mining in one section of Canada or another, 63 or 30% are interested in two of the more promising producing areas—Chibougamau and Manitouwadge—and 41 or two-thirds of this 30% group are in the Chibougamau area alone. So, in addition to Opemiska and Campbell Chibougamau there are a host of other companies actively exploring and preparing for production in the Chibougamau area.

Chibougamau Explorers, Ltd., controlled by Anacon Lead Mines, Ltd., for one, which has reserves of 535,000 tons of 0.9% copper and 0.338 ounces per ton of gold has been preparing for production commencing this fall by sinking a shaft 1,245 feet in depth with eight levels and constructing a 500-ton mill. Also, Copper Cliff Consolidated Mining Corp. which has been doing extensive exploration, including shaft sinking, has estimated its indicated reserves of ore total two million tons averaging from 1.5 to 2.2% copper plus some gold and silver. Among other companies actively engaged in diamond drilling and exploration in the area are Chib-Kayrand Copper Mines, Ltd., Grandines Mines, Ltd. and Norbeau Mines, Ltd.

Quebec Chibougamau

Also there is Quebec Chibougamau Goldfield, Ltd. This company which has assets of over $900,000, much of it in cash, and practically no liabilities has embarked upon a 20,000-foot diamond-drilling program on its properties on the north shore of Lake Chibougamau, of which 8,394 feet has been completed, largely this spring and summer, disclosing seven copper bearing zones, similar in occurrence and structure to those being developed on adjoining property.

The properties of Quebec Chibougamau consist of some 450 acres, flanked on the southeast, a portion of the west and a section of the southeast by the holdings of Campbell Chibougamau and the remainder of the west and the east by the properties of Copper Cliff Consolidated Mining Corp. in which it holds 53,100 shares free and 7,625 shares in escrow. Quebec Chibougamau, that is, occupies a strategic position within the confines of an area two miles wide known to contain large deposits of copper.

Most of its drilling to date has been in its zone "A" which to date has established the existence of a shear 40 to 50 feet in width. At the better intersections along a 900-foot length drilling showed copper of from 0.77 to 2.17% along with gold and silver. Surface trenching of a 270 foot length in zone "B" gave an average of 6.8% copper and $2.50 in gold and silver across a width of two feet. Shallow diamond drill holes have confirmed the downward extension of highgrade material. A shear of some 12 feet in width in this section has been traced for a length of 1,300 feet open at both ends.

Grab samples from zones "C," "D" and "E" have given values as high as $17.50 per ton in gold and 12% copper across six inches. Very little work to date has been done in this general area, however. Only four exploratory holes have been drilled in zone "F" where the ore possibilities are, in all respects, considered similar to Copper Cliff's carbonated zone where two million tons of copper ore have been revealed. Results from the work in these holes have been somewhat erratic but the best intersections disclosed 0.64% copper across 10 feet. Thus, drilling at comparatively shallow depths has shown average values so far of 1.4% copper. The richest deposits in this area are deep seated, however, and the company looks for better results as its diamond drilling program progesses. On the basis of current copper prices, the company estimates that 1.6% copper could be mined at a reasonable profit. The lower

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Copper Mining Prospects in Canada

grade ores would provide a good mixture with the richer ores.

Quebec Copper

Quebec Chibougamau is one of a group of companies with which Philip M. Malouf, its President, is associated. This Malouf group includes United Asbestos Corp. Ltd., Quebec Copper Corp. Ltd., as well as Copper Cliff Consolidated Mines and some others. Mr. Malouf is the largest single stockholder in United Asbestos of which he is Vice-President, a director and consulting engineer.

United Asbestos has made an arrangement with American Smelting & Refining Co. by which the latter is committed to bring the asbestos deposits held by United on Black Lake in the Thetford Mines region of Quebec into production at a minimum rate of 4,000 tons daily and at an estimated cost of $20 million. Profits are to be divided between the two companies. While costs of bringing the property into production still remains unpaid, including $1.8 million spent by United Asbestos, only 25% of earnings are to be divided up. United Asbestos' share will vary on a sliding scale from 50% when the profit is less than $3 per ton to 60% when the profit is $5 a ton or more.

Interestingly, Quebec Chibougamau has acquired a working option by which it could obtain a controlling interest in Asbestos Island not far off the shore in Lake Chibougamau and at the moment it is diamond drilling there to see if the reports about the place are correct. Back in 1905, John E. Hardman, professor of mining at McGill University and Chairman of the Canadian Institute of Mining and Metallurgy, in a report to the directors of Chibougamau Mining Co. Ltd., said the quality of the asbestos ore on the island was good, that it could be mined with ease when proper machinery was introduced and that it was of the same kind as found in Thetford and Black Lake.

The only difficulty with the ore deposit was that, while it contained "a very large amount of commercial fibre," he said, unfortunately, at that time, it was "useless because it was 205 miles from the beginning of rail transportation." In the event of the existence of commercial quantities of asbestos can be substantiated on Asbestos Island, it is likely a new company would be formed in which Quebec Chibougamau would have a substantial interest—if not the controlling—interest to bring them into production.

Mr. Malouf was founder and first President, though now only a director and a substantial shareholder, of Quebec Copper Corp. Ltd. which, commencing production in February of last year, has stepped up its output since then from 450 tons a day to 800 tons. East Sullivan and Sullivan Consolidated Mines Ltd. have exercised their option on 1,619,793 shares of the six million shares of the capital stock of the company, thereby reducing the loan secured by a first mortgage on all the assets of the company. At the present, the amount remaining of the original mortgage of $1 million is reported to be nil. The company is said to have enough ore reserves to operate at the 800 tons a day rate for 4 to 5 years. However, the company is reported to have run in its explorations into two new orebodies, underlying the present producing structure, which from first indications have appearances of developing into major scources of excellent grade ore.

Copper at Manitouwadge

In the Manitouwadge section of Ontario, Geco Mines Ltd. is busily engaged in developing its property 40 miles northeast of Heron Bay on Lake Superior. This company has an ore reserve estimated at 14,899,000 tons, averaging 1.72% copper, 3.55% zinc and 1.73 ounces per ton of gold as well as 15% pyrite. It expects to get into production of 3,300 tons per day.

Canadian National Railway has just completed a 24-mile spur line from its main line into Manitouwadge and expects on completion

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CANADA'S INDUSTRIAL, MINERAL AND FINANCIAL GROWTH

	No. Consecutive Years Cash Divs. Paid	Cash Divs. Including Extras for 12 Mos. to June 30, 1955	Quotation June 30, 1955♦	Approx. % Yield Based on Paymts. to June 30, 1955
		— Canadian $ * —		
Huron & Erie Mortgage Corp. Lends money on first mortgage security & operates deposit & debenture accounts	91	†1.25	37½	3.3
Imperial Bank of Canada Operates 234 branches throughout Canada	80	1.50	51¼	2.9
Imperial Flo-Glaze Paints Ltd. Varnishes, laquers, enamels, paints, etc.	15	1.20	23	5.2
Imperial Life Assurance Co. of Canada Comprehensive range of life, endowment and term policies	54	1.50	84	1.8
Imperial Oil Ltd. With subsidiaries comprises full integrated oil enterprise	56	0.90	38¾	2.3
Imperial Tobacco Co. of Canada, Ltd. "Ord." Tobacco, cigars and cigarettes	44	0.50	11½	4.4
Inter-City Baking Co., Ltd. Operates bakeries in Toronto, Ottawa, and Montreal	17	1.05	17	6.1
International Nickel Co. of Canada, Ltd. Holding and operating co.—Primary operations at mines and smelters near Sudbury, Ont.	22	§3.00	70½	4.3
International Paper Co. Holding and operating co.—Operates pulp and paper mills in Canada and the U. S.	10	§2.96	108½	2.7
International Petroleum Co. Ltd. South American oil producer and refiner	38	1.05	26⅞	3.9
International Utilities Corp. Management and development of natural gas and electrical companies in Alberta	12	1.55	40¾	3.8
Investment Foundation Ltd. Management type investment trust	12	1.50	45	3.3
Journal Publishing Co. of Ottawa, Ltd. Publishes "The Ottawa Journal"	39	1.00	18	5.6
Kelvinator of Canada, Ltd. Complete line of home appliances, parts and repairs	12	1.375	16¾	8.2
Kerr-Addison Gold Mines Ltd. Ontario gold producer	16	0.80	16.25	4.9
John Labatt Ltd. General brewing business	11	1.00	23¼	4.3

♦ Quotations represent June 30, 1955 sale prices or the last sale price prior to that date. Bid and ask quotations are as of June 30, 1955.
* Add current Canadian Exchange Rate.
† Adjusted for stock dividends, splits, distributions, etc.
§ Adjusted for Canadian-U. S. rate of exchange. Add current Canadian exchange rate to translate into U. S. funds.

CANADA'S INDUSTRIAL, MINERAL AND FINANCIAL GROWTH

	No. Consecutive Years Cash Divs. Paid	Cash Divs. Including Extras for 12 Mos. to June 30, 1955 — Canadian $* —	Quotation June 30, 1955♦	Approx. % Yield Based on Paymts. to June 30, 1955
Lake Shore Mines, Ltd. Ontario gold producer	38	0.10	5.40	1.9
Lamaque Gold Mines Ltd. Quebec gold producer	17	0.24	3.50	7.0
Laura Secord Candy Shops, Ltd. Retail candy chain in Ontario & Quebec	29	0.90	21¼	4.2
Leitch Gold Mines Ltd. Ontario gold producer	18	0.03	0.65	4.8
Lewis Bros., Ltd. Wholesale hardware trade in Eastern Canada	10	0.60	8¾	6.9
Loblaw Groceterias Co., Ltd. "B" Operates chain of "self-serve" grocery stores in Ontario	33	1.50	80	1.9

Listed Companies Which Have Paid Consecutive Dividends From 5 to 10 Years Appear in the Second Table Starting on Page 35

Loblaw Inc. Oper. 133 "self-serve" food markets in north'n N.Y., Pa., & Ohio	17	§1.25	74	1.7
Walter M. Lowney Co., Ltd. Chocolate and other confection products	20	1.00	25	4.0
Lucky Lager Breweries (1954) Ltd. **Name changed from Coast Breweries Ltd. on Dec. 15, 1954.** A holding company for four British Columbia companies	27	0.27	5.15	5.2
Maclaren Power & Paper Co. Holding co.—newsprint, lumbering & power interests	14	3.25	84	3.9
MacMillan & Bloedel Ltd. "B" Fully integrated lumber business; large exporter	15	1.00	39	2.6

♦ Quotations represent June 30, 1955 sale prices or the last sale price prior to that date. Bid and ask quotations are as of June 30, 1955.
* Add current Canadian Exchange Rate.
§ Adjusted for Canadian-U. S. rate of exchange. Add current Canadian exchange rate to translate into U. S. funds.

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Copper Mining Prospects in Canada

of the milling plant there next year to move ore out at the rate of 15 to 20 carloads a day. CNR justifies its expenditure of nearly $4 million for this spur on the grounds that while only one large mine is assured in the Manitouwadge area at present, two other relatively small mines are anticipated and in the expectation that further development will confirm the early promise of this area it desires to be in a position to give prompt service to interests that are developing the property and will be requiring transportation.

The railroad holds it to be quite conceivable that the Manitouwadge area eventually will be producing ore at the rate of 10,000 tons a day and that this would involve inbound traffic of mining supplies and general merchandise estimated at 60,000 tons a year. If fully realized, the outbound traffic would amount to an estimated 665,000 tons per year.

Lyndhurst Area Promising

In the Lyndhurst area of the Province of Quebec — about 30 miles north of Noranda — accessible only by an all-weather highway, both Beattie-Duquesne Mines Ltd. and Lyndhurst Mining Co. Ltd. in which Beattie-Duquesne holds a substantial interest, have recently made some rather sensational copper discoveries. Beattie reports that grab samples taken early this summer from a surface showing on its property showed 7.68% copper along with 9.14 ounces silver and 0.16 ounce gold. More recently at 564 feet, Beattie-Duquesne encountered 36 feet of ore ranging from 0.48% to 4.54% copper with half of the length averaging upward from 2.15% copper. Lyndhurst Mining which holds 127 claims in the region has also been finding ores containing relatively high grades of copper on its property this summer. The report from Lyndhurst is that it is pushing plans for a mine building to be placed in operation as soon as possible after hydro-electric is made available in a matter of weeks.

Newfoundland is entering the Canadian copper picture, too. Buchans Mining Co. Ltd. in 1954 milled 340,000 tons of lead-zinc-copper ore, producing copper concentrates containing about 3,300 tons of copper. Terra Nova Properties Ltd. owns the mine located five miles north of Red Indian Lake in Central Newfoundland and connected with Millertown on the CNR by the company's own private 37-mile railway. Buchans, operator of the mine, is a wholly-owned subsidiary of American Smelting & Refining Co. Profits are shared 50-50 between the two companies. Ore reserves are estimated at nearly 6 million tons.

Boylen in Newfoundland

Diamond drilling by Bathurst Mining Corp. Ltd. and Maritime Mining Corp. Ltd. has also indicated some two million tons of 1.9% copper ore in the old Tilt Cove copper mine on Notre Dame Bay. These two companies—part of the M. J. Boylen interests of Toronto — acquired the property only last year. The property yielded $5 million in dividends from 1857 to just before the First World War when it was shut down. Consolidated Mining & Smelting re-examined the ground in 1946 and Falconbridge Nickel in 1951 with inconclusive results. Now the Boylen group plans a 1,000-foot production shaft and a mill capable of handling over 1,000 tons of ore a day. Falconbridge Nickel and the New Brunswick Trust Co. of Fredericton are reported to have provided $9 million in financing for this mine development.

Other Boylen companies have also entered the Newfoundland copper field. Anacon Lead Mines —the company expected to bring Chibougamau Explorers into production this fall—has obtained a 16-square mile concession around and including the old Pilley's Island mine. Another promising prospect is the Independence Mining Corp. ground, acquired by Boylen's Nama Creek Mines, where over 100,000 tons of ore have been proven grading 2.38% copper and 6.8% zinc. Five other companies are also actively searching for ore in the area.

Copper in New Brunswick

In New Brunswick, Brunswick Mining & Smelting Corp., Ltd. continued active development last year of their extensive zinc-lead low copper deposit in the Bathurst area. The company sunk a shaft and brought a 150-ton pilot mill into operation. Also, American Metal Co. Ltd. announced the discovery of extensive deposits on its Little River property 30 miles northwest of newcastle. Heath Steele Mines Ltd., a subsidiary, will operate the property and plans call for sinking two shafts and creation of a 1,500-ton mill for production in 1957. Copper content of the ore is about 0.5%.

Mindamar Metals Corp. Ltd. continued operation of its zinc-lead-copper mine in southern Cape Breton Island, Nova Scotia, producing zinc concentrates and lead-copper concentrates which contained about 1,000 tons of copper.

British Columbia, at the other end of the country, also is the scene of much exploration today.

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Copper Mining Prospects in Canada

The province of course already is producing copper. Brittannia Mining & Smelting Co. Ltd treated 916,419 tons of ore last year and Grandby Consolidated Mining, Smelting & Power Co. Ltd., 1,871,-862 tons.

Ten Million Ton Ore Find in B. C.

By far the most important development in B. C. is the operation of Granduc Mines Ltd., controlled jointly by Grandby and Newmont Mining Corp. on a vast deposit of ore averaging 1.5% copper 25 miles northwest of Stewart in almost inaccessible country a few miles east of the Alaska boundary. As of the beginning of this summer, explorations had indicated the existence of 10 million tons of this ore but by the end of the year the company is confident it will have proven probably as much as three times this figure altogether. The company originally acquired this property from Helicopter Exploration Co., Ltd. which now holds an interest in Granduc.

American Metal Co. is carrying on extensive exploration on the property of Canam Copper Co. Ltd., 25 miles east of Hope, where some 3.5 million tons of copper ore, containing some gold and silver, has already been indicated. Exploration has also been carried out on the property of Cowichan Copper Co. Ltd., 30 miles west of Duncan on Vancouver's Island.

Copper in Manitoba

In Manitoba, Hudson Bay Mining & Smelting last year produced over 45,000 tons of blister copper at Flin Flon and brought into operation its Schist Lake mine from which it shipped more than 53,000 tons of ore averaging 5.23% copper and 7% zinc to the Flin Flon plant for treatment. The company also carried on development at its North Star mine and at Don Jon Mines Ltd., a Hudson Bay subsidiary.

In Saskatchewan, Hudson Bay also carried out exploration and underground development at its Birch Lake mine and its Coronation mine 9½ and 13½ miles, respectively, southwest of Flin Flon. At the latter place, diamond drilling as indicated a copper-zinc ore body of 825,000 tons. The company has planned a small mill for its Coronation mine.

In the Yukon Territory, Hudson Bay Mining & Development Co. Ltd., wholly-owned subsidiary of Hudson Bay Mining & Smelting, continued exploration and development of its Wellgreen Mine in the Kluane Lake district, 200 miles northwest of Whitehorse. Ore reserves as of the end of last year there were estimated at 500,-000 tons, averaging 1.34% copper and 2.14% nickel.

Some other developments in the Province of Quebec are also worth noting. Noranda Mines, Waite Amulet Mines, Quemont Mining Corp. and East Sullivan Mines all carried on operations at a high level last year. Golden Manitou Mines resumed development of a low grade copper deposit north of its main workings and prepared to commence regular production of copper concentrate. Weedon Pyrite & Copper Corp. operated a 300-ton mill during the year and Ascot Metals Corp. produced a lead-copper concentrate at its Suffield mine. Eastern Metals Corp., Ltd. continued explorations on its nickel-copper property in Montmagney County. The company deepened its shaft and found substantial ore in its "south" or "copper" zone.

Copper in Hudson Bay

Also, in the Province of Ontario, Sudbury Basin Mines, formerly Ontario Pyrites Co., continued exploration and development at its Errington & Vermillion mines in the Sudbury area. Copper discoveries of considerable extent were also made near Tashota on the Canadian National Railway and on Timagami Lake.

In the Northwest Territories, North Rankin Nickel Mines, Ltd. completed a 350-foot shaft and carried out exploration and development on two levels of their nickel-copper-platinum property near Rankin Inlet on the northwest coast of Hudson Bay 300 miles north of Fort Churchill. Some 460,000 tons of ore, averaging 3.3% nickel, 0.81% copper and 0.03 ounce platinum has been indicated there.

Not including what results will be obtained from diamond drilling, exploration and development this past summer, the combined efforts of prospectors and geologists, either working for them selves, for the government or for private mining companies, sometimes even in the capacity of top officials or consulting engineers, have since the first of last year increased the known reserves of

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	No. Consecutive Years Cash Divs. Paid	Cash Divs. Including Extras for 12 Mos. to June 30, 1955	Quotation June 30, 1955♦	Approx. % Yield Based on Paymts. to June 30, 1955
		— Canadian $ * —		
Madsen Red Lake Gold Mines Ltd. — Ontario gold producer	16	0.12	2.11	5.7
Maple Leaf Gardens, Ltd. — Owns & operates Toronto sports arena of same name	10	1.30	22½	5.8
Maple Leaf Milling Co., Ltd. — Grain handling; flour milling; operation of bakeries, etc.	10	0.50	13	3.8
Marcus Loew's Theatres, Ltd. — Owns two Toronto motion picture theatres	11	5.00	b102½	4.9
Massey-Harris Co., Ltd. — Complete line of farm implements and machinery	10	0.60	10⅞	9.2
McColl-Frontenac Oil Co. Ltd. — Oil production, refining & distribution	12	1.10	40	2.8
McIntyre Porcupine Mines, Ltd. — Ontario gold producer	39	3.00	87	3.4
Mitchell (J. S.) & Co., Ltd. — General supply house for many industries in Eastern Quebec	21	1.25	b34⅞	3.6
Midland & Pacific Grain Corp., Ltd. — Deals in grain and operates line elevators in Western Canada	10	†1.00	22	4.5
Molson's Brewery, Ltd. "B" — Montreal brewer	11	1.20	25½	4.7
Montreal Locomotive Works, Ltd. — Diesel-electric locomotives and related production	10	s9.95	17½	5.7
Montreal Refrigerating & Storage Ltd. — Operates general & cold storage warehouse in Montreal	10	2.00	38	5.3
Moore Corp. Ltd. — Business forms, advertising display products, etc.	22	†1.30	39½	3.3
National Drug and Chemical Co. of Canada, Ltd. — Wholesaler of drugs, chemical & general merchandise	15	0.70	13¾	5.1
National Grocers Co., Ltd. — Ontario grocery wholesaler	14	0.75	17¾	4.2

♦ Quotations represent June 30, 1955 sale prices or the last sale price prior to that date. Bid and ask quotations are as of June 30, 1955.
* Add current Canadian Exchange Rate.
† Adjusted for stock dividends, splits, distributions, etc.
b Bid.
s Includes special distribution.

CANADA'S INDUSTRIAL, MINERAL AND FINANCIAL GROWTH

	No. Consecutive Years Cash Divs. Paid	Cash Divs. Including Extras for 12 Mos. to June 30, 1955 — Canadian $ * —	Quotation June 30, 1955♦	Approx. % Yield Based on Paymts. to June 30, 1955
National Steel Car Corp., Ltd. Railway cars, automobile chassis, etc.	19	2.00	29¾	6.7
National Trust Co., Ltd. General trust business, also accepts deposits	57	1.35	39½	3.4
Neon Products of Western Canada Ltd. Neon advertising signs	26	1.00	b39	2.6
Niagara Wire Weaving Co., Ltd. Makes wire mesh, cloth, wire weaving machinery, etc.	22	2.50	40	6.3
Noranda Mines, Ltd. Copper and gold producer	26	1.875	54	3.5
Normetal Mining Corp., Ltd. Quebec copper and zinc producer	10	0.36	4.75	7.6
O'Brien Gold Mines, Ltd. Quebec gold producer	17	0.02	0.61	3.2
Ogilvie Flour Mills Co., Ltd. Mills flour, feeds, and cereals	53	1.50	42	3.6
Ontario Loan and Debenture Co. Accepts deposits & sells debentures; invests in first mortgages	85	1.10	28¼	3.9
Ontario Steel Products Co., Ltd. Automotive springs, bumpers & plastic products	18	1.40	28	5.0
Page-Hersey Tubes, Ltd. Industrial pipe and tubing	30	3.00	70	4.3
Paton Mfg. Co., Ltd. Woolens and worsted fabrics	17	0.80	b9	8.9
Penmans Ltd. Woolen, cotton and silk knitted goods	49	3.00	57½	5.2
Photo Engravers & Electrotypers Ltd. Photo engravings, electrotypes, commercial photography, etc.	22	2.00	40	5.0
Pickle Crow Gold Mines Ltd. Ontario gold producer	20	0.10	1.23	8.1
Placer Development, Ltd. Investment—holding co.—gold interests	23	2.00	34½	5.8
Powell River Co., Ltd. Largest producer of newsprint on the West coast	18	1.70	52½	3.2
Power Corp. of Canada, Ltd. A utility holding management & engineering co.	19	2.00	59	3.4
Premier Trust Co. Operates as trust company, trustee etc.	11	4.00	75½	5.3
Preston E. Dome Mines Ltd. Ontario gold producer	16	0.08	9.55	0.8
Price Brothers & Co., Ltd. Newsprint and related products	12	2.00	56⅞	3.5

♦ Quotations represent June 30, 1955 sale prices or the last sale price prior to that date. Bid and ask quotations are as of June 30, 1955.
* Add current Canadian Exchange Rate.
b Bid.

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Copper Mining Prospects in Canada

copper by more than 110 million tons in Canada. To some extent this figure represents reactivated capacity, that is, tonnage brought back to life, as it were, and some of it expansion of deposits thought to have been wholly exhausted or too meagre in extent to warrant further search. It sometimes pays to take a second look.

Among the copper producers are Amulet Dufault Mines, Ltd., New Ryan Lake Mines, Ltd., Nickel Offsets, Ltd., Nickel Rim Mines, Ltd., Normetal Mining Corp., Ltd.

Among companies with near-production-stage copper mines and among those doing exploration and development on mining properties with proven reserves are Berens River Mines, Ltd., Coldstream Copper Mines, Ltd., Ungava Copper Corp., Ltd., Cowichan Copper Co., Ltd., Grandines Mines Ltd., Joliet-Quebec Mines, Ltd., Kilembe Mines, Ltd. controlled by Frobisher, Kristina Copper Mines, Ltd., New Highbridge Mining Co., Nippissing Mines, Ltd., Quebec Nickel Corp., Ltd., Rainville Mines Ltd., Virginia Mining Corp., Ltd. and Wilroy Mines, Ltd.

Halsey, Stuart Group Offers Detroit Steel Corp. 4⅞% Bonds

Halsey, Stuart & Co. Inc. headed a group of 60 underwriters who on Sept. 23 offered $30,000,000 of Detroit Steel Corp. first mortgage sinking fund 4⅞% bonds due Oct. 1, 1970, at 98.69% and accrued interest, to yield 5% to maturity. While the company was organized in 1923, this is the first public offering by the company on any securities, debt or otherwise, in its history.

Net proceeds from the sale of the bonds, together with proceeds from the concurrent sale of 503,155 shares of common stock to common shareholders, will be used by the company to prepay in part a 5% first mortgage note, due March 31, 1959, held by the Reconstruction Finance Corporation, the balance of the note being retired through the issuance of 60,000 shares of 6% cumulative preferred stock of the company. The balance of the net proceeds will be added to the general funds of the company and used to reimburse its treasury for capital expenditures in connection with plant improvements, and for additional working capital.

The bonds will be redeemable at the option of the company at prices ranging from 104% to 100%, and for the sinking fund at 100%, plus accrued interest in each case. A sinking fund calculated to retire 93⅓% of the bonds prior to maturity will be provided, pursuant to which there will be purchased or redeemed $2,000,000 principal amount of the bonds on or before Oct. 1, 1956 and a like principal amount thereafter on or before each Oct. 1 to and including 1969.

Detroit Steel Corporation's purchase of the properties at Portsmouth, Ohio, was made in 1950, payment being made in the form of 289,289 shares of the company's common stock (the present equivalent being 578,578 shares due to the 100% stock dividend in 1952). At the same time net cash amounts totaling $5,909,299 were paid for the inventories, prepaid insurance, etc., at the Portsmouth Works. Since that time, an investment of $64,000,000 has been made in the Portsmouth Works, largely for new facilities but also in part for modernization of previously existing facilities.

For the six months ended June 30, 1955, the corporation's net sales were $49,356,969 and net profit at $2,625,164, or $1.04 per common share.

F. J. Brown Opens

CLINTON, N. Y. — Francis J. Brown is engaging in a securities business from offices at 153 Sanford Avenue. Mr. Brown was previously connected with Mohawk Valley Investing Co.

S. M. Christensen Opens

(Special to The Financial Chronicle)

GLENDALE, Calif.—Ansgar M. Christensen, Jr., is engaging in a securities business from offices at 1441 Irving Avenue.

A. G. Evans Opens

PATERSON, N. J.—Alexander G. Evans is conducting a securities business from offices here.

World Wide Inv. Corp.

BALDWIN, N. Y.—World Wide Investors Corp. has been formed with offices at 194 North Grand Avenue to engage in a securities business.

With Kentucky Co.

(Special to The Financial Chronicle)

LEXINGTON, Ky. — Philip H. Barnes has been added to the staff of The Kentucky Company, Exchange Building.

Elected Directors

Edward G. Fox, President of Philadelphia and Reading Corp., have announced that the board of directors has adopted an amendment to the by-laws of the corporation increasing the number of directors from 9 to 14. Directors have elected the following as the five new members: Jacob A. Goldfarb, President, Union Underwear Co., Inc., New York, N. Y.; Louis A. Green, Stryker & Brown, New York, N. Y.; William E. Kidd, Stein Bros. & Boyce, Baltimore, Md.; Robert J. Marony, New York, N. Y.; and Sidney R. Winters, Abraham & Co., New York, N. Y.

P. D. Lanphere Opens

SPOKANE, Wash. — Percy D. Lanphere is conducting a securities business from offices in the Empire State Building.

C. M. Pittser Opens

NIANGUS, Mo. — Chester M. Pittser is conducting a securities business from offices here.

John Riley Forms Co.

(Special to The Financial Chronicle)

LEXINGTON, Ky. — John W. Riley is engaging in a securities business from offices at 314 South Ashland under the firm name of John W. Riley & Company.

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relatively large dollar and gold reserves. But past experiences have proved the point that it is better to act at a time of strength than of weakness. British authorities are fully aware of the deterioration of underlying conditions which may easily lead to a shrinkage of current reserves. With peace conditions spreading and costs of production in Britain rising more competitive difficulties in international trade will have to be expected for Britain."

The Exchange Rates of Sterling

I wish to state that current trends and events fully justify the view that Sterling rates as used in international trade may have to be lowered, indirectly or directly, depending on the extent to which Britain will rely on new restrictions or on relative freedom of trade.

At this point I may quote an argument I recently had with one of the best-known and best-informed monetary experts in Europe—in Basle, Switzerland. He said to me in January of this year:—

"You will have more inflation in America than in Europe. The softness of Sterling will disappear. The only currency which will soften and which will need support will be the dollar."

Let me tell you what my answer was:—

"Your expectation of future softness of the dollar and hardness of Sterling will be justifiable only if you assume the following to happen: A Far Eastern war in which the United States are involved with Western Europe being more or less neutral, but certainly benefiting from a new rise of commodity prices and inflated dollar spending. But in case of a peaceful development, even if it is only temporary, then we shall have more inflationary pressures in Europe and the Sterling area than in the U. S. A. and new serious balance of payments difficulties for the Sterling block."

The vista of an ending of the cold war in Europe and of the open hostilities in the Far East resulted in a reduction of inventories and a decline of prices for commodities, especially of strategic goods. We cannot expect a return to another Korea boom in the near future. Surplus problems are again pressing on international commodity markets. Efforts to adjust such positions are now being made half-heartedly. This also applies to attempts to stop inflation and to stabilize foreign currency values.

The pressure to devalue the Pound is even stronger in Australia than in Great Britain. Leading commercial and industrial circles in Australia feel that they would benefit from more freedom of exchange than what is being permitted by London. Their ability to attract dollar investment funds would improve if their currency would be convertible. They know that freedom of exchange cannot be introduced at the present parity level without deflationary measures so drastic that only a very strong government would dare to follow such a course of action. This would also mean a reduction in wage levels. But political pressures against such a policy are too strong. It is unrealistic to assume that credit squeeze and other deflationary measures will go so far that wages will be substantially reduced, perhaps under the pressure of new mass unemployment. The rise of wage levels still continues, in particular in Great Britain, but also in other soft currency countries.

Inflationary pressures are even stronger in Latin-America than in Europe. In Brazil and Argentina, Bolivia, Chile, Colombia, Paraguay, free market rates of exchange are only a fraction of official parities. But it is also unlikely to believe that the rates will be adjusted in accordance with their true values and that inflationary processes will end shortly.

And now let me quote a report I received from my regular correspondent in a certain Pacific Dominicon country who happens to be especially well informed about the thinking and planning of monetary policies of the Government in his country. "At two special secret meetings with the economic advisors, the Government has decided to wait for 2-3 months to see:

(1) future trend in price of export commodities. The drop

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CANADA'S INDUSTRIAL, MINERAL AND FINANCIAL GROWTH

	No. Consecutive Years Cash Divs. Paid	Cash Divs. Including Extras for 12 Mos. to June 30, 1955 — Canadian $ * —	Quotation June 30, 1955♦ — Canadian $ * —	Approx. % Yield Based on Paymts. to June 30, 1955
Provincial Transport Co. — Operates coach lines in Quebec & Ontario	19	0.70	13	5.4
Quebec Power Co. — Operating public utility	41	1.20	31	3.9
Robertson (P. L.) Manufacturing Co., Ltd. — Wide range of screws and bolts	14	0.40	b13½	3.0
Royal Bank of Canada — Operates 796 branches throughout the world	87	1.575	57¾	2.7
Royalite Oil Co., Ltd. — Oil production and development	27	0.26	12⅝	2.1
Russell Industries Ltd. — Holding co.—machine tool interests	20	0.80	16	5.0
San Antonio Gold Mines Ltd. — Manitoba gold producer	22	0.06	1.65	3.6
Sangamo Co., Ltd. — Electric meters, motors, switches, etc.	19	0 50	11¾	4.3
Sarnia Bridge Co., Ltd. — Steel bridges and related production	13	1.00	17	5.9
Scythes & Co. Ltd. — Manufactures cotton and wool waste, cotton wipers, etc.	20	1.00	13⅛	7.6
Shawinigan Water and Power Co. — Quebec electric utility	49	1.45	65	2.2
Sherwin-Williams Co. of Canada, Ltd. — Paints, varnishes, enamels, etc.	14	1.85	48⅛	3.8
Sicks' Breweries Ltd. — Beer, ale, stout and carbonated beverages	28	1.40	b28½	4.9
Sigma Mines (Quebec) Ltd. — Quebec gold producer	16	0.40	5.40	7.4
Silverwood Dairies, Ltd. "B" — Full line of dairy products	18	0.60	12⅝	4.7
Slater (N.) Co., Ltd. — Pole-line hardware for power companies; also metal stampings and forgings	18	0.60	14¼	4.2

♦ Quotations represent June 30, 1955 sale prices or the last sale price prior to that date. Bid and ask quotations are as of June 30, 1955.

* Add current Canadian Exchange Rate.

b Bid.

CANADA'S INDUSTRIAL, MINERAL AND FINANCIAL GROWTH

	No. Consecutive Years Cash Divs. Paid	Cash Divs. Including Extras for 12 Mos. to June 30, 1955 — Canadian $ * —	Quotation June 30, 1955♦	Approx. % Yield Based on Paymts. to June 30, 1955
Smith (Howard) Paper Mills Ltd. — Pulp and paper manufacturers in Canada	11	1.20	40½	3.0
Southam Co., Ltd. — Publishes seven daily newspapers across Canada; operates 3 radio stations	20	1.60	45¼	3.6
Southern Canada Power Co., Ltd. — Operating public utility; Southern Quebec	33	2.00	50	4.0
Sovereign Life Assurance Co. of Canada — Life and endowment insurance	37	1.75	b71	2.5
Stedman Brothers Ltd. — Wholesale and retail small wares business	21	0.90	26¾	3.4
Steel Co. of Canada, Ltd. — Engaged in all branches of steel production	40	1.40	49¾	2.8
Sterling Trusts Corp. — General fiduciary business	19	1.65	45¼	3.6
Stuart (D. A.) Oil Co., Ltd. — Makes extreme friction lubricants and related products	16	0.80	14½	5.5
Supertest Petroleum Corp., Ltd. "Vot. Com." — Markets petroleum products in Ontario and Quebec	30	0.80	21⅝	3.7
Sylvanite Gold Mines, Ltd. — Ontario gold producer	26	0.10	1.40	7.1
Tamblyn (G.) Ltd. — Operates chain of 103 drug stores	19	1.80	49½	3.9

♦ Quotations represent June 30, 1955 sale prices or the last sale price prior to that date. Bid and ask quotations are as of June 30, 1955.
* Add current Canadian Exchange Rate.
b Bid.

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in prices is worrying the authorities.

(2) The effects of credit tightening. This is being slowly but steadily enforced to an even greater extent.

(3) The effect of recent tightening of import restrictions.

So far, and very disappointingly, the effect is negligible. If the situation does not improve within the next two or three months and effective assurances are not received at Istanbul or London, the Government will proceed with elections, and shortly afterwards will devalue its currency. . . ."

We now have a world-wide trend of progressing convertibility in soft currency countries but at the same time balance of payment difficulties still exist and are increasing. We should not expect a return to the old forms of foreign exchange controls and restrictions. Instead the authorities tolerate new unusual forms of payments, together with restrictions of imports and the establishment of a variety of rates of exchange, sometimes on a group area basis with free markets and fluctuating rates which are substantially below official parity levels. Such free markets make it possible to convert currencies freely, but at rates which may be prohibitive for the importer while they grant a special incentive of the foreign investor.

Many countries have used these possibilities of import restrictions and multiple or fluctuating rates in order to balance their foreign payments and in order to participate in the progress towards convertibility. Even weak currencies may be made convertible in such a way. Then private enterprise will be offered opportunities to act within freedom of exchange but under rules which necessitate many unusual forms of payments.

An Overriding Trend

We may observe an overriding trend in international trade and finance. Orthodox forms of payments, as were usual in prewar times, are becoming unusual and form a pattern of the past rather than of the future. What appeared to be unusual and exceptional tends to become the new pattern of international payments, and even if they are only of a transitory nature, they will lead to a system quite unlike the one of pre-1914 days.

It seems to be at least an experience of our generation that we can no longer rely on stable currency values or on straight payments in dollars and transfer freedom in the greater part of the world. But it also is a matter of fact that only a relatively small number of business executives or bankers are fully experienced in the use of the new financial techniques and are prepared to benefit fully from them. Some governments more than others, have seen to it that their countries benefit especially from such a development. Other governments officially frown upon the use of apparently unusual forms of payment. I may refer, for example, to the international switch trade. I may state without any exaggeration that by opening up the facilities for extensive international switch trade via Amsterdam and Rotterdam, a basic condition for the quick postwar recovery of Holland was created. Transit trade in Amsterdam and Rotterdam flourished while it was insignificant in London, with the financial recovery, more freedom of exchange has been restored than in other European countries, except Switzerland. But the final step into complete convertibility cannot be taken for the time being even in Holland.

Unorthodox forms of international payments are again being used on an enlarged scale together with the emergence of new foreign exchange difficulties in many countries, and also with the drive for more foreign trade.—beyond the scope of available monetary means of payments in the soft currency area.

Dollar aid and increased foreign commercial credits and new exports of capital will probably make it possible for most soft currency countries to balance their international payments, perhaps also by sacrificing part of their foreign exchange and gold reserves in 1955. But this stage will end with the urgent need to adjust official currency values and to find a new basis for a balancing of international payments. Then the disposal of commodity surpluses will appear as especially necessary for certain countries. The impact on commodity prices may be serious. I am also convinced that in most soft currency countries, the authorities will seek to defend the international position of their industries and their competitive commodity trades. Then responsible authorities will give more leeway and freedom for forms of payments and transactions which are unusual from the viewpoint of the theoretician, who thinks in terms of orthodox monetary policies.

Unusual forms of payments accomplish something that is necessary in order to continue world trade and exchange of goods and the flow of capital. Life must go on even if official rules seem to make it impossible. When economic life seems to come to a standstill because of unrealistic rates or restrictive rules, the authorities will tolerate, then authorize and finally officially legalize unorthodox payments.

We have observed this sequence in many countries and many times. The belief usually prevails that this will end after a short

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intermediary period with normal unrestricted so-called usual forms of payments. But this requires an end of inflation and freedom of trade at realistic rates of exchange. Unfortunately, we are not living in such a world today and we may not have a chance to see it happen in our time.

We Are in a Transition Period

This is a period of transition. It will end with a new structure of world economy. It may be sufficient here to state that we shall not return to the old pattern of world trade and finance, and that we have to make ourselves fully acquainted with the forms of payment which make it possible to continue and to extend international trade and finance.

I cannot quote a book of reference on the new commercial and financial system. It is too new and also has been considered as too unusual to be treated in scholarly books. I shall give you a short summary of the new forms of payments, but I must ask for your indulgence if some of them seem to be complicated. You may know the saying: "Why make it simple when you can make it complicated?" Why take American machines to Belgium when you sell them to Japan? Or why pay to Yugoslavia when you buy from Brazil and owe money to them? But often it is easier and also more profitable to make it complicated than simple.

Types of Unusual Payments

The basic new types of unusual payments which are now in practical use may be described as follows:

(1) **Clearing and Switch Exchange.** Its use has somewhat declined in international trade during the last year. But it still plays a considerable role in many payments arrangements and in trade with Japan, Taiwan, Brazil, Argentina, Chile, Indonesia, Yugoslavia, Turkey and Israel. Clearing exchange funds derive from bilateral payments agreements, whereby two countries agree to settle commercial payments on clearing accounts, with a maximum credit balance or swing in favor of either party. Excess deficits are to be paid in gold or hard currency. But the debtor country usually finds it difficult or disadvantageous to pay gold and hard currency. Then imports of the debtor from the creditor country would have to be restricted or exports from the debtor to the creditor country would have to be increased. This often is not in the interest of the two countries or simply impossible. Then . . . **you** may benefit from such a situation. **You** may be offered payment in clearing surplus funds by a country which has such clearing funds available and which does not want to import **your** goods against payment in dollars. **You** are able to accept such payments if you can convert the funds into dollars. This is being done by the switch trader or banker. But you will have to consider that these clearing funds will be converted into dollars only at a premium for the dollar or a discount for the soft currency. In other cases, a clearing country may agree to sell its products against receipt of clearing funds though the final destination of the goods is the dollar area. In such a case, you are able to purchase the foreign commodity at a discount because you can acquire the clearing funds at a discounty with your dollars. A practical example:

Japanese steel products are imported into the United States in the following manner: Formosa had a substantial credit balance within the clearing Formosa-Japan. She was in need of U. S. dollar funds. Formosan firms have been authorized to negotiate with the American importer of the Japanese steel products to make a payment to Japan within the Formasan-Japanese clearing, in return for a payment from the United States to Formosa. The Formosan firm was permitted to grant a substantial discount for the Formosan-Japanese clearing (about 5%). As a result, the American importer was able to purchase the Japanese steel products at the above discount. The transaction was made on a back-to-back Letter of Credit basis. A US L/C was opened to Formosa for the amount agreed less the discount, and on the basis of the U. S. dollar L/C, a clearing L/C for the full value was opened by Formosa to Japan.

It is necessary to make special arrangements for such transactions in accordance with official regulations. Very often, it depends on your own initiatives or the ingenuity of your foreign correspondent whether foreign consent is requested for transactions which are in the interest of the foreign country and your own, too, and which can be arranged in a legitimate way. There are switch firms which make all necessary arrangements or which buy and sell clearing funds at a rate. Though my own organization computes the rates and issues average market conversion rates, the final rate often is individually fixed.

Much has been said and written against bilateral agreements and switch deals. The critics point out the need for multilateral trade and multilateral payments facilities. The argument reminds me of someone who preached that there should be sunshine when it is raining. The problem is what can be done about it and also about the underlying reasons for the fact that it is raining Bilateral payments agreements were and usually are an emergency solu-

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CANADA'S INDUSTRIAL, MINERAL AND FINANCIAL GROWTH

	No. Consecutive Years Cash Divs. Paid	Cash Divs. Including Extras for 12 Mos. to June 30, 1955 — Canadian $ * —	Quotation June 30, 1955♦ — Canadian $ * —	Approx. % Yield Based on Paymts. to June 30, 1955
Teck-Hughes Gold Mines, Ltd. — Ontario gold producer	30	0.15	3.00	5.0
Third Canadian General Investment Trust Ltd. — Investment trust of the management type	27	0.26	8	3.3
Thrift Stores Ltd. — Operates chain of 73 grocery stores	10	1.60	39½	4.0
Tip Top Tailors, Ltd. — Manufacturer of fine clothing	21	0.60	a15½	3.9
Toronto-Dominion Bank — Operates 450 branches, 448 in Canada, 1 in New York and 1 in London, Eng.	98	1.375	46	3.0
Toronto Elevators, Ltd. — Grain elevators, feed manufacturing and vegetable oils	17	0.80	16½	4.8
Toronto Iron Works, Ltd. — Steel plate products and special metals	10	1.00	23	4.3
Toronto General Trusts Corp. — General fiduciary business	72	1.40	37½	3.7
Toronto Mortgage Co. — Lends on first mortgages; issues debentures and accepts deposits	56	5.25	115	4.6
United Amusement Corp., Ltd. "A" — Operates 34 motion picture theatres in Montreal and other Quebec cities	31	0.65	10½	6.2
United Canadian Shares Ltd. — Holding co.—insurance interests	31	0.60	b18	3.3
United Corporations Ltd. "B" — An investment trust of the management type	15	0.70	22	3.2
United Steel Corp., Ltd. — Steel plate and welded steel products	10	1.00	15	6.7
Upper Canada Mines Ltd. — Ontario gold producer	16	0.045	1.03	4.4
Wabasso Cotton Co., Ltd. — Cotton yarns and goods	20	0.60	12	5.0
Waite Amulet Mines, Ltd. — Quebec copper-zinc producer	16	1.40	14	10.0
Walker (Hiram)-Gooderham & Worts, Ltd. — Holding co.—extensive liquor interests	20	4.00	73	5.5
Westeel Products Ltd. — Manufactures sheet metal	15	1.40	24	5.8
Western Canada Breweries, Ltd. — Serves four western provinces	19	1.00	24	4.2
Westminster Paper Co., Ltd. "B" — Wide range of paper specialty products	23	0.80	b24½	3.3
Weston (George) Ltd. — Fine biscuits, bread, cakes, confectionery, etc.	26	1.00	94½	1.1
Wright-Hargreaves Mines, Ltd. — Ontario gold producer	25	0.12	2	6.0
Zeller's Ltd. — Operates chain of specialty stores across Canada	15	0.975	26	3.7

♦ Quotations represent June 30, 1955 sale prices or the last sale price prior to that date. Bid and ask quotations are as of June 30, 1955.
* Add current Canadian Exchange Rate.
a Asked.
b Bid.

TABLE II

LISTED CANADIAN *Common Stocks*

On Which

CONSECUTIVE CASH DIVIDENDS

Have Been Paid From

5 to 10 Years

	No. Consecutive Years Cash Divs. Paid	Cash Divs. Including Extras for 12 Mos. to June 30, 1955	Quotation June 30, 1955♦	Approx. % Yield Based on Paymts. to June 30, 1955
		— Canadian $ * —		
Abitibi Power & Paper Co., Ltd. Newsprint and allied products	7	1.20	33	3.6
Acadia Atlantic Sugar Refineries Ltd. Refines raw sugar cane & produces 50 or more grades & packages of sugar	5	0.50	12	4.2
Argus Corp., Ltd. Investment co.—manufacturing & merchandising interests	9	0.70	23¼	3.0

♦ Quotations represent June 30, 1955 sale prices or the last sale price prior to that date. Bid and ask quotations are as of June 30, 1955.

* Add current Canadian Exchange Rate.

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tion as the result of the inability of one country to offer payments in any acceptable currency, and of the other country to sell its products on a traditional export market against receipt of acceptable or convertible funds. It is perfectly true that these bilateral agreements violate the spriit of world trade. But no foreign trade at all is not a solution of the problem. Switch deals, on the other hand, permit the multilateral use of bilateral clearing funds, and the more such deals are made possible, the easier it becomes for the clearing countries to settle their clearing balances and to return to multilateral trading and payments.

(2) **Private clearings or commodity exchange accounts.** I introduced this term in order to define a domestic account which originates from payment in the currency of the importing country where the exporter can use the account only in order to finance the purchase and shipment of export goods. Often, the type of goods which may be purchased with such an account is specifically fixed. The export proceeds will be available in order to pay the original exporter of the goods. It often happens that the export goods of the debtor country are over-priced. In such a case, the owner of the commodity exchange accounts will have to carry a loss when he sells the export products abroad. He does not necessarily have to be the importer himself. He may simplify his task by selling the funds to other parties which are in the trade—for instance, American importers of the corresponding commodities. But such funds will have to be sold at a discount sufficient in order to make over-priced foreign goods competitive. These discounts or losses are usually more than compensated by the profit made in the first part of the transaction. Many firms realized a very handsome profit after having deducted the loss from the discount to be granted for the disposal of the commodity clearing exchange funds.

Let me tell you a practical experience. One of my clients, a banking and commercial institution asked me to help them with a proposal to be made to a certain country in South-East Asia. The government had surplus products and not enough dollar funds in order to pay for vital imports. The Government could not adjust the rate of exchange in view of inflated domestic price levels. According to my plan it was possible for the American company to finance exports of capital goods to the country on a large scale. Payment was made in domestic accounts of the soft currency country. The Government had to permit the use of these accounts for the purchase of their export goods which could be sold in the United States and the proceeds were available to the American firm. These accounts could also be sold to interested American import firms, but this had to be done at a heavy discount in order to make the export goods competitive. The loss was made up for the sale in the first part of the transaction — sale of the capital goods to the Pacific area country. The Government itself indicated that it preferred this procedure because it found it inopportune to adjust the domestic price for the export product or the rate of exchange.

(3) **At present, many countries seek to promote sales of their surplus goods or to make their surplus goods more fully competitive through "link deals."** They usually compel the supplier of a hard currency commodity to buy a certain amount of export goods for sale on the world markets. I wish to quote a practical example from the issue of International Reports of Sept. 2:

"Restricted special accounts in Cuba to be used exclusively for export of sugar will be converted into hard currency by offering sugar at a discount of about 1%. The interested group is financing the contract of a French industrial corporation with Cuba. Twice the amount of the contract must be taken by the French group in the form of surplus sugar ($17 million—50% this year, 25% one year later, 25% another year later). The commission enables the financial organization to cover the loss from sale of sugar at a discount." (Sept. 2—p. 115.)

(4) **Barter and Compensation deals.** I take it for granted that you are fully acquainted with the nature of such transactions. The authorities of a country which is in urgent need of certain import articles and which has not the means of payment will offer payment in kind, i.e. with export products. You may not want to handle the disposal of such goods because you are not familiar with the market for them. In such a case, you may make arrangements for the transfer of your claim for counter-supplies from the other country to an importer of the commodity. He will have to pay you the dollars you expected to get for your original sale. But you may have to act on the basis of a barter rate of exchange with a discount for the foreign currency in order to make the sale of an overpriced foreign commodity attractive. Such barter or compensation deals are again becoming fashionable in support of the disposal of highly competitive surplus export goods. I also remind you of the fact that right now you are able to export agricultural surplus goods held by the U. S. Government agencies, on the basis of barter deals whereby payment is being made through counter-supplies of a commodity which is wanted by the government as a strategic article.

(5) **Use of blocked funds in commercial transactions.** In many cases, foreign governments will be willing to tolerate or authorize the use of blocked funds for payments in commercial transactions. The owner of the blocked funds will be willing to finance the loss from such exports because this enables him to convert his foreign account.

(6) **Investment up-valuation export accounts.** There are many countries in the world with strict foreign exchange controls and perhaps unstable currencies. On first sight it may be too risky to export goods to such countries without payment in dollars. Yet, you may consider to leave the proceeds in such a country as an investment, with excellent speculative possibilities. In such a country a used machine which has to be written off in the United States may regain a substantial investment value, many times the price it would have at home, and the returns may be very substantial. There may also be chances for a liberalization of transfer rules at a later date. You will find it interesting to export such capital goods as a long-term investor who seems to take a great foreign exchange risk, who actually, however, is able to upvalue a lost asset so much that the real foreign exchange or currency risk becomes negligible. I know of countries where American investors have built up a great stake without a heavy financial risk though restricted transfers are possible only at rates which seem to be prohibitive to the foreign trader.

Unusual forms of payments and finance are now increasingly used

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as competitive weapons. The bureaucrat in the government of a soft currency country may not be able to introduce new laws which would help to move overpriced domestic surplus stocks or to finance additional imports. But he may listen to proposals which circumvent these difficulties and which are helpful to the country.

This is a great opportunity for the ingenious imaginative expert who may have the inventor's spirit in the old sense, who also has daring without taking undue risks, who engages in financial risks which seem to be too great for an orthodox banker or businessman, but who has sufficient knowledge of the situation in foreign countries and of the interests involved, in order to calculate risks more than usually possible, who also knows how to protect himself with unorthodox yet legitimate means and who is able to conceive the implications or impact of events or of changing policies in foreign countries.

Boston Secs. Co. Opens

DALLAS, Tex.—Boston Securities Company has been formed with offices at 1907 Elm Street, to engage in the investment business. Thomas B. Boston is principal of the firm.

Dean Elected Chairman Of Garrett Bros. Inc.

DALLAS, Tex.—Dr. William B. Dean has been elected Chairman of the Board of Garrett Bros., Inc., Kirby Building.

With Real Property

(Special to THE FINANCIAL CHRONICLE)

BEVERLY HILLS, Calif.—Ernest L. Chandler has been added to the staff of Real Property Investments, Inc., 233 South Beverly Drive.

Three With Daniel Weston

(Special to THE FINANCIAL CHRONICLE)

BEVERLY HILLS, Calif.—Julian F. Fleg, Cynthia R. R. Smith and Howard Toboco have become affiliated with Daniel D. Weston & Co., 140 South Beverly Drive. Mr. Fleg was formerly with California Investors and Walston & Co.

United Shareholders Honor McCormick

Edward T. McCormick, American Stock Exchange President, accepted the Blue Ribbon Award of the United Shareholders of America from the organization's President, Benjamin A. Javits at an Exchange Board of Governors meeting.

E. T. McCormick

In a citation read at the presentation, Mr. Javits stated that he was presenting the award "as a mark of respect and appreciation of the work and place of the American Stock Exchange in our American way of life, and of its capable and industrious President, Edward T. McCormick."

The United Shareholders of America is an independent group of investors organized in 1950 for the purpose of providing an active, representative voice for the nation's stockholders.

Halsey, Stuart Group Offers Southern Pacific Equipments

A syndicate managed by Halsey, Stuart & Co. Inc. on Sept. 23 offered $9,390,000 of Southern Pacific Co. series RR 3⅛% equipment trust certificates, maturing annually Sept. 1, 1956 to 1970, inclusive at prices scaled to yield from 2.90% to 3.25%, according to maturity. Issuance and sale of the certificates are subject to the authorization of the Interstate Commerce Commission.

The issue is to be secured by the following new, standard-gauge railroad equipment estimated to cost not less than $12,520,000: 27 diesel freight locomotives, 10 diesel switching locomotives and 965 box cars.

Associated in the offering are: R. W. Pressprich & Co.; Baxter, Williams & Co.; Freeman & Co.; Ira Haupt & Co.; The Illinois Co. Inc.; Wm. E. Pollock & Co., Inc.; First of Michigan Corp.; F. S. Yantis & Co. Inc.; McMaster Hutchinson & Co.; and Mullaney, Wells & Company.

James A. Hogle

James A. Hogle, founder in 1912 of J. A. Hogle & Co., Salt Lake City, passed away at the age of 78 following a brief illness. Mr. Hogle was a member of the New York Stock Exchange.

With Mutual Fund Assoc.

(Special to THE FINANCIAL CHRONICLE)

SAN FRANCISCO, Cal.—Marie Boyd, Lawrence A. Cooper, Mrs. June M. Dick and Matthew Lagier are now affiliated with Mutual Fund Associates, 444 Montgomery Street.

Daniel Reeves Adds

(Special to THE FINANCIAL CHRONICLE)

BEVERLY HILLS, Calif.—Edward C. Ashton, Henry K. Glaesner, Simeon S. Jacobs, Maurice J. Kaplan, Harry N. Purdy and Richard L. Showalter are now with Daniel Reeves & Co., 398 South Beverly Drive, members of the New York and Los Angeles Stock Exchanges.

Elected Director

Albert H. Gordon, a partner of Kidder, Peabody & Co., investment bankers, has been elected a director of Collins Radio Co., a major designer and manufacturer of specialized radio communication and navigation equipment.

Continued from page 35

CANADA'S INDUSTRIAL, MINERAL AND FINANCIAL GROWTH

	No. Consecutive Years Cash Divs. Paid	Cash Divs. Including Extras for 12 Mos. to June 30, 1955	Quotation June 30, 1955♦	Approx. % Yield Based on Paymts. to June 30, 1955
		— Canadian $ * —		
Auto Electric Service Co. Ltd. Service distributors of automotive electrical carburetors & auxiliary equipment	9	0.70	9	7.8
Barymin Co., Ltd. Prospectus, development and holding co.—gold and other metal interests	8	0.15	2.15	5.3
Bathurst Power & Paper Co., Ltd. "B" Boxboards, corrugating materials, etc.	7	1.00	49	2.0
British Columbia Forest Products Ltd. One of the largest producers of timber products in Canada	8	0.40	13	3.1
Bulolo Gold Dredging, Ltd. Operates a gold dredging project in New Guinea	8	†1.48	5.85	25.3
Burns & Co. Ltd. "B" Meat, lards, butter, poultry products, etc.	9	†0.625	12⅞	4.9
Canada Cement Co., Ltd. Portland cement	6	†1.50	39½	3.8
Canada Foils, Ltd. Oldest and largest foil converting plant in Canada	7	0.40	16⅝	2.4
Canadian Dredge & Dock Co., Ltd. General dredging; construction & repair work on waterways	6	0.50	21¼	2.4
Canadian Vickers, Ltd. Shipbuilding, repairs; also makes industrial and mining machinery	6	1.50	36½	4.1
Catelli Food Prod. Ltd. "B" Macaroni and related products	6	1.25	37	3.4
De Havilland Aircraft of Canada Ltd. Sells & services Bell Helicopters, also manu. aircraft for reserve training in R.A.F.	7	1.00	150	0.7
East Sullivan Mines, Ltd. Produces copper, zinc, silver and pyrite	6	0.375	6.25	6.0
Empire Life Insurance Co. Operates as life insurance company	5	0.60	41	1.5
Enamel & Heating Products, Ltd. Stoves, ranges, furnaces, air conditioning equipment, etc.	8	0.40	6¾	5.9
General Bakeries Ltd. One of Canada's largest independent bakery operations. Makes bread, cakes, biscuits and confectionery	5	0.20	8¾	2.3
General Petroleums of Canade Ltd. "Ord." & Class "A" Oil well drilling contractors	7	0.20	6	3.3
Great Lakes Paper Co., Ltd. Manufactures newsprint & unbleached sulphite paper	9	1.60	45	3.6
Great West Coal Co., Ltd. "B" Wholesale distributor of lignite coal	9	0.375	6½	5.8
Great West Saddlery Co., Ltd. Wholesale distributor of general store mdse., and riding goods	6	2.00	a22½	9.0
Gypsum, Lime & Alabastine, Canada, Ltd. Building materials; gypsum and lime products; industrial chemicals, etc.	9	2.20	60¼	3.7
Hahn Brass Ltd. Manufactures large variety of metal products	9	1.00	16¼	6.2
Hendershot Paper Products Ltd. Manufactures paper products including containers & corrugated products	9	1.25	19¼	6.5
Hydro-Electric Securities Corp. Management type investment trust	8	0.35	9⅜	3.7
Industrial Acceptance Corp., Ltd. Purchases acceptances; also small loans and general insurance business	8	2.50	60½	4.1
International Power Co., Ltd. Holding co., controlling public utilities in Central and South America	7	2.40	159	1.5
La Luz Mines Ltd. Nicaragua gold producer	7	0.10	2.20	4.5
Laurentide Acceptance Corp. Ltd. "B" Purchases installment sale contracts	8	0.60	20	3.0
Macassa Mines, Ltd. Ontario gold producer	7	0.12	1.94	6.2
MacLeod-Cockshutt Gold Mines, Ltd. Ontario gold producer	7	0.10	1.50	6.7

♦ Quotations represent June 30, 1955 sale prices or the last sale price prior to that date. Bid and ask quotations are as of June 30, 1955.
* Add current Canadian Exchange Rate.
† Adjusted for stock dividends, splits, distributions, etc.
a Asked.

CANADA'S INDUSTRIAL, MINERAL AND FINANCIAL GROWTH

	No. Consecutive Years Cash Divs. Paid	Cash Divs. Including Extras for 12 Mos. to June 30, 1955	Quotation June 30, 1955♦	Approx. % Yield Based on Paymts. to June 30, 1955
		— Canadian $ * —		
Maxwell Ltd. — Manufactures washing machines, dryers, lawn mowers and food choppers	6	0.25	5⅝	4.4
McCabe Grain Co., Ltd. "B" — General grain dealings	9	0.60	b16	3.8
Mersey Paper Co., Ltd. — Newsprint and related products	7	1.00	170	0.6
Milton Brick Co., Ltd. — Makes first quality face brick	6	0.20	4.50	4.4
Mining Corp. of Canada, Ltd. — Holding exploration & financing company	7	1.00	22	4.5
Minnesota and Ontario Paper Co. — Newsprint, specialty papers and other timber products	9	§2.20	69⅝	3.2
Mitchell (Robert) Co., Ltd. "A" — Brass, bronze, nickel and other metal products	8	†1.00	18	5.6
Modern Containers Ltd. — Makes tube containers for tooth paste, shaving cream and other semi-liquid products	8	1.00	16½	6.1
Monarch Mortgage & Investments Ltd. — Operates & owns number of apt. houses	8	3.00	36½	8.2
Newfoundland Light & Pow. Co., Ltd. — Operating public utility	7	1.20	31	3.9
Niagara Wire Weaving Co. Ltd. — Manufactures wire mesh cloth & wire weaving machinery	8	2.50	40¾	6.1
Nor-Acme Gold Mines Ltd. — Receives royalty from Howe Sound Co. through lease of company properties in Manitoba	5	0.025	0.65	3.8
Pamour Porcupine Mines Ltd. — Ontario gold producer	7	0.03	0.57	5.3
Pressed Metals of Amer., Inc. — Bushings, bolts, bars, etc.	7	0.50	18	2.8
Quemont Mining Corporation Ltd. — Producers gold, silver, copper, zinc, & pyrites in Quebec	5	1.50	24½	6.1
Quinte Milk Prod., Ltd. "B" — Wide variety of milk products	7	0.15	3.65	4.1
Robinson, Little & Co., Ltd. — Wholesale and retail merchandising of dry goods and variety store lines	8	0.80	10¼	7.8
Rolland Paper Co., Ltd. — High-grade bond writing paper and related products	6	1.35	65	2.1
St. Lawrence Corporation Ltd. — Newsprint & allied products	5	2.00	72¾	2.7
Silknit Ltd. — Lingerie, swim suits and other rayon products	8	1.00	18	5.6
Silver Standard Mines Ltd. — Zinc, gold, silver and cadmium production	6	0.07	0.45	15.6
South American Gold & Platinum Co. — Gold dredging operation, in Columbia, South America	5	0.35	‡	--
Stadacona Mines (1944) Ltd. — Quebec gold producer	8	0.02	0.27	7.4
Standard Paving & Materials Ltd. — General paving contractor	8	1.50	33	4.5
Sullivan Consolidated Mines, Ltd. — Quebec gold producer	7	0.18	6.80	2.6
Taylor, Pearson and Carson (Canada) Ltd. — Holding co.—Interests in automotive and household appliances	9	0.50	9¼	5.4
Traders Finance Corp., Ltd. "B" — Purchases installment sales obligations	9	2.40	b46	5.2
Union Gas Co. of Canada, Ltd. — Production, storage, transmission and distribution of natural gas	7	1.40	47⅞	2.9
Ventures Ltd. — Holding, investment, promotion, exploration and development co.	7	0.30	35.50	0.8
Viau Ltd. — Biscuits and confectionery	9	3.00	58	5.2
Victoria & Grey Trust Co. — Operates as trust company	5	0.80	22½	3.6
Western Grocers Ltd. — Wholesale grocery business in Western Canada	5	1.00	127	0.8

♦ Quotations represent June 30, 1955 sale prices or the last sale price prior to that date. Bid and ask quotations are as of June 30, 1955.
* Add current Canadian Exchange Rate.
† Adjusted for stock dividends, splits, distributions, etc.
§ Adjusted for Canadian-U. S. rate of exchange. Add current Canadian exchange rate to translate into U. S. funds.
b Bid.
‡ Inactive issue, no Exchange trading.

Canadian Demand for Cars Placed at Three Hundred Thousand Yearly

Current "Monthly Review" of the Bank of Nova Scotia bases prediction of upward trend of automobile purchases on continued high level of employment and incomes in Canada.

In a survey of some of the factors affecting the future market for passenger cars in Canada, the current issue of the Monthly Review of The Bank of Nova Scotia concludes that there are a good many reasons for anticipating an annual demand for cars in future years at least as high as the average of more than 300,000 per year in the past five.

This view is based on the assumption that employment and incomes continue to show an upward trend. However, noting that the present car population is young, and that consumers are in a position to postpone buying cars if they wish, the Review cautions that such a general estimate of the scope of the future market cannot serve as a forecast for any particular year ahead.

In examining the postwar record of car sales, the Review observes that total car registrations have been rising at an astonishing rate. At the end of 1954, there were almost 2.7 million passenger cars registered, compared with 1.2 million at the end of 1946, so that the car population has more than doubled in eight years. Over the same period, the U. S. passenger car population grew from 28 million to 48 million which is considerably short of doubling.

However, in terms of density (the number of cars per 1,000 people), the Canadian car population still lags some 15 years behind that of the U. S.; at the end of 1954 there were 177 cars per 1,000 people in Canada compared to 296 in the United States.

Nearly 2,150,000 new cars have been sold in Canada since 1945, of which 84% were produced domestically. Whether or not the very high rate of sales in the past few years can be maintained in the future depends upon the combined requirements for replacement and for filling the new demands of a growing population with higher incomes.

It is pointed out that replacement demand depends upon the rate at which old cars are scrapped, and that one of the most important influences on the future "rate of scrappage" is the present age composition of the car population. About 80% of all cars registered at the end of 1954 were not more than nine years of age. Almost all of the remaining 20%, amounting to over 500,000 cars, were models built before 1942, and these are now 14 years of age and older. According to the Review, most of these cars will probably be scrapped within three years.

Withdrawals of pre-1942 models at a rate approaching 150,000 cars per year, together with the scrapping of some postwar cars, indicates a rate of scrappage of 150,000 to 200,000 per year in the next few years. In five or six years, the scrappage rate might be 225,000 or more, when it becomes heavily influenced by the wearing out of cars bought in the postwar period, particularly those cars which have been used for commercial purposes and which have a shorter than average life.

Apart from replacement needs, the Review observes, a considerable part of total car sales in the past few years has been attributable to expansion in the economy. Population growth and income growth are the most important factors bearing on the demand for additional cars.

The average annual increase in the number of people in the car-buying population (aged 20 to 75) has been 143,000 per year since the war. The number entering the 20-24 year age group will not show much increase for a few years. However, once the higher birth rates of the wartime and postwar years take effect, there will be a sharp increase in the number of young people entering the car-buying population.

The Review says that the most important cause of the increase in demand in the past few years has been the shift of very large numbers of people into a range of income where car-buying becomes feasible. It is estimated that the number of individuals receiving over $4,000 per year (in dollars of constant value) has doubled since 1942 and increased by 230,000 since 1951. A large number of people are now on the threshold of the car market, and a further increase in income would carry them into the car-buying range.

In looking at the possible future scope of the Canadian car-market, the Review observes that the recent American past is perhaps the best guide. For if there is any aspect of consumer behaviour in which Canadians and Americans are more alike than another, it is in the general determination to own an automobile.

In the mid-1950's, Canadian per capita incomes are just about at the level reached in the U. S. in 1939, and the density of the Canadian car population is very similar to what it was in the United States at the same level of income, with some lag in Canada, probably attributable to the higher cost of cars in this country. It therefore seems reasonable to suppose that further growth in the average Canadian income will be accompanied by a density of cars similar to what has already been experienced in the United States at comparable income levels.

L. B. Schneider Opens

(Special to THE FINANCIAL CHRONICLE)

LOS ANGELES, Calif.—Leonard B. Schneider is conducting a securities business from offices at 5909 Melrose Avenue.

With Paine, Webber

(Special to THE FINANCIAL CHRONICLE)

MINNEAPOLIS, Minn. — Hans C. Nelson is with Paine, Webber, Jackson & Curtis, Pillsbury Bldg.

With State Bond & Mtg.

(Special to THE FINANCIAL CHRONICLE)

NEW ULM, Minn. — John H. Curtis has joined the staff of State Bond & Mortgage Co., 28 North Minnesota Street.

With Bache Staff

(Special to THE FINANCIAL CHRONICLE)

RALEIGH, N. C.—Woodson H. Broughton has become affiliated with Bache & Co., 126 South Salisbury Street.

Continued from page 3

Comments on Variable Annuties

decided to fall back on the old maxim, "if you can't lick 'em, join 'em."

These, then, are the circumstances in which the variable annuity was born. It was not a policy designed by the actuarial department to fill a need which existed — no, the contract which here hides behind the false whiskers of an insurance policy was conceived in the sales department to catch the big money that was getting away. At best, it is intended to clumsily duplicate the job now being done so well by the mutual funds, the Stock Exchange monthly investment plan and other instruments of cumulative investing.

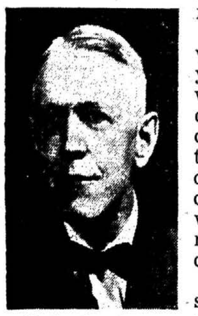
The opponents of the variable annuity are zealously guarding the front door against its encroachments. They had better look at the rear window. The laws of several states need no amendment whatever to permit the sale **now** of variable annuities by **fraternal** insurance companies. A group of these small but energetic institutions is quietly formulating plans to introduce the annuity without the fanfare that accompanied the Prudential effort.

And here's the pay-off: the reserves behind these plans will be carefully segregated. The companies recognize that they are not experienced at common stock investment. So, how do you suppose they plan to invest those reserves? You're right—in mutual funds!

E. STANLEY GRANT

Phillipsburg, N. J.

Dr. Sakolski's articles in the "Chronicle" of Aug. 4 and Aug. 25 give a summary of viewpoints on variable annuities, as expressed by spokesmen for several affected groups. But he includes no one who speaks for the investors who might consider buying these annuities, if given a chance. Perhaps you will be interested in the viewpoint of an unofficial spokesman for these investors.



E. Stanley Grant

First let us try to be clear as to what life annuities are, what sort of people need them, can afford to buy them, and might prefer the variable type. If what is said here differs from standard textbooks, it may be because the facts have changed so greatly in recent years.

Nowadays the word "pension" is much more familiar than "annuity." A group annuity is another name for the sort of pension plan in which an employer or a labor union or other group pays premiums to a life-insurance company, which in turn pays benefits to a worker after he has reached a specified retirement age. And nowadays, individual annuities can best be understood by thinking of them as a sort of private pension; an individual investor pays premiums to a life insurance company and the company in turn pays benefits to the investor or to his dependents or both, starting at a specified age. Technically an annuity or a pension may last for a stated number of years, but it is assumed here that we are talking about life annuities, in which benefit payments, once started, continue throughout the lifetime of the named annuitant, the same as modern pension benefits normally do.

A few people have no need for annuities; either they already have enough capital, or they expect to have enough before retirement, so that in old age they can live comfortably on the income from their investments, and will not need to spend any of their capital in order to maintain their standard of living. These people may have difficulty in grasping the fact that their personal situation gives them no grounds for assuming that annuities are unimportant for other people.

At the other end of the economic scale, a man cannot pay the premiums of an individual annuity if he has no capital and is not saving from current income. In between these two extremes are the great mass of people who on reaching retirement age have accumulated some capital, but not enough to enable them to live satisfactorily on investment income; they must expect to spend some or all of their capital before they die. These are the people who both need life annuities and can pay for them.

A man's need for annuities in old age is affected by whatever pension benefits he expects to receive. But it is a rare individual whose pension benefits will be large enough to give him a satisfactory standard of living, after retirement. The great expansion of pension plans does not eliminate the need for privately financed annuities. On the contrary, the assurance of receiving pension benefits may stimulate a man to save money in the belief that only by combining pension and private savings can he continue in old age to maintain comfortable, independent living arrangements.

Many annuities contain a provision that if the annuitant dies young, the insurance company will "refund" to a named beneficiary the balance of the annuity cost; or that benefits will be paid to the beneficiary for the remainder of a stated number of "years certain." Such provisions may be wise, for example, when the annuitant is a widow with young children.

But in preparing for old age, a sensible investor does not put any of his capital into an annuity unless he expects to have to spend that capital to augment the income of himself and his elderly dependents. It is pointless for him to attempt with the same capital to leave an estate for someone other than the annuitants. Also, in studying annuities it is easier to start with the simplest type, and let the complications wait. This article is limited to straight life annuities, including those covering two lives, called "joint and survivor."

The life annuities now offered to the general public are all essentially fixed-price investments. Annuity contracts are issued by life insurance companies, who mingle their annuity and life insurance funds, and invest them almost entirely in bonds and mortgages. Benefit payments to an annuitant are uniform, guaranteed dollar amounts, plus perhaps a small dividend.

"Variable annuities" is a vague expression. To help in focusing attention on the main issue, let us assume that a company that issues variable or equity annuities will invest the fund entirely in common stocks, and that the amount of benefits paid to an annuitant will vary both with the dividends received by the fund, and with the market value of the fund. Thus far, the best source of information on these annuities is the Teachers Insurance and Annuity Association, who in 1952 launched the College Retirement Equities Fund. The investment of this fund was "at the outset wholely in common stocks."

T.I.A.A. requires that a teacher put at least half of his annuity premiums into the fixed-price type. But this company's historical studies indicate that with premiums divided 50-50, a retired teacher can expect that, on the average, considerably more than half of his benefits will be paid from the equity fund. When variable annuities are offered to the general public, presumably a buyer can put all or any portion of his savings into them.

For reasonably safe and sensible operation, a company offering variable annuities should observe rules along the following lines:

(1) Buying an annuity should not be subject to speculative timing. Purchase installments should be spread over at least 10 years; 20 years is better.

(2) In the ordinary course, the benefit payments to an annuitant, by being spread over several years, give him the equivalent of a fair average selling price. Lump-sum surrender or settlement should be discouraged, to avoid speculative timing. C.R.E.F. permits no surrender during the lifetime of a premium payer, and after his death, only if the contract names his estate as beneficiary. This sounds like paternalism gone wild; it implies that college teachers cannot be expected to show common sense on financial matters! For the general public, a rule that an investor cannot withdraw more than 5% of his capital in one month would put quite a damper on speculation.

(3) A company's investment portfolio must be reasonably-well managed. As Dr. Sakolski pointed out, the life insurance companies are tradition-bound, and they lack experience with common stock portfolios. But if an insurance company is able to swallow its pride, it can obtain first-class investment results on common stock right from the beginning, simply by investing the entire fund in the shares of investment companies with first-class performance records. However, even a mediocre management of common stock portfolio will be likely to show better average long-term results than any of the giant life insurance companies have been getting.

Another way to combine investment company and insurance experience might be for a group of investment companies jointly to obtain control of a life insurance company, and thus put the investment companies into the business of issuing equity annuities.

(4) The portfolio of common stock must be broadly diversified both by industries and by companies. Many investment companies have long followed this policy.

(5) Capital gains received by a common stock fund should be treated as capital rather than income, in figuring payments to annuitants. In a year when stock prices are high, if the management of the fund sells considerable stock that was bought at a much lower price, it may have capital gains that year which are several times as large as its income from dividends. With benefit payments that year already large because of high prices per share of stock, if capital gains are treated as income they will cause extremely large benefit payments. Conversely, when stock prices are low, the absence of capital gains will cause benefit payments to be excessively low. Treating capital gains as capital has the effect of spreading these gains over benefit payments throughout the estimated lifetime of an annuitant.

(6) A new sales force will be needed. Apparently life insurance agents have been trained to believe that fixed-price investments are "safe" and others are unsafe, if not positively wicked. It does not seem reasonable that these agents can now do an intelligent, conscientious job of inducing their clients to sign up for investment in common stock. Here again, some cooperation between investment companies and insurance companies would help.

(7) A company's reports to annuitants must explain precisely how a benefit payment is figured. It seems to be practically impossible for a buyer of life insurance or annuities to find out just how the company figures the charges and payments on his policy. This doubtless is partly the result of the companies having such absurdly complicated practices. With the same habits extended to variable annuities, apparently an annuitant will be expected to accept, on faith, whatever size of benefit payment the company chooses to send him.

On the other hand, the prospectuses and reports to stockholders of the investment companies are exceptionally clear. The plain inference is that a company issuing equity annuities should come under the control of the SEC, or else the state insurance commissions need to be revolutionized.

(8) Substantial income-tax advantages are enjoyed by owners of contracts with life insurance companies. If these privileges are extended to variable annuities, this will increase the load on other tax payers. However, most all pension funds are favored on income taxes, and a fair ruling on taxes on variable annuities cannot be made without covering the whole field of life insurance and saving for old age. In the meantime, income-tax unfairness should not be allowed to obscure the more important features of variable annuities.

To illustrate the effect of annuities, let us take as an example a man covered by Federal Old-Age and Survivors Insurance, usually called Social Security, but included in any other pension plan. Suppose that at the age of 45 Mr. Brown decides he must get started on systematic saving. He signs contracts with a life insurance company for 12 annuities, each with an annual premium of $100, and spaced one month apart so that he pays $100 once a month. If he took just one contract, he would get appreciably less results from the same total of premiums paid per year; this is one of the strange rules of life insurance. Mr. Brown pays these monthly premiums for 20 years, without a break, and he lets the company accumulate the small dividends. The figures used here are approximately those of John Hancock Mutual Life Insurance Co., on a "retirement annuity," which contains practically no insurance element, and is almost wholely fixed-price.

At the age of 65, Mr. Brown plans to retire. Mrs. Brown's age is the same as his. Their living expenses have been running about $600 a month. His annuity contracts have a cash value of $29,600, which is the equivalent of the total premiums he has paid plus about 2% annual interest compounded.

He converts his old contracts into a joint and ⅔ survivor annuity, with benefit payments to start at once. For each $1,000 of cash value at age 65, Mr. and Mrs. Brown will receive a benefit payment of $5.60 each month as long as they both live. Their monthly receipts will be $166 from the annuity, plus $163 from O.A.S.I., a total of $329. After one spouse dies, the survivor will receive $111 from the annuity and $81 from O.A.S.I., a total of $192 a month. Thus, although Mr. Brown saved a large percentage of his earned income for 20 years, and although the amount of benefits paid by O.A.S.I. has been greatly increased in recent years, nevertheless the couple must take an awful cut in their standard of living.

Furthermore, as benefit payments are received, if the Browns spend all of them, they are left with no protection against future inflation. If the cost of living happens to rise again as it did between 1940 and 1951, the Browns will find that the buying power of their $329 a month will shrink to half of what it was when they first retired. In view of the record from 1940 to date, how can an informed person say that fixed-price investments bring "security"?

On variable annuities, of course the results will not be uniform and cannot be predicted. But to give a simple illustration of the effects, we must assume some uniform rate of return. In annuity calculations, the effect of dividends and change in price of stock is always combined. During the accumulating period of an annuity, all dividends are reinvested in the fund. Later, when the fund pays benefits to an annuitant, each payment includes both dividends and reduction of capital.

Let us assume that with a common stock portfolio, the long-term, average results for an annuity buyer will be the equivalent of 6% annual interest, compounded, on the premiums he pays. At this interest rate, the dollar value of the fund he accumulates in 20 years will be about one-half larger than on fixed-price annuities. Also, for each $1,000 of fund at age 65, the benefit payments to an annuitant will be about one-third larger. Combining the effect of these two increases, the size of the average benefit, per dollar of premium paid, will be about twice as large as on fixed-price annuities. This is a mighty serious improvement for Mr. and Mrs. Brown.

But what does an annuitant use for money in a year when stock values drop badly? Of course a cautious man whose income is irregular, accumulates in good years a reserve in fixed-price investments which he can spend in years of low income. However, it is only in an extra-bad year such as 1932 or 1942 that the benefits paid on a variable annuity will be lower than those paid every year on a fixed-priced annuity. In extra-good years such as 1954 and 1955, variable benefits will be four times as large as the fixed-price ones.

A broadly-diversified common stock fund tends roughly to keep in line with the cost of living. Because the size of benefit paid to an annuitant depends upon both share value and dividends, the benefit tends to fluctuate less and to come closer to cost of living trend, than either share value or dividends alone do. The T.I.A.A. booklet "A New Approach to Retirement Income," 1951, argues that dividing premiums 50-50 between fixed-price and equity annuities gives the best results in keeping benefit payments in line with cost of living.

In pensions or group annuities, the advantages of a common stock portfolio and variable benefit payments are the same as have been explained for individual annuities.

The need for equity annuities has been obvious for many years, and I hope that the public will soon have a chance to buy them from a well-managed company.

ABRAHAM N. SCHWARTZ
A. N. Schwartz & Co.,
Washington 5, D. C.

With reference to the articles on the subject by Dr. Sakolski, I wish to qualify my comments in the sense that I may be off the beam with respect to the fundamental basis for issuing insurance contracts.


A. N. Schwartz

Since all corporations are limited in carrying out only such business for which they were organized and duly specified in the corporation charter, my impression has been that insurance companies are organized for the purpose of insuring against hazards only, known as risks, embodied in the insurance contract.

Generally these risks are loss of life, loss of limb, etc., loss of property, illness, etc. Annuity contracts, if I am correct, have been written against the loss of livelihood beyond the age of employability.

I think it is important to note that the basis for all insurance contracts rests upon the premise that a great many individuals (or corporate entities, if you will), are willing to contribute a very small sum, known as premium, to a pool of such funds, known as the assets of the (insurance company) pool, for the purpose of being safeguarded against the possibility of economic bankruptcy or the great tendency in that direction if the risk actually does occur. The willingness to contribute a small sum on the part of many in creating a pool of funds to safeguard one against an event that may and does occur is, in my opinion, essentially the basis for the existence of an insurance company and the business of an insurance company should be limited by its corporate charter to this purpose and no other.

Loaning money at a fixed rate of interest or investing money out of the pool of assets, is not the reason for existence of an insurance company. It is a purely incidential function in preserving the value of the pool held in trust for all policyholders.

Insurance companies, if I am correct, may loan money or invest only in a way that will not impair or depreciate its assets, the pool referred to above.

To permit insurance companies, under legislation, to invest money out of this pool of funds, in securities which historically are known to fluctuate in value, is to permit insurance companies to undertake risks for which it was not organized. The fact that bonds or other evidences of debt fluctuate in value in accordance with market conditions is no answer to rebut this principle of undue assumption of risk because in practically all cases of evidences of debt there is ownership capital or collateral to support the value of such debt securities. In other words the insurance company is in the position of a creditor with equity or ownership capital first available to support the value of its portfolio of investments.

Insurance risks are based upon actuarial statistics and should be confined to this and not allowed to be based also on fluctuations in our economy which constantly exert an influence on the prices of stocks.

If insurance companies are to be permitted to invest money in cyclical stocks as a hedge against inflation and undertake the great risk of deflation they will in effect assume ownership in a great many industries and this, in my opinion, is contrary to the purpose for which they were organized. Insurance companies should not be permitted to undertake ownership in other enterprises indirectly for the very same reason that they are not permitted to engage in any other business presently than the insurance business.

The fact that insurance companies have invested money in gilt edge stocks in the past is not a good reason for permitting extension of this privilege in cyclical securities as the basis for initiating variable annuities.

To summarize:

(1) The basis for the insurance contract should be only such risks determined by actuarial statistics as will provide a sufficient contribution to the pool of funds to cover those risks. There is no validity in undertaking economic and security price risks.

(2) Ownership of stocks should be avoided as an indirect method of ownership of other industries and possibly influence of management just as insurance companies are now barred from engaging in any other enterprise except insurance.

(3) Insurance risks are determinable statistically. Economic cycles governing security prices are neither determinable in extent or time, or duration.

(4) Confining variable annuities to a separate pool of funds, or subjecting insurance companies to the same regulation as securities underwriters, brokers and dealers, or eliminating any favorable tax provisions, would not, in my opinion, avoid the objections to variable annuities raised and indicated above.

Railroad Securities

Denver & Rio Grande Western

Railroad stocks naturally participated fully in the sharp decline that followed the weekend announcement of President Eisenhower's heart attack, with its possible implications with respect to domestic political and economic trends as well as international relations. At the time of this writing it is, of course, impossible to guess just how far the decline in stock prices may carry—it may well have spent itself by the time this is in print—nor what influence this development will have on our present economic boom. If it is felt that the chances of a Democratic victory next year have been greatly enhanced, many sources consider it likely that there will be some curtailment, or at least postponement, of industry plans for further expansion. On the other hand, the boom has gained so much momentum it seems hardly likely that even a major political reversal could cause any severe recession in business. Under the circumstances, most railroad analysts are of the opinion that this is not the time to liquidate the better grade rail stocks where the record indicates ability to surmount difficulties.

A case in point is Denver & Rio Grade Western which on Monday of this week was selling as low as 38 to afford a return of 6.6% on the dividend that was increased to a \$2.50 annual rate with the most recent distribution. The record of Rio Grande in the post-war era has been little less than phenomenal. It has reaped the full benefits of a combination of a sharply expanding traffic potential in the service area and a particularly sharp improvement in operating efficiency. The operation has been fully dieselized, the main line has been virtually rebuilt as a heavy duty route, it has been in the forefront with respect to centralized traffic control and mechanization of maintenance, and a series of modern yards has been constructed. These moves have not only been reflected in greater operating efficiency but, also, they have improved the road's traffic position through better service and placing the company in a position to compete successfully for lucrative transcontinental freight. The traffic position has also been bolstered by industrial growth of the territory served, highlighted by the iron and steel industry in the Provo-Geneva area of Utah. These are fundamental factors that will exert a permanent influence on the company fortunes. Moreover, it is indicated that the potentialities for territorial growth have by no means been exhausted.

Indicative of the change for the better in the company's basic position, it was one of the few railroads to report a larger net income in 1954 than in 1953. Part of this gain was due to tax credits on property retirements, and common share earnings declined due to dilution from conversion of preferred stock called for redemption. Even allowing for these factors the showing was an impressive one. Considering the 1954 performance it is natural that Rio Grande has not been reporting such spectacular year-to-year earnings gains so far in 1955 as have many other roads. Revenues have gone ahead, however, and, most important, the transportation ratio at the low figure of 29.6% for the seven months through July was down nearly a point. Federal income taxes were up more than \$1.7 million and absorbed a large part of the revenue gain. Nevertheless, net income was moderately higher. On the basis of the showing to date it is now estimated that earnings for the full year will reach at least \$5 a share, topping the \$4.93 a share reported in 1953 on the fewer number of shares outstanding at that time, and comparing with \$4.25 a share earned last year.

With Coombs & Co.

(Special to THE FINANCIAL CHRONICLE)

LOS ANGELES, Calif. — Orma F. T. Stanley is now with Coombs and Company, 602 West Sixth Street.

Dempsey-Tegeler Adds

(Special to THE FINANCIAL CHRONICLE)

LOS ANGELES, Calif.—Jack P. Serina is now with Dempsey-Tegeler & Co., 210 West Seventh Street. He was previously with Revel Miller & Co.

Joins First California

(Special to THE FINANCIAL CHRONICLE)

LOS ANGELES, Calif. — Lloyd H. Chapman is now with First California Company, 647 South Spring Street.

2 With Shearson, Hammill

(Special to THE FINANCIAL CHRONICLE)

LOS ANGELES, Calif.—Sue L. Thompson and Muriel J. Yauger have joined the staff of Shearson, Hammill & Co., 520 South Grand Avenue. Miss Thompson was previously with J. A. Hogle & Co.

E. F. Hutton Adds

(Special to THE FINANCIAL CHRONICLE)

LOS ANGELES, Calif.—Marvin A. Fine is now with E. F. Hutton & Company, 623 South Spring Street.

Public Utility Securities

By OWEN ELY

American Telephone & Telegraph Company

American Telephone & Telegraph is a giant in the corporate field, rivaled in size only by some of the largest insurance companies. The Bell System has total assets of over \$13 billion and is growing at the rate of over \$1 billion a year. Annual revenues approach \$5 billion. The parent company's 50.8 million shares, held by over 1,300,000 stockholders, are worth over \$9 billion in the market.

The Bell System controls 82% of the U. S. telephones in service, while some 5,000 independent companies (most of them very small family concerns) control the balance. The second largest telephone system is General Telephone, with revenues of about \$148 million; it is planning to absorb the number three system—Continental Telephone, which is controlled by Theodore Gary & Co.

American Telephone & Telegraph's share earnings on a consolidated basis in the past decade have ranged from \$7.50 in 1947 to \$12.12 in 1950, and on a parent company basis from \$7.28 to \$10.02. In the past two years they were about the same, around \$11.40 consolidated and just short of \$10 for the parent company. The \$9 dividend has been paid for many years and the unbroken dividend record goes back to 1881.

At the end of 1954 the investment in Western Electric was carried at about \$368 million and in the Bell Laboratories at \$20 million (one-half of the stock being owned by Western Electric).

The Bell System is noted for its strong capital structure, its aim being to have two-thirds common stock equity vs. one-third funded debt. Capitalization as of May 31, 1955 was as follows:

	Millions	Percent
Funded Debt—		
Subsidiaries	\$2,344	22%
Parent Company	1,753	16
Preferred Stock—Subsidiaries	18	--
Common Stock—		
Minority Interest in Subs. Companies	195	2
Parent Company—Total Equity	6,551	60
Total	\$10,861	100%

Long consistent in its \$9 dividend policy and its refusal to split the stock despite its high price level, A. T. & T. also follows a uniform method of financing its huge growth. The stock does not seem particularly popular with institutional buyers—only about 3% is held by institutions—but the huge number of individual stockholders continue to supply much of the company's capital needs. Senior financing is done by both the parent company and subsidiaries. Direct equity financing is done by the subsidiaries, usually through subscription rights, with the parent company taking up its share of the rights in most cases.

American Telephone & Telegraph itself does not sell its common stock directly except to its employees, who can buy it on favorable partial payment terms at a discount from the market price. Stockholders are offered rights about every two years to an enormous issue of convertible debentures, which are made so attractive that most of the offerings have proven very successful. The debentures are issued at coupon rates which practically insure their remaining at a premium, during the subscription period, even though the conversion feature may temporarily be of no value—thus avoiding the necessity of underwriting.

These convertible debenture issues are gradually converted into stock (with a cash payment) in order to improve income, which, along with employees' partial payments, furnishes a steady supply of equity money to the company. When the older convertibles drop to a small size, and the company is planning to issue a new offering, it calls the old ones for redemption, thus forcing remaining conversions. For example, early this year the company called the convertible 2¾s of 1961. As of recent date there were only about \$22 million remaining outstanding of the 3¾s of 1965, as compared with the original amount of \$602 million.

The new offerings of convertibles invite the attention of large investors, who sometimes enjoy the market leverage potentialities afforded by loans. The subscription rights can be bought for cash and then used in special subscription accounts on a 25% margin basis (about one-third of the official 70% rate set by the FRB on new margin accounts). Banks can make still more liberal terms on the new debentures, though "tight money" may have curtailed such loans on the present issue. The price of Telephone stock is naturally depressed by the sale of rights by many small holders, and after this market pressure is ended the price usually gradually recovers, barring a change in general market conditions. The heavy buying of rights by large investors who are willing to speculate on the stock's price recovery cushions the efforts of selling by non-participating stockholders, and seems to serve the same protective function as underwriters' "stabilization" buying in the case of other utility offerings. The Telephone offerings are never underwritten.

The present offering of 12-year 3⅞s convertible debentures is being offered to stockholders of record Aug. 25 in the ratio of \$100 debentures for each eight shares of stock, rights expiring Oct. 13. The subscription price for the debentures is \$100, but they have been selling recently around 130 "when issued." This reflects the valuable conversion privilege: they are convertible into one share at \$148, payable by surrender of \$100 debenture and payment of \$48 cash. Since the stock has been selling recently at 181, the difference between 181 and 148 gives the debentures their premium value (in conversion, adjustments are made for interest and dividends).

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Is There A Ford in Your Bargaining Future

in companies with lower wage scales.

(6) Effective Date of Contributions and Benefit Payments: Contributions to the fund usually start with the effective date of the contract while benefit payments start a year later. For American Motors, however, payments into the trust fund are delayed for more than a year (Sept. 15, 1956) and benefit payments until the following year.

(7) Waiting Period: Both the American and Ford agreements provide for a one-week waiting period. In addition, the Can agreement provides that a worker whose total hours exceeded 2,080 in the past year must wait until idle time brings the average down before he is eligible for benefits.

(8) Other Restrictions on Payment of Benefits: The American Can plan provides that an employee must accept *any* available work or he becomes ineligible for benefits. The Allis-Chalmers plan is considerably less restrictive in this regard. Another type of restriction is that in the Ford plan, which permits workers with less than 10 years' seniority to build up credit units more slowly in the first two years of the plan. For this group, which presumably would have the largest volume of unemployment, credit units are credited at ¼ of a unit for each full work week as against ½ of a unit for those with 10 years or more of seniority. The Allis-Chalmers plan does not contain this difference in accumulating credit units.

The foregoing is not designed to be a complete summary of the provisions contained in recent plans. Rather, it is intended primarily to illustrate the variations in provisions which have already developed as companies and industries have attempted to handtailor them to their own peculiar economic characteristics.

Clearly, the pattern of the Ford plan or American Can plan or any other program does not necessarily provide a guide for other companies and industries. The patterns of employment, production, layoffs, and wages differ substantially among companies. Thus, for example, the distribution of employment in terms of seniority does not follow a uniform pattern. In connection with the American Can plan, one union leader is reported to have said, "Rarely, if ever, has there been a layoff at the can company in the three-year seniority bracket. There just isn't seasonal employment fluctuation of any amount here." (John Gerard, Business Agent, Federal Labor Union 23 393, AFL—*Journal of Commerce*, Aug. 17, 1955, p. 4.) For other companies, this might be a more costly cut-off point than he claimed it is for American Can. The impact of SUB will vary significantly depending upon the proportion of low seniority men and the pattern of layoffs.

Companies also differ as to relative stability of employment and production and, in turn, the relative importance of layoffs. They differ in terms of their ability to stabilize employment. The storability of products differs, space requirements may be a particular problem for bulky products, product differentiation multiplies the number of different items to be stored, production may or may not be deferable to off-peak periods, employees may not be shiftable to other departments because of differences in skills or labor contract provisions—in these respects and many others there may be limits to flexibility which will mean fundamental differences in the costs of identical plans for different companies.

In addition, the maximum UC payments vary by states and in duration. In 15 states UC payments are made for 20 weeks or less. Only 14 states pay weekly benefits in excess of $30 (inclusive of allowances for dependents, 21 states). (The Conference Board, *Road Maps of Industry, No. 1028*, Sept. 9, 1955.) A company in a state with lower benefits for shorter periods of time (many of the southern states) will find the cost of a given program greater than companies in states with more liberal programs.

With his background, let me turn next to an examination of the types of internal facts—note I said facts, not statistics—which a company should have available in order to evaluate a proposed SUB program. The data may be considered under four headings: (A) Unemployment Compensation, (B) Economic Characteristics of the Company and its Products, (C) Wages, Hours, and Related Data, and (D) Cost Estimates. For many companies, it may be desirable to collect these data on a departmental basis.

A
Unemployment Compensation

Your experience with unemployment compensation can give you some idea of the relative stability of employment in the past. The following data should be considered:

(1) What is the present cost of unemployment compensation in (a) dollars and (b) percent of payroll. Reports made to the State are helpful in determining these costs.

(2) Do you benefit from merit rating and if so, how much? How much would unemployment compensation cost if you paid the full rate and how much does it cost under merit rating?

What is the maximum reduction available under merit rating in each state in which the company operates? Do you pay more or less than the average rate? If you pay less, you have better than the average degree of stability in employment.

(3) What benefits are currently provided to the unemployed by each state in which you operate?

(4) Is integration between SUB and UC possible in your state? If changes are necessary how are they to be made—by legislative action of administrative ruling? What actions have been taken to date?

(5) Are there any moves in your state to increase unemployment compensation benefits or to liberalize the duration of payments? If so, by how much?

B
Economic Characteristics of the Company and Its Products

The decision to adopt SUB should be determined not by what another industry or company has done but by the economic characteristics of an industry and its products.

What is good for one industry is not always good for another. What are the economic characteristics of your industry and company?

(1) What is the nature of your products? Are they sold directly to the consumer or to manufacturers for use in making another product? To what extent can you influence the demand for your products? This is important in determining the ability to stabilize employment.

(a) Determine the relative importance of each product as a percent of total output.

(b) To what extent can you influence the buyers of your products?

(2) What is the cyclical nature of demand for your products? This can be determined by compiling data for the following:

(a) Sales—annual dollar volume.

(b) Production—in units by major items constituting 10% or more of total production.

(c) Inventories—in dollars.

(d) Employment.

(e) Total payroll.

These data should be compiled for a long period, if at all possible. This is important for estimating the impact of future recessions and for making comparisons with other industries.

(3) Is the demand for your products seasonal in nature? Which products involve seasonal production? Do these demands dovetail? Is it possible, for example, to produce one product in the Spring and one in the Fall in the same plant and thereby to stabilize employment?

(4) Are your products storable? This is an important prerequisite for stabilizing production and employment. But storability cannot be considered in a vacuum. Several factors must be considered.

(a) How much space do you have for storage measured in terms of physical quantities? For example, how many weeks of current production could be stored in this space?

(b) Assuming a one month's inventory, what will be the costs of carrying each $1 of inventory?: (1) The cost of borrowing the money tied up in inventories; (2) The cost of handling inventories — actually placing them in inventory and taking them out; (3) The cost—overhead and direct — of the space used for a one-month inventory.

(c) Nature of inventories: These should be broken down into three categories: (1) Raw materials; (2) Semi-finished; (3) Finished goods.

To what extent can inventories be shifted among the products you manufacture?

(5) Changes in technology can have an important effect on stability of employment. Laboratories are constantly developing new products and may make obsolete methods of production. This, in turn, has an impact on employment.

(a) To what extent has unemployment in your company been due to changes in technology rather than to seasonal or cyclical fluctuations?

(b) If you change the method of producing a new product, do you also change the type of worker required to perform the work? Sometimes one group of workers is laid off and a completely different type of worker hired when operations are changed.

(6) Sub-contracting: Do you sub-contract any of your production processes? If so, what proportion? Can you produce these items in your own company in off peak periods? This is important as a safety-valve and ties in with attempts to stabilize employment and the timing of new installations.

C
Wages, Hours and Related Data

(1) Frequency distribution of basic weekly wage rates before and after deduction of income and social security taxes. This will show what proportion of workers would receive the proposed percentage protection under any proposed plan.

(2) Average number of hours paid for at straight time rates per month? Number of overtime hours?

(3) Seniority:

(a) Prepare a frequency distribution of the number of employees with various years of service—at one year intervals (e.g., number with one year's service; number with two years' service, etc.). Also prepare similar distribution for earlier years to determine whether current pattern is typical.

(b) Weekly earnings (basic, straight time and gross) for employees by years of service shown under (1) above.

(c) Pattern of layoffs by seniority groups—do short service employees actually get laid off first?

(d) How much interchange of labor force is possible by departmental transfers: (e) Is it feasible to have such interchange? (2) Is it permitted under the contract? (3) Is it too expensive to train an unskilled person for some of the jobs and hence cheaper to hire new help?

(e) How much interchange of labor force is feasible between plants or companies of the corporation?

(4) Layoff data:

(a) Number of employees laid off by years of service in 1954 and in any other year of recession. What is the equivalent number of hours? What is the relative proportion of the total force?

(b) Duration of layoffs: (1) Undertake a complete study of 1954 layoffs—who was laid off, for how long, and when—what part of the group was rehired. (2) For comparative purposes, it would be useful to have similar data for the 1948 and 1949 recession period.

(c) What were the earnings of those laid off compared with your entire labor force?

(d) What were the reasons for layoff: (1) Seasonal factors; (2) No orders; (3) Strike by supplier; (4) Inventories; (5) Interruption to flow of raw materials; (6) Re-tooling; (7) Transportation problems; (8) Weather?

(e) What proportion of those laid off were rehired? Can you determine how many employees laid off get work elsewhere and how soon?

(5) Past actions you have taken to stabilize employment and what can be done in the future.

(a) What have you done to time introduction of new products? Do you attempt to introduce these "new products" in off-peak periods?

(b) Is there any attempt to time the installation of new equipment and machinery?

(6) Dependency Status: Show number of claimed exemptions per employee. These data can be readily obtained from W-4 forms. This is important as more and more states give unemployment compensation for dependents (9 states do this currently), and as unions follow the American Can plan and request special supplementary benefits for dependents.

(7) Overtime payments.

(a) To what extent is overtime paid in connection with seasonal operations? (Determine total overtime payments by payroll periods for 1953 and 1954.)

(b) Is it possible to spread out jobs—to get the jump on the season and to reduce the peak output?

D
Cost Estimates

It may be felt that cost estimates are not necessary because many of the plans provide for specific payments by employers. However, it is important to relate the benefits that can be obtained for such specified costs and to determine how much plans would cost for a designated benefit program. Estimates of the cost of the SUB are difficult to determine because of the many conditions that must be taken into consideration and assumptions that must be made. Nevertheless, some attempt must be made to approximate the costs so that you can have a rough idea of the benefits that will be available. This would be important in determining a credit unit arrangement. In making your estimates the following alternative assumptions should be considered:

(1) The duration of benefit payments. Estimates should be made based on six months and one year of unemployment.

(2) The magnitude of the decline in employment. Estimates should be based on declines of 10%, 20% and 30% or any other combination of declines that typify your business.

(3) The extent of service requirement for coverage. Estimates may be based on several assumptions: (a) all employees are covered; (b) only employees with more than one year's service covered; (c) only employees with more than three years' service covered. The reason for estimating costs if there is no seniority requirement is to determine the cost if this qualification is modified.

(4) The relative proportion of wages covered. Estimated cost equal to 60% and 65% of take home pay.

Approximate estimates of a range of costs can be derived by taking all these factors into consideration.

It must be recognized, of course, that a reconstruction of past experience may not give a precise picture of liabilities to come. Nevertheless, I think that an evaluation of the 1954 layoff experience is certainly a minimum requirement before deciding whether or not to introduce a SUB plan. The mild nature of that recession suggests that the results obtained may prove to be an understatement of future experience. But it does provide a good starting point. These evaluations may be made within the framework of the Ford plan and/or the American Can plan. In addition, they should also be made in terms of more liberal programs because union leaders have already served notice that these plans "are just the beginning."

The collection of these data often will be expensive and may require some reorientation of a company's approach to handling internal statistics. Some of these facts have never been tabulated in this way by most companies. However, they are indispensable to reaching a sound judgment concerning the desirability of adopting a SUB program. Sound collective bargaining must be based upon the economic facts of life. This is true in negotiating a SUB plan as well as for other wage and fringe benefits.

Marache, Dofflemyre Adds

(Special to THE FINANCIAL CHRONICLE)

LOS ANGELES, Calif.—Thomas Moore has been added to the staff of Marache, Dofflemyre & Co., 634 South Spring Street, members of the Los Angeles Stock Exchange.

Joins Wm. R. Staats

(Special to THE FINANCIAL CHRONICLE)

LOS ANGELES, Calif.—Edward D. D. Lambert is now with William R. Staats & Co., 640 South Spring Street, members of the New York and San Francisco Stock Exchange.

With White, Weld & Co.

(Special to THE FINANCIAL CHRONICLE)

LOS ANGELES, Calif.—Richard R. Ball has become associated with White, Weld & Co., 523 West Sixth Street. Mr. Ball was previously in the trading department of J. Barth & Co.

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Changing Times and Their Effect On the Motor Carrier Industry

ible. Invention and science will march on and we must make the necessary adaptations or be left behind in the race. The fate of a company is determined largely at the market place. Every day the American consumer casts his ballot, and the results are rung up in the cash register. If a firm does not meet with consumer favor, its business shrinks and eventually ceases to exist. If a firm's prices are too high, or its product of inferior quality, the consumer will whittle the company down to size. So consumers by their preferences decide whether a company will continue to live and grow.

A corporation cannot maintain its position unless it is alert, constantly adapts itself to changing conditions, and effectively serves the public. Those who rest on their oars are dislodged. The pressure of scientific progress keeps the list of top corporations in a state of flux. The turnover is large as leaders are replaced by newcomers, and some former industrial giants have passed out of the picture. Of the 25 largest manufacturing companies which published balance sheets in 1900, only two were in the top group in 1953. Of the current 25 largest, 12 were not even in existence in 1900. In our dynamic economy, mere large size is no assurance of security as strong competitive forces can tomorrow replace the big corporation with the infant of today.

Social Responsibilities of Business Enterprise

The managers of our private enterprise system must also cultivate awareness of social changes in order to keep the system alive. During the quarter century ended in 1929, business enterprise demonstrated its ability in turning out great material wealth. But each concern was so busily engaged in looking after its own specialized affairs that it failed to grasp the significance of the social forces at work, with the consequence that in a relatively short period we were compelled to adopt social reforms that should have been spread over a generation or two. Business was cracked down upon by the American public that gave it the New Deal and put it in the doghouse. Business should realize that it is not sufficient merely to do a good job in turning out or transporting goods, as was done in the war period. Business must be dominated by good motives, must have the best interests of society at heart, demonstrate that it is interested in public service, the human equation as well as dollars and cents, raw materials, dividends, and markets. Moreover, management should take their employees and the public into their confidence and let them know what their policies are. For it is a well-known fact that people mistrust what they do not understand. Business now has a golden opportunity to restore faith in private enterprise, for the public has a friendly ear cocked for what it has to say. So in this period of better economic understanding, business should plot a constructive course and provide the right type of leaders so that adjustments may be made to the demands of the times. As Summer Slichter, Harvard economist, has so well said: ". . . the success of private enterprise in adapting itself to new conditions and in retaining a wide area for private policy making will depend upon whether top managers will change their ways, or whether enterprises change top managers."

Pressure of Taxes and Wage Payments

Because of World War II, international tension, and the drift toward socialism, government taxes have risen six-fold since 1939. In spite of this sharp gain, tax revenue has not kept pace with public expenditures. In consequence, public debt of all kinds has increased in the last decade and a half by $236 billion, or 345%. In the last 25 years the Federal Government has balanced the books in only three years. In consequence of this situation, the prospect of any important tax relief in near future does not appear to be very promising.

Wage payments have been under constant upward pressure, and this is likely to continue into the indefinite future. This assumption is based not only upon the strength of the labor unions but also upon the fact that the labor force is increasing at a diminishing rate. The pressure of rising costs will stimulate demand for increased mechanization.

Trucking Industry

It has been said that ever since the invention of the wheel, transportation has been sensitive to social and technological changes, and has continuously adapted itself to the varying needs of each region and era. During the 100 years prior to 1920, the dominant means of transportation shifted from freight wagons and canal boats, to railroads.

The most significant transportation development in the last three and one-half decades has been that of motor trucks. Up to the time of World War I, the use of trucks was, because of the primitive conditions of highways, confined almost entirely to the city streets. During the war, however, trucks demonstrated their usefulness, and this gave impetus to their expansion so that in 1920 there were one million trucks registered in this country. Since then, the number has increased tenfold to 10 million. This is nearly as much as in the rest of the world combined. There are as many trucks in New England as in Holland, Portugal, Spain, Switzerland, Norway, and Denmark, with a combined population of around 60 million or over six times that of New England.

Motor transportation provides work for one out of every 10 persons employed in this country. Directly or indirectly the average family has a truck working for it nearly two months of every year.

Transportation as a whole is a growing industry as it is intimately linked with the growth of the country since all goods produced as well as imported from abroad must be transported. But transportation's share of the nation's sales dollar has declined almost steadily since 1933—from 7½ cents to around 5¼ cents.

Up to 30 years ago, practically all traffic was handled by rail. But with the advent of trucks, autos, and buses, and the extensive development of highways, the proportion handled by the railroads has dwindled. At the wartime peak, the railroads accounted for 72% of the ton-mileage but declined to 55% in 1954. The trucks' share of ton-mileage dropped from 10% before the war to 5.5% during the war, but it is now more than 16%. This is not a good indication, however, of the important part played by motor transport since the average haul is around 240 miles. As a matter of fact, the motor truck is an important link in the handling of about three-fourths of all the freight transported by all forms of transportation in this country.

Trucks have the advantage over other forms of transportation in their speed and flexibility, and they can adapt their pick-up and delivery schedules to the needs of customers. Railroads, on the other hand, are confined to their tracks, and are dependent upon the trucks to bring freight to their terminals, and to deliver freight to customers.

The trucking industry has played an important role in the decentralization of industry. In our dynamic economy, industries are on the march. This is a sign of healthy growth, although it is tough on the old settled communities like New England. Industrial migration has been motivated by many forces and has varied by industries, but the dominant one is the consumer market. Based upon a study made by the National Planning Association Committee of the South, of the migration of industries to the South in the postwar period, it was found that 45% were primarily oriented to their market, 30% to material, and 25% to labor. Transportation costs were important factors in the orientation of industries. No longer is the location of industry largely determined by the availability of railroad transportation as industry settles along strategic points on the highways, where the motor trucks provide the transportation service. It is estimated that there are more than 25,000 American communities that depend upon the trucks for all of their transportation requirements. Modern wholesaling and retailing rely largely upon truck transportation. It has been said that the motor carrier is actually an extension of the assembly lines of our great plants and an extension of the shelves of our retail stores.

Problems Faced by the Trucking Industry

Despite the spectacular growth and the natural advantages, the motor carriers like all other young industries have their problems that are pressing for solution. In trying to find an answer to these problems, it is highly essential that sights be lifted and serious consideration be given to the interests of the shipper. After all, no branch of transportation has a monopoly, and preference is given to those agencies that provide the best service in the form of availability, speed, and costs.

Suggested Steps to Improve Position of Transport Carriers

(1) Cut costs in order to make rates attractive to shippers. Among the steps that can be taken in this connection are the better utilization of labor, improved planning and scheduling of warehouse forces and drivers, elimination of overtime where possible, and keeping equipment in good shape. In this connection, it is highly important that you maintain adequate and accurate records and cost controls in order that you may know at all times what the score is. To cut costs is more easily said than done. Nevertheless, it is essential. If rates are raised beyond what the shippers consider reasonable, no matter how justified you may feel the rise to be, you not only invite competition from the railroads and other transportation agencies but the shipper may find it more profitable to hire contract carriers or have his own fleet of trucks.

(2) Modernize equipment. I do not know what the score is for New England, but on a national basis about one-fourth of the trucks are eight years old or older. There is a growing need for larger trucks. At present, more than a third of the total is made up of light models of 5,000 pounds or less. However, the proportion of heavy trucks is on the increase. About 12% of the trucks are in the medium heavy and heavy classification as compared with less than 6% in 1946.

(3) Improve working capital position. Plough back earnings into the business to the fullest extent possible. Keep program in line with what your business can afford. Beware of becoming over-extended on credit.

(4) Your association should continue stressing the importance of good financial management in reinvesting earnings and reducing debt so that the members can ride through the rough period that lies ahead.

(5) Management should get all of the information possible about the operation and financing of the industry. Northeastern University has a course in traffic management which I understand is sound and practical.

(6) May I suggest that you as an industry avoid a "slug fest" with the railroads, for by weakening your strongest competitor you can dig your own pit. Should hampering legislation and ruthless competition force the railroads into government ownership, you might find that the motor truck industry and all other major transport agencies would follow closely behind on the "death" march.

(7) Truckers in this region must work harder to get the business than in many other sections of the country since our economic growth is at a slower pace. This is reflected by published indexes of tons transported in intercity service. With 1947-49 as 100, the New England index for the first quarter of 1955 showed the smallest gain of any region, and was 20% below the national average. New England's share of total national traffic for the first quarter was only 5.4% as against 7% in 1948. At present, New England's share of total national trucking tonnage is less than our proportion of the country's population, which is 6.1%. These comparative data emphasize the fact that in view of the relatively smaller increase in the over-all traffic available in New England, as compared with other regions, more effort, imagination, and better management are necessary in order to stay in the race. This is a challenge that must be faced by the New England trucking industry. This calls for vigorous, cooperative action and emphasizes the urgent need for team work, as is evidenced by your association activities on many fronts.

The strongest competitors to the trucking industry are the railroads. For decades the railroads were coasting along, watching their share of the business dwindle, but now they are fighting back. In order to reduce costs and to make for greater utilization and flexibility of scheduling, railroads have dieselized or switched to self-propelled diesel cars. About two-thirds of the Class I railroads have diesel-electric locomotives. Since the end of the war, the railroads have been spending one billion dollars annually for new equipment. Furthermore, the New Haven, Pennsylvania, and about 20 other railroads, have gone in for piggy-backing. The Interstate Commerce Commission has ruled that a railroad need not have a truck certificate for piggy-back transport of highway trailers. An Administration committee of Cabinet Members last spring came out for sweeping changes in the country's transportation system, aimed at giving the railroads more latitude in competition with trucks and other kinds of transportation. The main recommendations would give freight and passenger carriers new freedom to set their own rates by easing regulations now exercised by the Interstate Commerce Commission. Under these recommendations, the railroads would be free to cut rates on long hauls.

Regulation of Motor Carriers

In the 1930's the motor transport industry was in a chaotic condition, which spread to rate cutting and evasion of state regulations. In order to bring about greater stability in the industry, Congress passed the Motor Carrier Act in 1935. Under provisions of this Act, the Interstate Commerce Commission was given regulatory authority over rates and charges, and a number of other matters. While this Act has imposed limitations, nevertheless it has made it possible for well-managed carriers to obtain a large amount of capital which otherwise would not be likely under unrestrained competition.

Nevertheless, our transportation legislation is a hodge-podge of antiquated regulations that have seriously handicapped the common carriers from adapting their operations to the requirements of a dynamic economy. A new approach is urgently needed that will provide greater latitude for aggressive experimentation among all transport agencies.

In the formulation of a national policy, the guiding principle should be to preserve the inherent advantages of all competing forms of common carriers in a unified and coordinated transportation system which will enable the community to employ whatever agency is the most efficient and economic. Public interest dictates that all forms of transportation should be given the opportunity to make the most effective contribution within their power by aggressive experimentation. This is in keeping with the spirit of enterprise that has made this country great. The major types of transport are capable of meeting their present problems and improving their efficiency if the heavy hand of government is lifted so that management will be able to use its initiative and ingenuity. This country is headed for an era of great expansion and every effort should be made to give the transportation a chance to make the great contribution it is capable of doing when it is not held down by governmental undue restraint.

Hill Richards & Co. Offers Pryne Stock

Hill Richards & Co., investment bankers of Los Angeles, Calif., are today (Sept. 29) offering 52,000 shares of Pryne & Co., Inc. common stock at $5.75 per share.

Pryne & Co. is engaged in the manufacture and sale of household electric exhaust fans, recessed lighting fixtures, kitchen range ventilating hoods, and infrared built-in electric ceiling heaters. The company was organized in 1925 as a California corporation, and is believed to be the original manufacturer of both household exhaust fans and recessed lighting fixtures. Pryne's plants are located in Pomona, Calif., and Keyser, W. Va.; with a subsidiary, Pryne & Co. of Canada, Ltd. in Toronto. The company also maintains sales offices throughout the country.

Proceeds from the underwriting will be used in part to repay in full long-term bank loans, the balance to be added to working capital.

Capitalization of the company to be outstanding upon the completion of this offering is 163,432 shares of $1 par value common stock.

Frank Keith Adds

(Special to THE FINANCIAL CHRONICLE)

SHREVEPORT, La. — S. R. Blake, T. Rialda Cloy, Earl L. Collier, G. A. Farber, Mrs. Elsie K. McClendon, Daniel O. Simpson, and Truman W. Sylvest have been added to the staff of Frank Keith & Co., Inc., Johnson Bldg.

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As We See It

things none of us should forget, but which all of us are prone to overlook in the heat of argument. First of all, communism is not necessarily Kremlinism; indeed Kremlinism is really not communism at all, but a sort of state capitalism. Communism, like democracy or monarchy, is a form of social and economic organization, and a communist is one who believes that communism is to be preferred to democracy, monarchy or any of the other forms of social, political or economic organization. If we believe in freedom of thinking in this country, we cannot condemn a man or a woman because they have come to the conclusion that communism is the most desirable form of political or economic organization, any more than a man or a woman is to be condemned, or may be condemned under our scheme of things because they believe one form of religion is to be preferred to another. And if we really believe in freedom of speech we cannot complain if a communist in our midst sets forth orally or in writing what he finds to be the merits of communism. These things are basic, and they must never be forgotten.

Another simple truth is this: If the Russians or the Chinese or any other people come to the conclusion that they prefer communism to other forms of political, social and economic organization, that is their business and not ours. It is obviously their right to proceed in that way even as it is ours to go in another direction — and we should be the last to undertake to say them nay. And if one article of their faith runs to the effect that their system is so superior to all others that natural forces must in time bring the whole world under it, then that too is their affair. If the philosophic enthusiasts of the creed wish to send missionaries around the world to preach their religion (for with many that is what it is) even as we send our Christian missionaries, it hardly lies in our mouths to complain.

The trouble is that a few fanatical Russian leaders have in the past refused to leave communism on any such detached, philosophical basis. They call themselves communists, and they pay homage to Marx and Engels, but they modify, interpret and rewrite these gentlemen to suit their own needs. Their thinking—or at least that of Stalin—seems to have been formed and shaped at least as much to Russian Czarist traditions of imperialism as by any abstractions of Marx or Engels. Dictatorial power was as dear to them as to other men, and they soon passed from general philosophizing about trends of the future to the idea that organized "communism" in Russia owed it as a duty to hasten the conquest of all peoples. The ends, in their minds, justified any means. The result was Kremlinism.

A number of very practical results ensued. The communist party became not merely a body of men and women who held common views about economics and kindred subjects, but an organization controlled by the Kremlin and fired with the purpose of keeping themselves in power and bringing other nations under their rule. Under Stalin, it was soon an embodiment of Czarist imperialism, Hitler treachery, and professional troublemaking all over the world. A member of the communist party, if he was to have the blessing of the Kremlin, had to be not merely a philosopher but an undercover agent of the Kremlin which cared for many things more than any real communism.

The real question now is not whether and to what extent these leaders in Moscow are devotees of philosophical communism, or what they believe the world will be like a hundred years from now, but whether they can be relied upon to keep their word, whether they are now willing to have their own system at home and permit others to have their system abroad, whether they are ready to put an end to underground activities in foreign countries, and in general whether they can now be depended upon to act like nations generally act in a civilized age. No one need inquire whether they are prepared to renounce Marx and Engels or the general lines of social and economic order to which they have dedicated themselves. So long as they deal with other peoples in a straightforward and respectable way, such matters are none of our business.

Let us not forget that governments far from the Kremlin have been guilty of treachery and the like in modern times. Where was more bald-faced double dealing to be found than in the case of Japan. Where was perfidy more consistently practiced, and indeed glorified than in Hitler's Germany, or in Mussolini's Italy? In these instances we found deliberate, carefully planned schemes of deceit and destruction. Their philosophy was about as repugnant to us as that of the Kremlin authorities. Indeed their outlook on life was not as greatly different from the Kremlin as is commonly supposed. It is to be devoutly hoped that we are now passing into a different epoch in international dealings. Hitler, Mussolini and Stalin have passed from the scene.

Our problem in dealing with the Soviets is to determine whether they, from this time forward, can be depended upon to act without deceit and trickery—in other words, whether we can feel reasonably sure of their bona fides? This, admittedly, is a very difficult question. Certainly the history of the foreign dealings of Stalin can give no assurance to anyone. But this is a new regime in the Kremlin—or is it? It seems to us that we should not prejudge it.

Continued from first page

The Outlook for Investment Banking

you than this one. To answer the question, "What is the outlook for investment banking?" I would state that the outlook as as good as that for the entire economy of the country. In my humble opinion the outlook for the economy of the country is as good today as it ever was in the history of this country.

If you study the situation carefully, if you analyze the various economic trends that are developing in the United States, you will reach the conclusion that a new capitalistic system is evolving in this country, a system that does not exist anywhere else in the world, a system marked not only by its tremendous productive capacity, by its size, by its ability to produce and consume, but a system which in its social aspects has no equal anywhere.

We are rapidly becoming a nation of middle-class people; slowly but steadily poverty and destitution are being eliminated. The economic security of the people of this country is as great, if not greater than in any part of the world. We have long since mastered the art of production, and now for the first time we have learned the art of distribution. This is all to the good of the economy of the country as a whole, and so it ought to be good for the investment banking business.

The way to approach the problem of the economic outlook, in my opinion, is as follows: First, let us look at the short-range outlook; I mean what may take place during the next six or nine months, and then let us look beyond to the future. Then after we have determined the economic outlook for the country, we will be able to draw certain conclusions for the profession.

Predicting the Future

Now let me state right at the beginning that it is not easy to predict the future. The art of forecasting is a very hazardous one, partly because our vision is limited, partly because we live in a dynamic economy subject to great changes, and partly because psychology plays such an important role in our economy.

Our economy is a free one, and what happens in the economy is the result of decisions made by thousands of executives and by millions of ultimate consumers. You and I know that sometimes we wake up in the morning feeling like an eagle soaring in the air. We walk down the street and see a display of ties. We can't resist buying some of them, no matter how many ties we may have. And at other times we wake up feeling like a motherless child, and no matter what bargains are offered to us, we refuse them.

The economy of the country reflects the mood and the psychology of the people. It is therefore extremely difficult to predict the future. The only thing one can do is to analyze the forces operating in the economy, weigh and measure them, and then reach conclusions.

A Short-Range Outlook

First, the short-range outlook—let us analyze the forces operating. There are strong forces and there are weak forces operating in this economy of ours. What are the strong forces?

Disposable personal income. The net income of individuals after taxes is constantly increasing, partly as a result of the very substantial increase in wages that has been granted and that will be granted; partly because of full employment, the ease with which a job can be obtained. When the people have money and safe jobs, they spend, and naturally this has an impact on our economy.

Construction contracts awarded are at a very high level. Although home-starts are decreasing, building activity in general is fairly good. No matter where you travel over the length and breadth of this land, you see new office buildings and new factories going up; construction of public works is also on a high level.

While home-starts are decreasing, the houses that have been started will be finished, sold and furnished. All this generates purchasing power.

Next, seasonal focres are operating in the economy. This is the time when the farmers harvest their crops. The processing and distribution of crops creates effective purchasing power which has a favorable impact on the economy.

Another seasonal factor is the return to school and the preparation for Christmas.

You find, therefore, that there are a number of very strong forces operating in the economy with the result that we are today in the midst of a great boom. The index in industrial activity reached 140 in August. Employment has passed 65 million. The Gross National Product is at a new high level. All the figures as they become available, indicate that we are in the midst of a great boom.

To this should be added a great wave of confidence which has swept the country. Everybody, or apparently everybody, has adopted the attitude that nothing can go wrong in this country. If the trend of business activity should turn downward there is an all-powerful Government in Washington that will step in and prevent any material decline in economic activity, accompanied by an increase in unemployment.

All this manifests itself in the attitude of the people to buy now all the commodities and services they need or desire with cash or credit.

Home mortgages have increased, consumer credit is at a new peak, and bank credit is also at a new high level. All this reflects the great confidence which the people have in the Government and in the future of this nation.

But there is no light without shadow and now our economy is such that at present certain weak spots can be discerned which the businessman ought to consider very carefully and to which the investment banker, particularly, ought to pay a great deal of attention.

A Tight Money Market

What are they? First, the money market has become tight. The credit policies of the Reserve authorities have assumed the form of active restraint. The availability of bank credit is rapidly being curtailed. The indebtedness of the member banks and the Reserve banks has increased. The discount rate has been raised to 2¼%, the highest in 20 years. In all probability the prime rate will be raised again, and it is becoming more and more difficult to obtain bank credit.

Bear in mind that it isn't so much the cost, but rather the availability of credit. This rate of 2¼% certainly is not high. The prime rate of 3½% is not particularly burdensome if you bear in mind the fact that corporations are paying a 52% tax on their income. What you should consider is the availability of bank credit, and that is being reduced.

While the discount window is open, the Reserve authorities are carefully scrutinizing every application for a loan, and whenever a loan is not considered to the best interests of the country, it may not be granted.

Money is tight and is becoming tighter. Experience of the past has taught me as well as others that when money is tight, when the Reserve authorities follow a credit restriction policy, sooner or later it achieves its desired objective.

Therefore, anybody looking into the immediate future cannot for a moment overlook the impact of the money market on business activity. Tight money will have an impact on the flotation of tax-exempt securities. In all probability the volume will slow down and this in turn is bound to affect adversely public works. Tight money is bound to have an impact on capital expenditures by corporations. Tight money already has had its effect on mortgage credit, and tight money also has had its impact on the equity market, because as we all know, margin requirements were raised from 50 to 70%.

The purpose of the tight money policy is to keep the economy healthy and to prevent large swings in the business cycle. Personally, I believe that the Reserve authorities were absolutely right in adopting such a policy.

The second weakness that one may mention at present is the automobile situation. We have been producing and selling cars at a very fast rate. Personally, I doubt whether during the remaining four months of the year we can produce and sell as many cars at the annual rate of the first eight months of the year. We all know that a great many cars were bought, partly because models were new, partly because credit terms were easy, and partly because individuals hold abundant cash. Therefore, I have reached the conclusion in my own mind that a decline in automobile production and sales is likely to take place. And if it takes place, it is bound to have an impact on business activity.

Watch the Auto Industry!

It is therefore necessary for a businessman, in general, and for the investment banker, in particular, to watch the automobile industry more carefully. How will the new models go? What will be the terms under which they will be sold? Will the volume of sales of the 1956 model be as large at that of the 1955 model was during November and December of last year? It will give you an indication as to the short-range outlook.

The third factor is decreasing housing starts. Whereas in the first half of the year housing starts exceeded 1,400,000 units at seasonally adjusted annual rate; today they are at an annual rate of 1,200,000. And this trend, in my opinion, will continue because the supply of mortgage credit is becoming tighter, because the 30-year mortgage has been eliminated, and because the no-down-payment mortgage is a thing of the past.

Fourth, private indebtedness is very high, and I doubt very much whether this indebtedness can continue to grow at the pace witnessed during the past year. A moderate decline in the growth of debt if we should reach a situation where the repayment of loans exceeds new borrowing would have an impact on business activity.

Next, inventories are accumulating. The building-up of inventories stimulates business because more goods are being produced than are being sold to ultimate consumers. But after inventories have been accumulated, the process comes to an end and inventories may be liquidated, as was the case during 1953 and '54. A change in the trend of inventories can have an impact on business activity.

You have, therefore, before you strong factors and weak factors, and on weighing and measuring one against the other, I reach this conclusion: One, business activity will continue at a higher level in the immediate future — several weeks; maybe several months. The attitude of the consumer is unpredictable. Then it will level off and we will witness a minor decline.

Two, because of the strong forces operating in our economy, the decline cannot go very far, nor last very long. The decline when it materializes will be mild in character and will be followed by a healthier outlook.

This is the immediate outlook for business, but as I indicated to you at the beginning, you should be interested not merely in the immediate outlook. You should be concerned with the long-range outlook for business, and particularly with what this may mean to you in your profession. After all, you have 40 or more years before you, and I repeat, while nobody can tell what the future holds in store for us, yet at least it is desirable to have a vague idea of where we are going.

A Look Into the Future

So let us look into the future. The future of the economy of this country is fairly bright, because our economy is a dynamic one. It is more dynamic today than it has been in many a decade.

What are the forces that make the economy dynamic at this time? One, the population is increasing at a rate which a decade or so ago was thought impossible, but that in itself is not so important. Growth of population alone is not a factor of strength. If this were the case, then India and Communist China would be the most prosperous nations in the world.

What makes the outlook so favorable in our economy is that the growth of population is accompanied by a steady increase in the standard of living of the people. There are more people, with more income, and these people, as their standard of living increases, as their real income rises, want more goods and services. They want a better education for their children. They want better homes and better public services, and they have the money to pay for them. This is a factor of dynamism in our country.

Not only is the population increasing, accompanied by a rising standard of living, but we are witnessing a great decentralization movement in this country. We find a decentralization movement away from the congested cities into the suburbs, and we find the regional migrations of the population from the East, from the North to the West, to the Southwest.

Just think for a moment what it means when a man leaves New York State, where he lives in an apartment, and moves out to a suburb. The moment this is done, his entire mode of life undergoes a change. In New York City, who needs a car? And if you have a car, where will you put it? And if you have a place and you are lucky enough to find a parking place, when are you going to use it? During the week you are busy, and on Saturday afternoon or on Sunday — well, unless you just like to atone for your sins, it is a good thing to take a ride.

But the moment the man moves into a suburb, he is a house owner, and the first thing that he does is to buy a kit of tools, all kinds of books on "Do it Yourself." And then to that immediately you have to add a very extensive Red Cross kit to patch up all of the damages you have done to yourself. Then you become a gardener and even though your lot may not be bigger than this room, you will go to the finest seed store and to the finest nursery and you will spend a great deal of money. After all, you have become a large landowner.

And then you have got to build for yourself an outdoor stove, and having an outdoor stove, you have got to buy all of the utensils that go with it. It leads to an entirely different mode of life. Once you live in a suburb, you can't get along without a car. It becomes a necessity.

You don't have to go very far to prove this statement. I believe you merely have to go from Manhattan to Nassau county, and you will find that places which a decade ago were nothing but big potato patches are today large communities. It is the dynamism in the economy.

Role of Research

Two, research today plays a much more important role in the economy of the country than ever before. Three or four decades ago, research was looked upon as a luxury. Only a very large company could afford to have research men, chemists, and engineers to work for them. That generation was practical. They wanted merely to produce goods and not ideas. Today billions of dollars are being spent on research, creating new values and destroying old ones. Research creates new products and new methods of production. And all this has an impact on the economy of the country.

The dynamic economy is a wasteful economy. It creates new values and destroys old ones. A dynamic economy, largely based on research, has an important impact on obsolescence. As a new machine is invented, it renders the existing one obsolete and creates a demand for new machinery.

Moreover, since the cost of labor is constantly increasing, everybody in business must make sure that he is a low-cost producer, and a low-cost distributor. That means that the installation of the latest labor-saving devices becomes a necessity. Otherwise you fall by the wayside. And this too adds to the dynamism of our economy.

Three, the Government's role in the economy today differs greatly from that in the past. The Government is one of the most important factors in the economy of the country. The Government plays a dominating role in the life of the farmer. The Government has played a dominant role in home building. The expenditures of the Government are very large and an increase or reduction in them can have a far-reaching impact on business activity. The indirect powers of the Government are far greater than ever before. The Government is in a position to influence the volume of credit and the availability of bank credit. Through debt management, the Government is in a position to influence the capital market. The powers of the Government have been used and will be used to keep the economy sound, to prevent wide swings in the business cycle and avert large unemployment.

Great Changes in Industry and Trade

Four, industry and trade, as well as finance, are undergoing great changes. We are in the midst of a major merger movement in this country. Each day you pick up the paper you find that one company or the other has been absorbed or several companies have been consolidated. This merger movement will continue unabated, because it is based on sound economic forces. It is based on the fact that the cost of doing business is very high, and that in order to overcome it, manufacturers must buy the latest labor-saving devices.

That costs money. A large corporation has a better chance for access to the capital market than a small business. A large corporation is in a better position to establish a research organization than a small business. A large corporation is in a better position to diversify its product as well as its markets than a small enterprise. Hence, the merger movement will continue unabated.

But despite the fact that business is becoming more and more concentrated in the hands of fewer corporations, competition is keen, perhaps keener than ever before. And in this respect the American economy differs from those found in other free nations. In other free nations where industry is concentrated, it is the result of cartels and trusts. In the United States cartels and trusts are outlawed. Competition is keen and the ultimate consumer benefits from it.

The labor situation and the foreign situation today are entirely different from what they were three or four decades ago. Therefore, if you take all these factors into account—and many more can be mentioned—you will reach the conclusion that our economy is a dynamic one; that a new capitalistic system is evolving in the United States which augurs very well for the future. This briefly is the long-range part of the forecast for the United States.

At the same time, bear in mind that ours is a free economy, that while the power of the Government is very great, the Government does not dictate the policy of management nor does it tell the ultimate consumer when, how much and how to spend. A free economy is bound to have its ups and downs. In a free economy, where competition is keen, the weak will be weeded out. The process of the survival of the fittest will continue. And no matter how you look at it, even if you eliminate unforeseen catastrophes, such as an atomic war, floods or other calamities, you must reach the conclusion that while the economy will have its ups and downs, major depressions will be avoided. The long-range outlook for the United States today is bright indeed.

How will this affect you in the profession? How will it affect the investment banking business? The investment banking business consists of originating and distributing securities, and that in turn raises the question, will there be a supply of securities? Will there be a demand for money on the part of corporations or other borrowers? And, too, will there be a supply of funds capable of absorbing these securities? If the answer is in the affirmative, then the outlook for your business is favorable. If it is in the negative, the answer will be unfavorable.

The Demand for Investment Funds

So let us consider for a moment the demand for funds. Will there be a demand for funds? Will the supply of securities increase? The answer is yes.

First, the supply of tax-exempt securities will continue to grow rapidly. We still have a great demand for public works; we are still building great highways and parking facilities, and we need a great many schools. As the standard of living of the people rises, as the population grows, more and better services are needed, and therefore the tax-exempt market will continue to flourish for a great many years to come. And those of you who have decided to specialize in that field of investment banking can look forward with a high degree of certainty to a long period of great activity. The demand for funds on the part of tax-levying bodies and authorities will be very great.

Two, the demand for funds on the part of corporations is also bound to be substantial. First, the use of power will increase materially. Whether atomic energy is used or not is immaterial, because atomic energy is merely energy; the development of atomic energy does not mean that it would do away with the distribution of power. Hence, the demand for funds on the part of the utilities for a great many years will continue to be heavy. The utilities will endeavor to obtain the needed capital by offering bonds, preferred stocks as well as common stocks. And those of you who have decided to specialize in utilities can look forward with a high degree of certainty to a long period of great activity.

Three, as the merger movement continues, as smaller corporations are brought together to form large entities, and as these large organizations reach the position where they can approach the capital market through the sale of stocks and bonds, the newly-issued securities will have to be distributed by the investment banking firms.

Fourth, obsolescence will play an important role in the future, more so than in the past. Automation is growing. Installation of new equipment requires large sums of money. At the same time there is the possibility that we may be entering a prolonged period of peace. That in turn will revive the international flow of capital. You, therefore, reach the conclusion that the demand for funds to finance the economic growth of this country and to help economically - undeveloped countries is bound to be very great. Where will the money come from? The savings of the people at large, but they have undergone a change. They have become institutional in character. But be that as it may, the supply of funds at the disposal of life insurance companies, mutual savings banks, savings and loan associations, the investment trusts, and pension funds will all grow as the population grows and the standard of living of the people rises.

We are becoming rapidly a nation of middle-class people, and middle-class people like to save. Saving habits undergo constant changes, as you can see from the rapid growth of mutual funds. Therefore, in my opinion, there is no question at all that the supply of funds seeking outlets in the security markets will also be great.

At times the supply will be greater than the demand. Money rates will go down; bond prices will go up. At times such as the present, the supply of funds will not be equal to the demand. Money rates will go up; bond prices will go down. As investment bankers you ought to know the reasons or the forces which influence the demand and supply. You are to be students of the money market. You will have to watch the flow of funds and capital. You must follow closely all developments affecting the money market in order to be able to guage the trend. A correct appraisal of the money market is the key to success in your profession.

While demand and supply will fluctuate, looking over a longer period of years, both the demand for funds, and capital, and the supply will be great. There will of course be times when the demand and supply will not be in equilibrium.

I have, therefore, reached a second conclusion. The first one was that the long-range outlook for our economy is good. The second conclusion that I reach is that the outlook for the investment banking business is as good as the outlook for the economy.

The Fund Phase

And now we come to the final phase. Just as business, in general, is highly competitive, so is the investment banking business highly competitive. Nowadays you cannot rely any more on your personality or personal charm. Nowadays, if you want to succeed you must know your business and your business is a complex one, because the methods of financing are constantly undergoing changes. The money markets are in constant flux. If you want to participate in a competitive bidding, unless you are sure of the forces operating in the money market, you may lose your shirt. And therefore investment banking today has become a highly complicated profession. An investment banker must be a student of business, a student of business trends. He must be well informed as to the forces that operate in the economy.

Next, he must be a keen student of the money and capital markets. He must know what guides the policies of the Reserve authorities and of the Treasury, what measures they may take under certain conditions and what impact these measures will have on the economy of the country.

For those who make it their business to become professionals, to know their business well, the outlook is very bright indeed. Those, however, who think that the investment banking business is an easy road to success, a means of making a fast dollar in the market, they will soon learn that the law of the survival of the fittest applies to Wall Street as it does to Main Street.

W. T. Grimm Co. Adds Cramblit to Staff

CHICAGO, Ill.—Lue D. Cramblit, formerly with the investment department of the Central Life Assurance Company, Des Moines, has become associated with W. T. Grimm & Co., 231 South La Salle Street, financial consultants specializing in mergers and direct placement loans. Mr. Cramblit is a graduate of Northwestern University, School of Commerce (1948) and received his law degree from the University of Iowa (1953).

Two With Oscar Kraft

(Special to The Financial Chronicle)

LOS ANGELES, Calif. — James K. Galloway and Louis M. Hansen have become affiliated with Oscar F. Kraft & Co., 530 West Sixth Street.

Beer & Co. Adds

(Special to The Financial Chronicle)

NEW ORLEANS, La.—Eugene B. French has joined the staff of Beer & Company, 233 Carondelet Street, members of the New York and New Orleans Stock Exchanges.

Bank and Insurance Stocks

By ARTHUR B. WALLACE

This Week—Bank Stocks

The Bank of New York

This institution dates back to the year following the end of the American Revolution. It started business in June, 1784. New York had had no bank up to that time, and only one other existed, Bank of North America, in Philadelphia. The organizers of Bank of New York subscribed to one thousand shares for a total of $500,000. Alexander Hamilton played the most active role, writing the bank's constitution, which later became a model for bank charters issued by the legislature of New York State.

Hamilton, in a very real sense, may be regarded as having laid the foundation for the banking law of New York, and to some extent, of the nation. In March, 1791, the bank was chartered by the New York legislature; and it became the first incorporated institution of its kind in the state.

In 1830 the New York legislature chartered the New York Life Insurance & Trust Company, which was empowered to make insurance on lives and to grant and purchase annuities. It was also authorized to receive moneys on trust and to execute trusts of any description committed to them. Nearly one hundred years later New York Life Insurance & Trust Company, whose organizers included a number of the officers and directors of Bank of New York, merged with the latter institution. The merged institution took the title of Bank of New York & Trust Company, but changed back to the original title several years later.

A nationwide change in the status of the banks was brought about by the financial disturbance of the Civil War, and Bank of New York became a national chartered bank under the new Banking Act of 1864. Later it changed back to the State Charter.

In mid-1948 Bank of New York merged the Fifth Avenue Bank. One of the advantages of this merger was the acquisition of a valuable mid-town site. There are two other branch offices in Manhattan.

The trustees hold office for life, and fill vacancies in the Board as they occur. This procedure is regarded by the bank as affording a "guaranty of continuity of management that is of inestimable value to the creators of trusts, some of which are intended to continue far into the future."

Statement of Condition—June 30, 1955

Resources		Liabilities		
Cash and due from banks	$133,879,000	Capital	$16,000,000	
U. S. Gov't securities	110,015,000	Surplus	18,000,000	
Munic. and other public secs.	5,105,000	Undivid. profits	6,296,000	
Other securities	6,097,000			$40,296,000
Loans and discounts	214,146,000	Reserve for contingencies		2,028,000
Banking houses	6,045,000	Dividend payable		400,000
Customers' liab. for accept.	6,977,000	Deposits		429,263,000
Accrued int. & other resources	2,220,000	Acceptances		7,520,000
		Reserve, taxes, int., etc.		3,895,000
		Other liabilities		1,082,000
	$484,484,000			$484,484,000

A breakdown of these assets into principal categories follows:

Cash	27.7%
United States Gov't Securities	22.7
Other Securities	2.3
Loans and Discounts	44.2
Real Estate	1.2
Miscellaneous Assets	1.9

There follows the bank's distribution of United States Government bond holdings by principal maturity categories for the past six calendar years:

	Maturities		
	Up to 5 Years	5 to 10 Years	Over 10 Years
1949	72%	17%	11%
1950	79	12	9
1951	78	15	7
1952	48	31	21
1953	69	30	1
1954	65	34	1

The rates of return on loans and discounts, and on United States Government Bonds for the three years Bank of New York has been reporting the data, follows:

	Average Rate of Return	
	On Loans and Discounts	On Governments
1952	3.11%	1.71%
1953	3.37	2.10
1954	3.26	1.84

One of the contributing factors to the bank's better earnings trend has been the greater dependence placed on loans and investments, with less on Governments. For these three years the rate on loans has averaged 3.58%; on Governments, 1.88%. Its earning power on loans, per dollar, is thus nearly twice what it is for Governments, an excellent showing for a large metropolitan bank which must remain more liquid tnan country banks.

	Ten-Year Statistical Record-Per Share*					
	Book Value	Operating Earnings	Invested Assets	Dividend	Price Range High	Low
1945	$218.10	$16.55	$2,641	$7.00	241½	213
1946	224.08	14.99	2,078	7.00	237	177½
1947	228.03	10.94	2,025	7.00	185	164
1948	215.88	10.44	1,854	7.00	179	146½
1949	219.81	10.93	1,959	7.00	165½	153
1950	223.63	11.82	2,094	8.00	177½	164
1951	226.65	11.02	2,177	8.00	190½	162½
1952	231.26	14.62	2,114	8.00	191	170
1953	235.44	15.88	2,058	9.00	197½	175½
1954	240.57	16.62	2,346	9.00	225	183½

*Adjusted to present capitalization.

The decline in earnings after 1945 for several years reflected the fact that after the end of the war the banks lost rather heavily in government holdings, as will be noted in Invested Assets.

Dividends

The single dividend omission in the history of Bank of New York was in 1837. At that time, because of severely depressed business conditions, the State of New York forbade any payments. But when the depression was over the bank made good the omission; and few, if any, American enterprises have as long a record of payments.

At a price of 253, the present $10 annual dividend yields 3.95%. This price is approximately 15.2 times 1954 operating earnings. The 1954 earnings give a rate of 6.9% on year-end book value; and the dividend pay-out is at 60%.

In the decade ended with 1954 the stockholder's gain was $109.02 per share, or at the annual rate of $10.90.

The stock enjoys an excellent reputation as a conservative investment medium.

Continued from page 16

News About Banks and Bankers

American Institute of Banking, class of 1939.

* * *

William J. Wallace, Jr., of Levittown, N. Y., has been elected Assistant Cashier of **The Franklin National Bank of Franklin Square,** according to an announcement made on Sept. 26 by Arthur T. Roth, President. Mr. Wallace entered the banking business as a trainee in the Executive Training Program of the **Chemical Bank and Trust Company** of New York in 1946, in which bank, it is added, he had diversified experience in the Credit Department where he was Assistant to the Vice-President of the Mid-town Branch Office. In his new capacity, Mr. Wallace will become a member of the Branch Loan Development and Administration Department of the Franklin National Bank with headquarters in the Levittown Office.

The conversion is announced, as of Sept. 26 of **The National Bank of Great Neck, at Great Neck, New York,** into a State trust company, to be known as the **Central Bank and Trust Company of Great Neck.** The latter, with a capital of $500,000 was admitted to membership in the Federal Reserve System at the opening of business on September 27, it is announced by Allan Sproul, President of the Federal Reserve Bank of New York.

* * *

Ralph T. Tyner, Jr., President of **National Bank of Westchester, at White Plains, N. Y.** has announced that the Comptroller of the Currency has granted the bank's application for a new office to be opened in **Montrose, N. Y.** This, the first bank in Montrose will be located on Kings Gerry Road.

* * *

William J. Yates, Ossining realtor and bank executive, has been elected a director of the **National Bank of Westchester, White Plains, N. Y.,** it was announced on Sept. 23 by Ralph T. Tyner, Jr., President. Mr. Yates will fill the position made vacant by the recent death of Harold J. Plunkett. Mr. Yates is President and Trustee of **The Bank for Savings of Ossining,** a director of the Westchester County Association and a member of the Westchester County Realty Board.

* * *

A new White Plains office of **The County Trust Company of White Plains, N. Y.** was opened on Sept. 23 at 98 West Post Road, with Cas Di Yeso as Manager. It is equipped for all banking services with the exception of safe deposit. With the Post Road office the County Trust now has six offices in White Plains. Mr. Di Yeso, who has been with The County Trust Company for 14 years, was previously Assistant Manager of the Westchester Avenue drive-in office and has worked in Mount Kisco, Pleasantville and the bank's main office in White Plains.

It was also announced on Sept. 23 that State and Federal banking authorities have granted permission for **The County Trust Company** to open a second banking office in Peekskill, to be at 1705 Main Street. With the opening of the new bank, Peekskill will be the sixth Westchester community to be served by more than one County Trust office.

* * *

Stockholders of **The First National Bank of Elmsford, N. Y.** and the **Dobbs Ferry Bank of Dobbs Ferry, N. Y.,** have voted, it was announced on Sept. 23, to merge their institutions with **The County Trust Company of White Plains, N. Y.** and similar approval was received from **County Trust** stockholders at a meeting on Sept. 21. Stockholders of the Elmsford bank will receive three shares of County Trust stock for each of their present shares, while stockholders of the Dobbs Ferry Bank will receive 2¾ shares of County Trust stock for each of their present shares. It is expected that both mergers will be consummated on Oct. 28, following approval by State and Federal banking authorities. The County Trust Company then will have 38 offices in 24 Westchester communities. Thomas F. O'Rourke and David Ravekes of the Elmsford and Dobbs Ferry banks, respectively, will remain in charge of those offices after the merger. No changes in personnel are anticipated. An earlier item bearing on the plans for the merger of the **First National Bank of Elmsford** with the County Trust Co. appeared in our issue of Aug. 4, page 481.

* * *

The Marine Midland Trust Company of Central New York, at **Syracuse, N. Y.** has opened a new $170,000 bank building adjacent to their old banking office in Manlius, N. Y. Following the formal opening of the new office, Harry W. Davies, Chairman of the bank's Board of Directors, and John T. Sullivan, President, held an open house for the guests of the bank. The new building, it is stated, is over five times larger than the old banking office. To provide even more room for service, employees have their own entrance at the side of the building. The Marine Midland Trust Company of Central New York operates 10 branches in six communities.

* * *

A merger of the **Merchants National Bank of Whitehall, N. Y.** with common stock of $60,000, into the **National Commercial Bank & Trust Company of Albany, N. Y.** with common stock of $3,000,000, became effective on Sept. 9 under the charter and title of the **National Commercial Bank & Trust Co.** At the effective date of the merger the merged bank had a capital of $3,000,000, in 150,000 shares of common stock, par $20 each; surplus of $7,500,000 and undivided profits and reserves of not less than $1,000,000. The merged bank is to be known as the Whitehall Branch of the National & Commercial Bank & Trust Co. of Albany.

* * *

Announcement has been made by the **West Hudson National Bank of Harrison, N. J.** that its preferred stock, held by the Reconstruction Finance Corporation has been retired in full as the result of a recapitalization program approved by the stockholders on July 15. Advices to this effect were reported to the Newark "Evening News" of Sept. 22 from its Harrison, N. J. staff correspondent, which also said:

The RFC held 170,000 shares with a $901,000 retirable value out of an original purchase of $2,120,000 made by the Federal Agency in 1939 when the **Kearny National Bank** and the **West Hudson County Trust Co.** consolidated. Sale of common stock, plus a $500,000 preferred stock issue taken by the Mutual Benefit Life Insurance Co. of Newark, raised the necessary money for redemption of the preferred.

The bank directors are expected to declare a dividend on the common stock around the first of next year on the basis of present earnings. A portion of the new prefered stock will be retired at the same time, it is anticipated.

Earlier items in the matter appeared in our issues of Aug. 4, page 481 and Aug. 25, page 786.

* * *

The Philadelphia National Bank of Philadelphia, Pa. on Sept. 19 marked its 152nd anniversary with the opening of another new office—the Penn Center Office at 3 Penn Center Plaza. With the opening of the new office, Frederic A. Potts, President, indicated that it was exactly 152 years from the day and hour that the bank opened its first office in 1803. The new, modern office will be under the management of Charles H. Hoeflich, Vice-President, Mr. Potts announced. Mr. Hoeflich observed that the newest office at 16th and Market Streets is a block from Pennsylvania Suburban Station, which means that commuters and shoppers will now have direct access to the bank, which on Wednesday will remain open until 9 p.m. Mr. Hoeflich has been with The Philadelphia National since 1936, and an officer since 1946. He is a member of the bank's Public Relations Committee.

* * *

The directors of **Tradesmens Bank and Trust Company** and **The Market Street National Bank** both of **Philadelphia** have agreed to the merger of the two banks, it was announced on Sept. 23 by James M. Large, President of Tradesmens, and R. Livingston Sullivan, President of Market Street. The merger is subject to approval by the stockholders of the two banks and the regulatory authorities. The capital stock of the combined bank will be 589,455 shares. The stockholders of Tradesmens will retain their present shares, and the balance of 125,000 shares will be issued to stockholders of Market Street in the ratio of 1¼ shares of Tradesmens for each share of Market Street. The merger is planned to become effective at the end of the year. The name of the combined bank will be "Tradesmens Bank and Trust Company." Six directors of Market Street will become directors of Tradesmens. Howard A. Loeb, Chairman of the Board of Tradesmens, in expressing his approval of the plan stated that he had long been working for such a merger. Mr. Loeb has decided to retire as Chairman after 49 years of service but will continue as a director and member of the Executive Committee of the bank. The senior officers of the combined bank will be R. Livingston Sullivan, Chairman of the Board of Directors; Percy C. Madeira, Jr., Chairman of the Executive Committee; James M. Large, President; and Warren H. Woodring, Executive Vice-President. It is anticipated that all officers and employees of the two institutions will be retained.

The principal office of the combined bank will be at the present main office of Tradesmens at Broad and Chestnut Streets. In addition to the Broad and Chestnut Street and Juniper and Market Street offices, the combined bank will have six other offices in Philadelphia. On the basis of June 30 statements, its assets will total $288,645,000; its deposits $253,546,000; and its capital funds $31,600,000, including contingent reserves.

* * *

The Comptroller of the Currency has given preliminary approval to plans submitted by Directors of the **Manufacturers National Bank of Detroit, Mich.** and the **Industrial National Bank of Detroit** for the consolidation of the two institutions, it was announced on Sept. 21. The consolidation is subject to approval by the stockholders of both banks and final approval by the Comptroller of the Currency. The merger plan provides:

The two banks would be consolidated under the name of the **Manufacturers National Bank of Detroit.** Shareholders of Industrial National Bank would receive one share of Manufacturers National stock for each share held. The new capital stock would be 1,075,000 shares with a par value of $10 of which 275,000 shares would be issued to Industrial National shareholders on the share-for-share basis and 800,000 retained by Manufacturers National shareholders. Both banks currently are paying dividends at the rate of $1.60 per year and it is anticipated that this rate will be continued.

It is also proposed that: The directorate of the enlarged bank would be increased to include present directors of Manufacturers National and directors to be selected by and from the Industrial National board. Charles A. Kanter, Chairman and William A. Mayberry, President of Manufacturers National, would continue in those capacities. Glenn F. Turnbull, Chairman of Industrial National, would retire as an officer but would serve as a director of the enlarged bank. A. Guy Ropp, President of Industrial National, would become a Senior Vice-President and a member of the consolidated bank's board of directors. The 17 banking offices of Manufacturers National and the 16 offices of Industrial National would be continued, and the enlarged bank would have a network of 33 banking offices. The effective date for consolidation would be Dec. 30, 1955. As of June 30, 1955, the combined capital accounts of the two banks aggregated $38,241,053, combined deposits totalled $730,073,455 and total assets were $779,594,612.

* * *

The Bank of St. Louis at St. Louis, Mo., will increase its capital to $5,000,000 from $4,000,000 following approval of the action by the Board of Directors, it was announced on Sept. 19 by Arthur Blumeyer, President. The additional capital will be transferred from undivided profits which was $1,822,006 as of Aug. 31. Mr. Blumeyer stated that the bank's increasing activity both in commercial loans and consumer finance pointed to the need for additional capital. The announcement noted that a little over a year ago, the directors increased the capital from $2,000,000 to $4,000,000 by similar action. When the institution was formed in 1913, it had capital of $200,000 and surplus of $20,000. With the completion of the present program the capital will be $5,000,000, surplus $2,000,000. The bank is the major subsidiary of the General Contract Corporation. Included in the corporation are eight banks: Securities Investment Company, a finance company; and three insurance companies. The corporation operates in 23 cities in nine states.

* * *

At the close of business Sept. 23, the **Bank of South San Francisco at South San Francisco** was merged into the **Anglo California National Bank of San Franciso** and became its **South San Francisco Office,** it was announced jointly by Paul E. Hoover, President of Anglo, and E. P. Kauffman, President of the **Bank of South San Francisco.** The new office is the 44th in the Anglo system. At special meetings on Sept. 19 the shareholders of both banks approved the merger plans. Under the terms of the merger, Anglo Bank will acquire all the assets and assume all the liabilities of the South San Francisco bank in exchange for Anglo capital stock. The Bank of South San Francisco celebrated its Golden Anniversary this year, having been incorporated in mid-1905. One of the founders and the first President of the South San Francisco institution, Philip N. Lilienthal, was also Manager of The Anglo Californian Bank, Ltd., predecessor of the present Anglo Bank, from 1891 to 1908.

As of June 30, 1955, it is announced, deposits of the Bank of South San Francisco totaled approximately $11,000,000, its capital funds exceeded $700,000 and its total assets stood at approximately $11,800,000. Officers of the new Anglo office will be Etienne N. Fourcans, Vice-President and Manager, who was Vice-President and Cashier of the former Bank of South San Francisco; John J. Bonalanza, Assistant Manager, who was Assistant Cashier of the former bank; Peter P. Balestracci, Assistant Manager, formerly Assistant Cashier; and Alfred P. Fourie, Assistant Manager, formerly Auditor and Comptroller. Mr. Kauffmann, who is Treasurer of the City of South San Francisco, will hold the title of Vice-President and act in an advisory capacity. Mr. Kauffmann joined the Bank of South San Francisco in 1927 as a director. He became President of the bank in 1933. Items regarding the proposed merger appeared in these columns July 14, page 185 and Sept. 1, page 887.

Our Reporter on Governments

By JOHN T. CHIPPENDALE, JR.

The Government market appears to be getting a bit more attention, especially in the most distant maturities, even though it is not expected that prices of these securities will act a great deal different from what has been the case since the interest raising policy was adopted by the monetary authorities. The money market is still tight and while some temporary aid may be given to it in order to facilitate the new money financing of the Treasury, it is not expected that the pressure will be eased until more of the objectives of the program have been achieved.

Funds continue to be put into short-term Governments in volume, even though there is a tendency now to move some money out of these issues into selected corporate bonds. The impending Government financing is expected to take some of this demand away from the near-term Treasury obligations.

Market Remains Quiet

The Government market continues to back and fill within the recently established price areas, with the ability to rally somewhat more in evidence than had been the case in the not too distant past. To be sure, the shorter-term Treasury obligations still have the better demand and the market for these securities is broad even though money continues to be tight. The longer-term Government obligations have been getting more attention from institutional investors, and this buying has been responsible in no small way for the improved tone which has been in evidence in these securities.

Switching between the various maturities of Treasury issues has also helped to improve volume in these securities even though the amount of trading which is being done is not large, because the market for these obligations is still thin and limited.

Tax Swaps Favor 3s of 1995

It is reported that tax operations continue to be very much in the spotlight in the Government market with indications that some fairly sizable swaps are being made from time to time. Maturity rearranging is important in some of these exchanges, but in most cases there has been only minor changes in maturity schedules as a result of the tax switches which are being made. The 3s due 1995 is still the leading issue in the reported tax switches and it is quite apparent that this bond continues to move out of the market into what is termed "strong hands." There are also reports that the non-marketable 2¾% bond is being converted into the five-year note, and this obligation in turn is being sold for tax purposes, with the proceeds being invested in the 3s of 1995. This kind of operation has not been sizable so far, but there have been reports of some fairly good sized deals being worked out in this fashion.

There are indications that certain institutional investors have been making exchanges from some of the shorter Government issues into the new issues of corporate bonds which have been coming into the market. The yields on some recent corporate issues reached levels where it is beneficial for institutional investors to take funds out of certain Government obligations and put this money to work in the non-Treasury securities.

Bank and Pension Fund Activities

Savings banks, according to advices, have been modest sellers in some of the longer-term issues, with the funds still being put to work in mortgages. Commercial banks with sizable amounts of savings deposits have been on the buying side, in not too large volume yet, of certain issues of the most distant 2½s. Private pension funds, according to advices have been making limited commitments in some of the intermediate term Government issues.

No Easing of Credit Restraint Expected

Even though the money market is expected to be eased slightly for the new money raising operation of the Treasury which should be announced very shortly, the financial district is not looking for any important change in the monetary policy of the powers that be. It is being pointed out that with the demand for funds as sizable as ever, the slowing down process of the monetary authorities will continue to be pursued as vigorously as it has been. This, in the opinion of certain money market specialists, could eventually bring about a higher rediscount rate as well as other measures that could have further limiting effects upon the credit structure.

Joins R. A. Wildenberg

(Special to THE FINANCIAL CHRONICLE)

BEVERLY HILLS, Calif.—Robt. R. Hammond has become connected with R. A. Wildenberg & Co., 450 North Camden Drive. He was previously with Taylor and Company.

With California Investors

(Special to THE FINANCIAL CHRONICLE)

LOS ANGELES, Calif.—George A. Levine and Shirley J. Lynn are now with California Investors, 3924 Wilshire Boulevard.

Universal Secs. Formed

SALT LAKE CITY, Utah—Lynn R. Fairbanks, Jr., is engaging in a securities business from offices at 117 West Ninth Street under the firm name of Universal Securities Brokerage. Mr. Fairbanks was previously with Doxey-Merkley & Co.

With Bear, Stearns

Bear, Stearns & Co., 1 Wall St., New York City, members New York Stock Exchange, announce that Martin Berkowitz is now associated with the firm as a registered representative.

With Maltz, Greenwald

Morris Glass and Milton Wolmer are now associated with Maltz, Greenwald & Co., 1441 Broadway, New York City, members of the New York Stock Exchange, as registered representatives.

With Ashton Co.

(Special to THE FINANCIAL CHRONICLE)

DETROIT, Mich.—John S. Dunsford has been added to the staff of Ashton & Co., 15315 West McNichols Road.

R. D. Campbell Opens

GRAND ISLAND, N. Y.—Roland D. Campbell is engaging in a securities business from offices on Love Road.

J. A. Weber Opens

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

With Continental Secs.

(Special to THE FINANCIAL CHRONICLE)

GRAND RAPIDS, Mich.—Louis R. Scholl is now with Continental Securities Co., Inc., People's National Bank Building.

Schroder Banks Elect Two Vice-Presidents


John I. Howell


Edmund Bartlett

The election of Edmund Bartlett and John I. Howell as Vice-Presidents of J. Henry Schroder Banking Corporation and Schroder Trust Company has been announced. Mr. Bartlett has been connected with the two banks since 1939 and Mr. Howell since 1948. Both previously held the position of Assistant Vice-President.

At the same time, announcement was made of the promotion of William J. Bethune to be Assistant Vice-President of both institutions.

Cuban Bonds Offered

Allen & Co. is offering today (Sept. 29) $3,000,000 Republic of Cuba, veterans, courts and public works bonds, 4%, due 1983 (payable in U. S. dollars), at 98% and accrued interest.

The bonds are presently outstanding and offered on behalf of Romenpower Electra Construction Co. which received the bonds from the Republic of Cuba or one or more of its agencies in payment for construction work, chiefly on highways and streets in or near Havana.

The bonds are general obligations of the Republic of Cuba and, in addition, are secured by the pledge of certain funds, imposts and revenues.

Joins Goodbody Staff

(Special to THE FINANCIAL CHRONICLE)

LOUISVILLE, Ky.—Roscoe H. Sawyer has become affiliated with Goodbody & Co., Heyburn Building.

With Morton, Hall

(Special to THE FINANCIAL CHRONICLE)

LEWISTON, Me.—Louville W. Whitten is now affiliated with Morton, Hall & Rounds, Inc., 226 Main Street.

Continued from page 15

More Spending Needed to Keep Up With Growing Productivity!

further changes in the living standards possible of attainment in 1956, and over the next decade.

A Higher Standard of Living Possible Because of Shift Upwards In Family Incomes

In 1956 there may be 6½ times as many consumer spending units with incomes over $3,000 as there were in prewar 1941.

The number of U. S. families (consumer spending units) is expected to total 56 million in 1956 or 42% more than in 1941. The 37,500,000 with incomes over $3,000 will represent 67% of the 56 million total whereas, in 1941, the 5.7 million with over $3,000 represented only 14½% of the 39.3 million total families. The number of families with incomes over $5,000 in 1956, can be expected to total 19.6 million of 12½ times the 1,564,000 in this income group in 1941.

Mass Millions Are Climbing the Income Ladder—Opportunity for Changes in Habits and Wants

The movement upward in income groups has been rapid in the last five years. During this period, when prices have been relatively stable, literally **mass millions** have climbed upward in income groups and in discretionary spending power.

In four years — between 1950 and 1954—the number of families (consumer spending units) with incomes of over $4,000 after taxes (disposable income) jumped from 12.2 million to 21.4 million.

It is estimated that in 1956 the number of families with incomes of over $4,000, after taxes, will reach 25.8 million or more than double the number in that group even as late as 1950.

At the production level of $430 billion possible five years from now, in 1960, the number of families with over $4,000 of disposable income could climb to 36 million or triple the 1950 number.

This means a possible movement upward of nearly 24 million families to join the 12 million above $4,000. Their movement upward in purchasing power does not mean they will automatically take on the same desires, beliefs, and standard of living of the income groups into which they have moved. Yet the change in purchasing power since 1950 represented by those with disposable income over $4,000 is vast—$163 billion in 1954 and $248 billion estimated for 1960 as compared with $88 billion in 1950. That's after taxes.

As these families move up from one income class to the next, they could represent substantially increased markets for goods, services, and investments if only they were to take on the habit and desires of the income group into which they move. This is true even though taxes and the cost of living have increased.

But there are reasons why they don't take on these new habits automaticaly. Their whole previous liketime training, in most cases, was built around a different concept of how to live. There is a major job for advertising and selling to change these concepts in line with the changes in income now available as **discretionary** spending power.

Over A Fivefold Increase in Discretionary Spending Power Broadens Market for Products and Investments

Prewar, our economy was typified by the $25 a week family — average weekly earnings for production workers in manufacturing, in 1940, were $25.20. The "middle income" family, for example, fell in the $1,000 to $1,500 income group. Now the "middle income" family is in the $4,000 to $5,000 income group. Weekly earnings in manufacturing, by June, 1955, had grown to $76.11 or over three times the 1940 level. After taking into account both increased taxes and present costs of maintaining an equivalent 1940 standard of living in the necessities of food, clothing, and shelter the middle income family now has **discretionary** spending power over five times as great as the prewar middle income family.

Total discretionary spending power for our entire population, which reached a level of $145.0 billion in the first quarter of 1955 was nearly 5½ times as great as the $26.9 billion in 1940. That is the surplus spending power over and above what would be required to supply a per capita standard of living for the basic necessities of food, clothing, and shelter equivalent to the 1940 actual standard of living after taking into account present prices. This could reach $195 billion in 1960 or one-third greater than 1955 and, on the basis of the $500 billion production goal in 1965, the discretionary spending power could reach $240 billion or an increase of 65% over the 1955 peak level.

That represents a huge pool of purchasing power dependent upon the whim or discretion of the individuals as to how it is to be used. People have the money now to select and choose between an infinite variety of items beyond the bare necessities. Many will add new products or services or will increase savings and investments, others will increase their basic expenditures for better clothing, or housing.

In 1955 discretionary spending power represented 58% of total disposable income, after taxes, whereas in 1940 it represented only one-third of the much smaller total.

Real Purchasing Power in the United States Has Increased 92% Over Prewar

It is estimated, on the basis of present trends, that in 1956 the **real** purchasing power of the United States population will be 92% greater than in 1940.

This increase in **real** purchasing power has even greater significance when it is analyzed by income groups because it indicates that mass millions of middle income Americans have moved up the scale in **real** purchasing power to the point where they can make substantial improvements in their living standards and in savings and investments.

Percentagewise, for example, the increase since 1940 in **real** purchasing power varied by income groups as follows:

Highest Fifth	up	69%
Second Fifth	up	90%
Middle Fifth	up	117%
Fourth Fifth	up	143%
Lowest Fifth	up	159%

Liquid Assets of Consumers and of Business Are at an All-Time High

The liquid assets of consumers in 1955, at over $210 billion, totaled over four times the 1940 level of about $49 billion. And this total has over double the total real purchasing power after price correction.

The $160.9 billion increase in liquid assets of consumers from $49.4 billion in 1940 to $210.3 billion in 1955 reflects substantial improvement in the financial stability of the mass of our population.

Business has added $58.1 billion in liquid assets since 1940 to reach a total four times the 1940 level with double the real purchasing power. This indicates a continuing high level of industrial purchasing power and strength.

Consumer Debt Is Low

Total debt of consumers at about $122.4 billion, including home and farm mortgages as well as consumer credit, is lower in relation to accumulated savings than in prewar years.

Further, 71% of the increase in consumer debt, since 1940, is in home mortgages which now is largely in a form of the amortized mortgage where the principal is not likely to become a critical burden on the economy during any temporary period of recession and where the monthly burden is similar to rent payments. In fact, much of this is a substitute for rent payment since there has been a rapid movement from renting to home ownership. Even so, approximately half of owner-occupied non-farm homes, in 1954, were entirely free of mortgage debt.

Consumer Credit Could Safely Expand by 60% in 1956

An added source of purchasing power is the fact that consumer short-term credit is **low** in relation to discretionary spending power. The present level of consumer credit at about $32 billion worries some—it is about four times the $8 billion level of 1940. But consumer discretionary spending power, in 1956, is expected to be six times the 1940 level.

The ratio of consumer credit to discretionary spending power has dropped from 31% in 1940 to about 22%. This means that consumer credit — instalment sales, charge accounts, and personal loans—could expand by 60% over the high 1955 level without being overextended in relation to discretionary income. Just to reach the 1940 ratio could add about $20 billion to current purchasing power.

Disposable income (personal income after Federal and local taxes) has frequently been used as a national yardstick of the amount of consumer credit that the economy can carry safely. In the period from 1929 to 1939 consumer credit outstanding ranged between 7% to 10% of disposable income. In 1940 it was 11%, then dropped to as low as 3½% during the war peak of 1943-44. The 1940 relationship of 11% has somehow gained acceptance as the "ceiling" beyond which it would be dangerous to allow consumer credit to expand. In May, 1955, the $31.6 billion of consumer credit, or approximately 12% of the $261.0 billion rate of disposable income had broken the mythical ceiling. But, in relation to discretionary income, the ratio of consumer credit had dropped from 31% to 22%.

Relating consumer credit to consumer disposable income at least has the value of using something as a measuring rod, but nobody goes on to determine whether the prewar relationship was valid and can serve as a proper proportion now.

Consumer disposable income is not a proper yardstick for consumer credit because it has changed in character as a result of our increased productivity and rapid change in the income distribution of families. As families have moved up from one income group to the next there has been a disproportionate change in their "discretionary" income — in their ability to save or to buy things beyond the bare necessities.

Excess of Discretionary Spending Power Over Consumer Credit Outstanding Has Grown Sixfold Since 1940

Coming back to the importance of discretionary spending power as a yardstick for consumer credit, there is an impressive indication that the ability to handle consumer credit increases faster even than the growth in discretionary income. This is shown by the growing excess of discretionary spending power over the total of consumer credit outstanding — a sixfold growth since 1940. (Table III.)

When the total of discretionary spending power is charted year by year from 1929 to 1954 and compared with the total consumer credit a spectacular growth is shown in the amount of free purchasing power that is left over even after subtracting the amount that would be required to pay off entirely the outstanding consumer credit.

In 1940, for example, the $26.9 billion of discretionary spending power provided an excess of $18.6 billion over what would be needed to retire the $8.3 billion of consumer credit. But, as of May, 1955, the excess was $113.4 billion, or six times as large as in 1940. (Table II.)

This changed relationship should be taken into account. The ability to handle consumer credit increases faster than the disposable income. It seems logical, therefore, that consumer credit outstanding should reach levels considerably higher than the prewar relationship to disposable income.

With an expected increase in disposable income up to $280 billion in 1956, discretionary spending power should grow to $163 billion which means consumer credit could expand by 60% to over $50 billion outstanding without exceeding the prewar relationship of 31% of discretionary spending power.

Consumer credit is closely associated with the market potentials for consumer durables such as automobiles and appliances. The market for these often is referred to as "saturated" because a relatively higher percentage of families are owners. Also, they are often used as examples of overextended credit—although 69% of today's car owners have no outstanding debt against their cars. Let's examine this prize example of a product with a "saturated" market—the passenger automobile.

Six Million Annual New Car Potential Can Be Developed

Market analysis of the new and changed conditions of purchasing power and real need for automobiles indicates a **potential** market for over **six million** new cars annually for many years to come.

There is, for example, a **real need** for a second car in 11 million families where the single family car is driven to work regularly every working day and parked away from home where it is unavailable to the housewife or other members of the family who are qualified drivers. There are six million additional families where the single car is driven to work but where no other qualified driver is left at home.

This means, however, that in at least 11 million homes of regularly employed workers, the housewife is left at home immobilized when the husband takes the car to work. Yet she can drive a car and usually has daily need for a car.

Study of this prime two-car potential market shows that 7½ million or two-thirds of these 11 million who urgently **need** a second car are in the upper half of incomes—that is, over $4,000 per year—where the discretionary income and ability to purchase is high.

Assuming a minimum of 3.5 million annual replacement need, plus 1.0 million or 5% of present non-owners becoming owners, plus 600,000 car owners added through new family formation, and assuming the opportunity to convert at least 10% of the 11 million who need a second car, we have a total annual potential of over six million cars.

	Million
Replacement	3.5
Additional from non-owners	1.0
Additional from new family formations	0.6
Additional from new two-car families	1.1
Annual potential	6.2

To cash in on this expanded potential will require aggressive advertising and selling—because present habits and desires in relation to car ownership need to be changed.

Rapid Decline of Debt in Relation to Production Is Factor of Strength In Our Economy

Many point with alarm to our mounting debt total but few seem to recognize the significance of the rapid decline in the ratio of total debt to total production.

In 1930, the outstanding net total of public and private debt in the United States represented more than double a full year's

TABLE II

	1940	May, 1955	Increase 1940-1955
Disposable Personal Income (Billion)	$76.1	$261.0	$184.9
Basic Living Cost To Equal 1940 Per Capita	49.2	116.0	66.8
Surplus or "Discretionary Spending Power"	26.9	145.0	118.1
Consumer Credit Outstanding	8.3	31.6	23.3
Excess Discretionary Spend'g Power Over Consumer Credit	$18.6	$113.4 or	*$94.8

*Six times as much.

TABLE III

Relation of Consumer Credit to Discretionary Spending Power 1940-1955 — Opportunity for 1960-1965

(Billions of $)

Year—	Total Disposable Income After Taxes	Basic Living Cost to Equal 1940 Per Capita Standard	Discretionary Spending Power	Total Consumer Credit	Excess of D. S. P. Over Cons. Credit	Personal Net Saving
1940	$76.1	$49.2	$26.9	$8.3	$18.6	$4.2
1941	93.0	52.1	40.9	9.2	31.7	11.1
1942	117.5	58.5	59.0	6.0	53.0	27.8
1943	133.5	62.8	70.7	4.9	65.8	33.0
1944	146.8	64.5	82.3	5.1	77.2	36.9
1945	150.4	66.7	83.7	5.7	78.0	28.7
1946	159.2	73.1	86.1	8.4	77.7	12.6
1947	169.0	85.5	83.5	11.6	71.9	4.0
1948	187.6	93.0	94.6	14.4	80.2	10.0
1949	188.1	94.0	94.1	17.1	77.0	7.6
1950	206.1	96.4	109.7	20.8	88.9	12.1
1951	226.1	107.0	119.1	21.5	97.6	17.7
1952	236.7	111.0	125.7	25.8	99.9	18.4
1953	250.4	113.0	137.4	29.5	107.9	19.8
1954	254.8	115.0	139.8	30.1	109.7	18.3
1955–1st Q.	261.0	116.0	145.0	*31.6	113.4	15.3
Opportunity:						
1956	280.0	117.0	163.0	¶50.5	112.5	20.0
1960	320.0	125.0	195.0	¶60.0	135.0	20.0
1965	375.0	135.0	240.0	¶75.0	165.0	25.0

*May, 1955. ¶Potential.

national production — actually 210% of the year's total production. —By 1955, total debt, although over three times greater in dollars, had dropped to 160% of a year's production—production measured in dollars had grown more than fourfold.

Even more spectacular has been the drop in the relation of total private debt to production. Net private debt of individuals, business and corporations represented 176% of a year's production in 1930. By 1955 the relationship had dropped nearly in half—to 91% of a year's production.

This is a factor of unrecognized strength in our economy—but it emphasizes the importance of holding our production level high through increasing our standard of living rapidly enough to consume and enjoy what we are capable of producing.

Corporations Are Strong Financially—Corporate Debt has Declined in Relation to National Production

Net corporate long-term debt has dropped to half its prewar relationship to national production. In 1930 corporate long-term debt represented 56% of a year's production and in 1940 it was 43%. By 1955, this relationship was cut in half with long-term corporate debt representing only 22% of a year's production.

The ratio of corporate profits, after taxes, to corporate long-term debt has increased from 15% in 1940 to 25% in 1955. And the net working capital as a percent of long-term debt has increased from 63% in 1940 to 117% in 1955.

Stock Prices and Corporate Earnings Are About in Line With Increased Consumer Purchasing Power

When placed on a constant dollar basis to eliminate the influence of inflation, corporate profits, before taxes, have increased 140% between 1940 and the middle of 1955. After taxes, the increase in net corporate profits (**real** value) was 72%. This compares with an increase of 85% in consumer purchasing power and 78% in the average price of stocks. (Table IV).

Mutual Funds Have An Expanding Opportunity

These economic trends to increased productivity and higher standards of living point to expanded opportunity for mutual funds.

Mass millions of families are moving upwards into income groups where discretionary spending power is greater and where the ability to save and invest is expanded.

The number of families with over $5,000 income after taxes, for example, **doubled** between 1950 and 1954—from 6.4 million to 12.6 million. By 1960 it is possible that the number will more than **triple** the 1950 total—up to an estimated 22.8 million. These millions are moving up with little concept or knowledge of the advantagees of ownership of corporate securities or of the special advantages of investing in mutual funds.

In fact, ownership of corporate stock has a woefully low penetration or acceptance among American families—only 8% of the total consumer spending units owned any stock in 1954, according to the Federal Reserve Board Survey of Consumer Finances in early 1955. The percentage of stock ownership averaged 4% among those with incomes under $5,000 and increased to 33% among those with incomes over $10,000. There obviously is wide opportunity for increased investment and stock ownership among the millions of families moving above $5,000 where the level of income makes possible major changes in standard of living and savings and investment habits.

And a widening of share ownership is needed in our economy. Business will need added capital to provide the tools and improved production facilities to keep up with the increased productivity of an expanding economy—an economy that should reach $500 billion to $535 billion of production by 1965.

This production, by 1965, can mean a 50% increase in our overall American standard of living and a vast increase in the number of potential owners of shares in American business.

TABLE IV

Ratio Corporate Profits to Corporate Long Term Debt Is Higher Than Prewar

($ Amounts in Billions)

	Net Corporate Long-Term Debt	Corporate Profits Before Taxes	Corporate Profits After Taxes	Ratio Corporate Profits to Corp. Long-Term Debt Bef. Taxes	Ratio Corporate Profits to Corp. Long-Term Debt After Taxes
1929	$47.3	$9.6	$8.3	20%	18%
1933	47.9	0.2	—0.4	--	—1
1940	43.7	9.3	6.5	21	15
1945	38.3	19.0	8.3	50	22
1950	60.1	40.0	22.1	67	37
1954	83.7	34.0	17.0	41	20
1955 (2nd Qtr.)	85.7	42.5	21.2	50	25

Corporations Are in a Much Stronger Financial Position Than Prewar

(1955 versus 1940)*

	1940	1955 Est. (2nd Qtr.)	Increase
Current Assets	$60.3	$189.0	$128.7
Current Liabilities	32.8	89.0	56.2
Net Working Capital	$27.5	$100.0	$72.5
Ratio Current Assets to Current Liabilities	1.8 to 1	2.1 to 1	
Net Work. Capital as % of Long-Term Debt	63%	117%	

*Excluding Banks and Insurance Companies.

Continued from page 2

The Security I Like Best

products gain broader acceptance.

The development of these products was begun by Norwich in 1937 when the company started a research program to investigate the "furan ring," an almost unexplored chemical area with exciting possibilities. Using furfural derived from farm wastes (corn cobs, oat hulls and sugar cane waste) as the starting material, more than 300 compounds of nitrated furfural have been synthesized. Commonly referred to as nitrofurans, they are the exclusive property of Norwich and are protected by a large number of patents.

The nitrofurans may be described as a unique class of antimicrobials with a wide range of activity against bacteria, fungi and protozoa. They differ from the antibiotics in that they are wholly synthetic. The nitrofurans can be "built" or "tailored" to do a specific job in a specific way. Development of bacterial resistance to the nitrofurans is negligible, and treatment is accompanied by a minimum of undesirable side effects.

Furacin Soluble Dressing was the first such product marketed by Eaton Laboratories. First tested at base hospitals in England where great difficulty was being experienced in controlling infections in wounds incurred in the Normandy invasion, it was confirmed as particularly effective. Since 1946 Furacin products have been widely used by physicians and veterinarians for the prevention and treatment of tropical bacterial infections, and in large volume as feed additives for the prevention of highly destructive diseases of poultry and swine.

The next big step forward came in 1953 with the introduction of Furadantin, the first systemic nitrofuran, for kidney and urinary tract infections in humans. Furadantin has attained unusually broad acceptance by the medical profession. Another new nitrofuran has been introduced this year under the name of Tricofuran for the local treatment of a protozoal infection in humans.

To date only four of the more than 300 nitrofuran compounds developed are used as a base for the 25 professional nitrofuran specialties marketed by Eaton Laboratories. Now, with much of the basic research completed, a larger harvest of the fruits of research in the form of an increasing number of new drugs may be expected. Norwich has done an excellent job in this specialty field, and the future looks bright, indeed. The stock is listed on the New York Stock Exchange and is currently selling at about 38.

Continued from page 4

The State of Trade and Industry

when production schedules already were overloaded. One reason for this is that railroad cars are considered a basic defense item. Even so, the freight car makers are getting less steel than they would like. As a result, it is doubtful they can make more than 4,000 new cars per month during the balance of the year.

There will, states "The Iron Age," be a backlog of more than 50,000 freight cars at the year's end. But there was a net loss in freight cars of 50,000 units in 1954 due to scrap losses exceeding new car deliveries. This year's loss may go to 60,000. Freight car makers will be operating at top speed in 1956.

Indications in the automotive industry of a tremendous fourth-quarter surge were strong last week as Ford Motor Co. and Chrysler Corp. sharply increased schedules giving new 1956 model output a large slice or 44% of the industry's total car building, "Ward's Automotive Reports" said on Friday last.

Program boosts of 23.1% and 32.1%, respectively, by the two producers offset a 12.6% decline by General Motors Corp. as Pontiac joined Cadillac in changeover operations.

Elsewhere, "Ward's" stated, American Motors was in its final week of 1955 model building and Packard geared to launch 1956 output this week.

Three General Motors divisions—Chevrolet, Oldsmobile and Buick—have yet to enter new car transitions. However, "Ward's" predicts, these corporation car lines will repeat Ford's quick-changeover performance when they switch in October, avoiding further major slumps in United States car output.

The statistical publication pegged this week's United States car production at 124,001, a 1.4% gain over the previous week's yield of 122,263.

A strong 17.5% gain was slated by United States truck producers, shooting for 25,090 units compared with 21,348 a week earlier, as International Harvester and Willys Motors rebounded sharply following strike-caused idleness.

Meanwhile, Detroit-area dealers with 157,317 units sold in January through August, this month topped the 160,756 new cars sold in entire 1954 and headed toward a record 200,000-plus sales for all of 1955. The present peak is 195,614 new car sales posted in 1950, "Ward's" reported.

Across the border, Canadian car-truck building, spurred by hiked rosters at Ford and Chrysler, was up some 50% over output a week earlier despite the walkout of 17,000 General Motors' employees which halted operations by the corporation's five Canadian plants early last week.

August building permit values in 217 United States cities totaled $555,829,122, representing the highest August volume on record, and compared with $459,157,830 in the like month a year ago, for a gain of 21.1%. It exceeded the July figure of $511,841,797 by 8.6%, according to Dun & Bradstreet, Inc.

New York City building plans for the month amounted to $41,436,766, up 34.4% above the $30,841,192 for August 1954, but a drop of 19.4% from the previous month, with $51,383,412.

The best advances over a year ago were recorded in the East Central region, which rose 41.3%, the Pacific region, up 27.8%, and the Middle Atlantic region, up 25.9%.

Steel Production Shows Little Change from Week Ago

Steel may be a little easier to get next year, states "Steel" magazine, the metalworking weekly the current week, since the automobile industry probably will use less steel, and the steel industry itself will have more capacity.

A cut of 6.5 to 13% in 1956 auto production, estimated by an industry spokesman, would be equivalent to a five-week absence from the steel market. This would leave about 1,800,000 net tons of finished steel available to other consumers. That's enough to supply the agricultural implement and equipment business for a whole year, this trade paper observes.

Meanwhile, it continues, the mills are pushing hard to fill the flood of steel orders on their books. In the week ended Sept. 25, they produced steel for ingots and castings at 96% of capacity. This was an increase of 0.5 points over the preceding week and marks the fourth consecutive week of rise.

Selling prices of steel are steady. As a result, "Steel's" arithmetical price composite on finished steel remains at $127.41 a net ton. Also unchanged is "Steel's" price composite on steelmaking scrap—$44.33 a gross ton. However, the price on ferroalloys—steelmaking materials—is rising 5.3%. The increases already are effective on spot orders and will apply to contracts on Oct. 1.

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 96.0% of capacity for the week beginning Sept. 26, 1955, equivalent to 2,316,000 tons of ingots and steel for castings as compared with 96.1% of capacity and 2,320,000 tons (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 93.4% and production 2,255,000 tons. A year ago the actual weekly production was placed at 1,678,000 tons or 70.4%. 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 Registered Further Expansion Last Week

The amount of electric energy distributed by the electric light and power industry for the week ended Saturday, Sept. 24, 1955, was estimated at 10,756,000,000 kwh., according to the Edison Electric Institute.

This week's output increased 133,000,000 kwh. above that of the previous week, when the actual output stood at 10,623,000,000 kwh., revised; it increased 1,684,000,000 kwh., or 18.6% above the

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With American Secs.

(Special to THE FINANCIAL CHRONICLE)

CHICAGO, Ill. — George T. Golden has become associated with American Securities Corporation, 111 West Monroe Street. He was formerly with H. Hentz & Co.

Now With Elmer Bright

(Special to THE FINANCIAL CHRONICLE)

BOSTON, Mass. — Samuel C. Bennett is now with Elmer H. Bright & Co., 84 State Street, members of the New York and Boston Stock Exchanges. Mr. Bennett was formerly with Proctor, Cook & Co.

Coburn Middlebrook Adds

(Special to THE FINANCIAL CHRONICLE)

BOSTON, Mass.—Frank T. Reynolds is now with Coburn & Middlebrook, Incorporated, 75 State Street.

With Renyx, Field

(Special to THE FINANCIAL CHRONICLE)

BOSTON, Mass. — Pauline L. Wagner has become affiliated with Renyx, Field & Co., Inc.

With J. Logan Co.

(Special to THE FINANCIAL CHRONICLE)

LOS ANGELES, Calif.—John D. Gregory is now with J. Logan & Co., 210 West Seventh Street.

Vickers Adds to Staff

(Special to THE FINANCIAL CHRONICLE)

BOSTON, Mass.—Geno L. Neri has joined the staff of Vickers Brothers, 80 Federal Street. He was previously with B. C. Morton & Co.

Now With White & Co.

(Special to THE FINANCIAL CHRONICLE)

ST. LOUIS, Mo.—James E. Conner has become connected with White & Company, Mississippi Valley Building. He was formerly with Waddell & Reed, Inc.

Joins Fulton, Reid Co.

(Special to THE FINANCIAL CHRONICLE)

CLEVELAND, Ohio — Ruth F. Worth has joined the staff of Fulton, Reid & Co., Union Commerce Building, members of the Midwest Stock Exchange.

Managed Makes Monthly Million

Managed Funds, Inc., which launched a sales program last November to increase assets by a million dollars a month in their eleven classes of mutual fund shares, has exceeded that goal for the nine-month period ending Aug. 31, the company states.

At the campaign's start on Nov. 30, net assets of all Managed Funds' share totaled $29,569,652. At the end of August, the total had risen to $38,893,622, according to Hilton H. Slayton, President of the St. Louis firm.

Since Aug. 31, Managed Funds' total assets has climbed another $1,500,000—to about $40,400,000.

"We're especially proud of our record for June, July and August, when mutual fund sales usually taper off," Mr. Slayton said. "During this period, our net assets increased by $3,727,319—more than $700,000 over our 'Million a Month' goal."

A big contributor to the sharp rise of the three-month period was Managed Funds' Electric Shares whose total net assets increased by over a million dollars —from $1,361,527 to $2,372,438.

Mutual Funds

By ROBERT R. RICH

The Higher Costs of Higher Education

To the check-writing parents left behind by this month's exodus of 2½ million college-bound students, there will be complete readiness to agree with an investment studys findings that today's higher costs of higher education make preparing for college more and more a parents' problem.

A study, released today by Hugh W. Long and Company, Inc. of Elizabeth, N. J., sponsor of Fundamental Investors and three other mutual funds, recalls that three centuries ago, for example, sheep or tubs of butter worth £55 —little more than $150 at today's valuation of the pound — would have sufficed to put a young man through Harvard.

Since 1900, however, this survey of typical annual college costs reveals, the trend of college expenses have been steadily upward. And the sharpest proportionate increases during this period, the study observes, have been recorded since 1945. At Columbia, Harvard and Stanford, for example, tuitions during the past 10 years have more than doubled, while aggregate annual costs for tuition and residence at Iowa and Vassar, among institutions surveyed, are up 50% or more.

Noting that today's annual college expenditures are substantial by any measure, the study shows the extent of the burden you would be shouldering if, today, you were paying a year's cost of your child's college program out of your current annual income. Accepting $1,745 as a typical year's college cost, the study reveals that this amounts to 38.1% of your after-tax earnings (joint tax return, family with two children) if you earn $5,000 a year 20.2% if your annual income is $10,000, some 14.1% if $15,000 and 10.9% if $20,000 per year.

These data, the study asserts, show why early preparation for college costs is a must. Setting aside cash savings or the purchase of government bonds, or both, are steps the study recommends for approaching the program, since they offer assurance of having a fixed number of dollars available when needed. However, by themselves these "fixed dollar" investments in the years ahead may not be able to do the job intended for them.

Suppose, for example—the study points out—that in January 1945 when a year at Columbia cost about $1,500, you had "banked" $1,170 at 2½% interest compounded semi-annually. At that rate of interest, over the years, these dollars would have grown to $1,500. But, as the ten years passed, annual costs for students at Columbia rose to about $1,916. You would have been "short" of the cost of one year's education by some $400. And, of course, a four-year college program on the same scale, would have found you short by over $1,600.

Suggesting that a part of the reserves set aside to prepare for a college education might well be invested in the shares of mutual funds, the study declares that if higher education for your children represents one of your goals, the dollar aspects of your "academic" problem are far from academic; they are real and immediate.

Growth Holders Approve Split

Stockholders of Massachusetts Investors Growth Stock Fund yesterday voted to approve a three-for-one stock split. President Kenneth L. Isaacs stated that it is planned to make the split effective Oct. 7, 1955.

The fund's quarterly report, just issued, for the period ended Aug. 31, 1955, shows total net assets of $77,140,507 compared with $51,594,738 on Aug. 31, 1954. Net asset value per share was $29.13 excluding a capital gain payment of 57 cents in this fiscal year and compares with an asset value per share of $20.98 last year.

As of the quarter's end the fund had 19,141 stockholders and 2,648,225 shares outstanding, compared with 17,551 stockholders and 2,459,652 shares on Aug. 31, 1954.

Nearly half the fund's assets are in companies which develop natural resources, the report notes. In this respect the largest holdings are in oil and gas, followed by aluminum, pulp and paper, special metals and special chemicals.

Incorporated Income Fund Board of Directors has declared a dividend of 12 cents per share payable Oct. 15, 1955, to stockholders of record at the close of business Sept. 29, 1955.

Axe-Houghton Fund A directors have authorized the second 2-for-1 stock split since the Fund started in business in 1938. The first one was on April 20, 1946.

The new shares are to be distributed Oct. 7 to holders of record at the close of business Sept. 16.

At the same time Mr. Axe disclosed that directors of Axe-Houghton Fund B are contemplating a 3-for-1 split soon after the first of the year.

The announcement of the Axe-Houghton Fund A split followed approval by the shareholders of an increase in the authorized capital stock from 6 million to 15 million shares.

Putnam Fund trustees have declared a dividend of 10 cents per share from investment income, payable Oct. 24, 1955, to shareholders of record Sept. 30, 1955. This will represent the 72nd consecutive payment made by the fund and will go to over 31,500 shareholders. The payment is at the same rate as a year ago; adjusting for the fund's 100% stock dividend earlier this year.

George Putnam, Chairman of the trustees, stated that total net assets now exceed $120,000,000 compared with $101,000,000 at the year-end and $90,000,000 a year ago.

American Assets Now $33 Million

American Business Shares, Inc. reports net assets of $32,968,755, equivalent to $4.23 a share, on Aug. 31, 1955. Nine months earlier, at the end of the company's last fiscal year on Nov. 30, 1954, after provision for a 45c per share capital gain distribution, each share had a value of $4.04.

The portfolio as of Aug. 31, 1955 consisted of common stocks to the extent of 51.56%, with cash bonds and preferred and guaranteed stocks amounting to 48.44%. There were no common stocks added in the nine months ended Aug. 31, 1955. Those eliminated were Bucyrus-Erie; Chance Vought Aircraft; International Nickel; Loew's Inc.; McGraw Electric; Ohio Oil; F. W. Woolworth.

Axe-Houghton Fund B total net assets have crossed the $50 million mark. The fund will make a record year-end payment to shareholders amounting to approximately $294,084 from income and $1,764,502 from net profits.

Putnam Fund Sales Steady in Break

Trustees of The George Putnam Fund of Boston today announced that during Monday and Tuesday of this week during the stock market "Shakeout" investors purchased over 3½ times as many shares as they resold to the fund. Sales during these two days totaled 18,871 shares and repurchases 5,029 shares, a net excess of sales over repurchases of 13,842.

George Putnam, chairman of the trustees, stated that "although we believe that we face a period of uncertainty, we do not expect a severe and prolonged market decline because of the very strong business background both here and abroad and an absence of weak margin position in the market."

Sales for the ten months ended Aug. 31, also established a new high for the period amounting to $45,339,280, compared with $16,144,893 in the ten months ended Aug. 31, 1954.

Total net assets reached a new peak on Aug. 31 at $107,124,181, compared with $49,510,410 on Aug. 31 last year.

Personal Progress

Dr. Daniel E. Brady has been appointed a member of the advisory council of Futures, Inc., a commodity mutual fund. Dr. Brady, a professor at the University of Missouri's Department of Agriculture, is an authority on animal husbandry and meat technology. At Futures, Inc. he will specialize in commodities related to meat, such as hides, lard and wool.

Television Fund Sales

Sales of Television Electronics Fund set a record high for the month of August at $2,669,200 compared with $2,212,442 in August, 1954.

With Daniel D. Weston

(Special to THE FINANCIAL CHRONICLE)

BEVERLY HILLS, Calif.—Donald G. Stelzner has become affiliated with Daniel D. Weston & Co., 140 South Beverly Drive.

Resources, Deposits and Capital Funds of U. S. Banks Reach New All-Time Highs

Rand, McNally & Co. has just issued the final 1955 edition of its "Blue Book Bank Directory," being the 159th edition since 1872. The listings indicate that resources are up $18.3 billion from a year earlier to $239.6 billion; deposits are up $15.9 billion to $217.5 billion, and capital funds are up $1.5 billion to $19.2 billion.

About two-thirds of the added funds or $13.2 billion went into loans; $2.0 billion went into municipal and corporate securities, and $1.6 billion into U. S. Government securities. Cash and other assets increased $1.5 billion.

On June 30, reports the Blue Book, there were 14,413 banks and 7,042 branches in the United States, Alaska and Hawaii or 146 fewer banks than a year earlier, but 546 more branches.

A comparative yearly record ranging from 1935 to 1955 follows:

TREND OF U. S. BANKING

June 30 Figures—Dollars in Billions

Year	Number of— Banks	Number of— Branches	Cap.	Surp.	Undiv. Profits, Res.	Deposits	Resources	U. S. Govt. Secur.	Other Secur.	Loans and Discts.
1955	14,413	7,042	$4.9	$9.7	$4.6	$217.5	$239.6	$74.6	$21.5	$95.3
1954	14,559	6,496	4.3	8.8	4.6	201.6	221.3	73.0	19.5	82.1
1953	14,638	6,073	4.1	8.3	4.3	191.6	210.3	68.6	17.6	78.4
1952	14,711	5,712	4.0	7.9	4.0	186.6	204.3	71.2	17.0	71.0
1951	14,744	5,401	3.8	7.3	3.9	174.1	190.1	69.2	15.2	64.9
1950	14,775	5,083	3.6	7.0	3.5	165.6	181.0	77.7	13.6	52.8
1949	14,808	4,829	3.5	6.4	3.3	158.2	172.7	75.3	12.3	47.4
1948	14,843	4,588	3.4	6.1	3.0	157.0	170.1	76.5	11.1	45.7
1947	14,846	4,362	3.3	5.8	2.9	155.3	168.4	83.2	10.0	38.9
1946	14,838	4,197	3.2	5.5	2.7	160.9	173.3	96.5	9.2	32.0
1945	14,796	4,249	3.1	4.9	2.4	152.7	163.7	94.2	8.1	28.3
1940	15,232	3,781	3.1	3.7	1.7	71.4	80.4	19.9	9.4	22.5
1935	16,060	3,173	3.6	3.2	1.2	51.7	60.6	14.1	10.3	20.5

Source: Rand McNally International Bankers Directory or "Blue Book."

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The State of Trade and Industry

comparable 1954 week and 2,402,000,000 kwh. over the like week in 1953.

Car Loadings Rose 16.4% Above Preceding Holiday Week

Loadings of revenue freight for the week ended Sept. 17, 1955, increased 115,639 cars or 16.4% above the preceding holiday week, according to the Association of American Railroads.

Loadings for the week ended Sept. 17, 1955, totaled 822,214 cars, an increase of 110,986 cars, or 15.6% above the corresponding 1954 week, but a decrease of 1,669 cars, or 0.2% below the corresponding week in 1953.

U. S. Automotive Industry Expected to Show Tremendous 4th Quarter Surge in Output

New 1956 model output in the automotive industry for the latest week, ended Sept. 23, 1955, according to "Ward's Automotive Reports," is expected to show a tremendous fourth-quarter surge. Last week the industry assembled an estimated 124,001 cars, compared with 122,263 (revised) in the previous week. The past week's production total of cars and trucks amounted to 149,091 units, or an increase above the preceding week's output of 5,480 units, states "Ward's."

Last week's car output advanced above that of the previous week by 1,738 cars, while truck output increased by 3,742 vehicles during the week. In the corresponding week last year 53,760 cars and 16,184 trucks were assembled.

Last week the agency reported there were 25,090 trucks made in the United States. This compared with 21,348 in the previous week and 16,184 a year ago.

Canadian output last week was placed at 3,600 cars and 715 trucks. In the previous week Dominion plants built 2,416 cars and 457 trucks, and for the comparable 1954 week 2,058 cars and 802 trucks.

Business Failures Decline to Lowest Level in Six Week Period

Commercial and industrial failures decreased to 171 in the week ended Sept. 22 from 191 in the preceding week, according to Dun & Bradstreet, Inc. At the lowest level in six weeks, failures showed a marked downturn from a year ago when 212 occurred, although they remained above the 152 in 1953. The toll fell considerably, 28%, below the 239 recorded in the comparable week of prewar 1939.

The week's decline occurred entirely among failures with liabilities of $5,000 or more, which dipped to 141 from 161 in the previous week and 187 last year. Small failures, with liabilities under $5,000, held steady at 30 and exceeded their level of 25 a year ago. Fourteen businesses failed with liabilities in excess of $100,000 as against 20 in the preceding week.

All industry and trade groups had decreases in failures during the week, with the toll among manufacturers off slightly to 35 from 36, among retailers to 82 from 85, among wholesalers to 19 from 22, and among commercial services to 14 from 18. Construction failures declined more sharply to 21 from 30. Fewer concerns failed than last year in all lines; the sharpest declines from 1954 appeared in wholesale trade and construction.

The Pacific States accounted principally for the week's decline, reporting 32 failures as against 53. The toll in the Middle Atlantic States dipped to 64 from 68, and the East South Central and West South Central States had slightly lower mortality. However, four regions had higher failures, including the East North Central States, up to 25 from 21, and New England, up to 17 from 12, while the South Atlantic toll held even at 10. Five regions had more failures than a year ago while four had fewer. Notable declines from 1954 centered in the Pacific and South Atlantic States while failures were only half as numerous.

Following a decline in the two preceding months, business failures edged up slightly in August to 888, but the toll was 3% lower than in August 1954, when a postwar peak of 912 was established for the month.

Although there was an increase in the number of failures, the rate for each 10,000 operating businesses declined. Dun's Failure Index, which reflects the failure rate for each 10,000 enterprises listed in the Dun & Bradstreet "Reference Book," dipped to 41.6 in August from 42.0 in July. A year ago, 44 of each 10,000 enterprises succumbed, while the prewar rate was 71 in August 1940.

Wholesale Food Price Index Registers Slight Drop

A mild downturn the past week following rather sharp advances in the two preceding weeks brought the Dun & Bradstreet wholesale food price index for Sept. 20 to $6.25, from $6.26 a week earlier. The current number compares with $6.73 on the corresponding date a year ago, or a drop of 7.1%.

Commodities quoted higher last week included flour, wheat, rye, oats, barley, bellies, cottonseed oil, eggs, rice and raisins. Lower in price were beef, hams, lard, butter, coffee, cocoa, potatoes, steers, hogs and lambs.

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 Closes Week at Lower Level

The daily wholesale commodity price index, compiled by Dun & Bradstreet, Inc., declined in the latter part of the week to finish at 277.95 on Sept. 20. This contrasted with 278.05 a week earlier, and with 275.98 on the like date a year ago.

Grain market displayed continued firmness throughout the past week. Feed grains were especially strong with prices for corn bolstered by light receipts at terminal markets, which reflected a lack of country selling pressure, firmness in spot markets, and reports that farmers were not anxious to sell at current market levels. Some buying was encouraged by reports of further deterioration in the crop which was maturing rapidly under dry weather conditions.

The advance in wheat largely reflected continued drought in many Winter wheat sections but there was some reaction at the close on reports of the receipt of rain during the past weekend over vast areas of the Southwest.

Rye showed independent strength aided by some export business. Sales of grain and soybean futures on the Chicago Board of Trade last week totaled 40,500,000 bushels, about unchanged from the previous week but well below the 46,100,000 bushels in the same week last year.

The coffee market was aided by roaster demand for large quantities of green coffee. Available supplies of coffee were somewhat tight due to the delay in arrival of some ships owing to storms.

Business in cocoa was moderate with prices tending lower following early firmness. Manufacturer demand continued listless. Warehouse stocks of cocoa declined to 235,900 bags, from 248,079 a week previous and compared with 101,019 bags a year ago. Lard prices continued to work lower under limited demand. Cattle prices declined sharply the past week. Heavy market receipts and the return of summer temperatures helped to depress the market. Lamb prices were also lower on increased receipts, but hog values remained firm despite lower wholesale pork prices.

Cotton prices moved downward in the latter half of the week and finished moderately lower for the period.

The decline was attributed largely to cautious mill buying and continued slow export business.

Exports for the season through Sept. 15 were reported at 160,564 bales, against 303,348 in the same 1954 period. Trading in the 14 markets increased as the crop movement gained momentum. Sales for the week totaled 222,800 bales, compared with 144,400 the preceding week, and 355,900 in the same week last year. Consumption of cotton in the four-week August period, according to the Census Bureau, totaled 717,227 bales, or a daily average of 35,861 bales. The latter compared with 29,823 in July, and 33,338 a year ago.

Trade Volume Registers Moderate Expansion in Latest Week

Cooler weather stimulated consumer buying in most downtown business districts last week.

The total dollar volume of sales expanded moderately, and the level of retail trade was noticeably above that of the corresponding 1954 week.

Reduced price sales promotions encouraged consumer interest in Fall merchandise.

The total dollar volume of retail trade in the period ended on Wednesday of last week was 2 to 6% 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 +2 to +6; East 0 to +4; South and Midwest +3 to +7; Northwest +1 to +5; Southwest +4 to +8 and Pacific Coast —1 to +3.

Apparel stores reported slight gains in sales the past week, and volume was somewhat higher than that of last year. There was a marked increase in the sale of men's Fall coats and suits. Sports jackets, sports shirts and furnishings were popular for college wear. Women's coat and suit sales rose slightly, and there was an increased call for jewelry and other women's accessories.

The volume of food sales rose slightly a week ago, moderately exceeding that of the same period last year. Grocery sales were high and steady and the consumer call for eggs and coffee rose appreciably. A considerable rise in the sales volume of frozen foods was reported with housewives especially interested in frozen meat products. Retail sales of butter and cheese declined somewhat.

Wholesale orders expanded moderately the past week.

The total dollar volume noticeably exceeded the level of the corresponding 1954 week.

With retailers seeking to replenish stocks of Fall merchandise, wholesale inventories decreased in many lines.

Department store sales on a country-wide basis as taken from the Federal Reserve Board's index for the week ended Sept. 17, 1955, advanced 4% from the like period last year. In the preceding week, Sept. 10, 1955, a rise of 11% 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. 17, 1955, a gain of 7% was registered above that of 1954.

Retail trade in New York City the past week hampered in the forepart by threats of impending hurricane weather and poor apparel sales, declined 6 to 7% below the volume of the like period a year ago.

According to the Federal Reserve Board's index department store sales in New York City for the weekly period ended Sept. 17, 1955, declined 6% below that of the like period of last year. In the preceding week, Sept. 10, 1955, an increase of 15% was recorded. For the weeks ending Sept. 17, 1955, an increase of 4% occurred. For the period Jan. 1, 1955, to Sept. 17, 1955, the index recorded a rise of 2% from that of the corresponding period of 1954.

Bankers Offer Kaiser Aluminum Pfd. Stock

The largest issue in recent years of investment preferred stock of an industrial company was brought to market yesterday (Sept. 28) with the public offering of 700,000 shares of 4¾% cumulative preferred stock of Kaiser Aluminum & Chemical Corp. The stock is priced at par ($50 per share) and was offered by a nationwide group of 126 underwriters headed jointly by The First Boston Corp. and Dean Witter & Co.

The new preferred carries the provision for the purchase in each of the next five years of up to 28,000 shares at not more than $50 per share and the retirement annually thereafter through a sinking fund of 28,000 shares by purchase or by redemption at $50 per share. Regular redemption prices range from $52.50 if called prior to Oct. 1, 1960, to $51 after Oct. 1, 1970.

The company, a major producer of primary aluminum, will use the proceeds from the sale of new preferred together with funds from the sale to institutional investors of $40,000,000 of first mortgage bonds, 3¾% series due 1976, to finance in part its current construction program.

Kaiser Aluminum & Chemical Corp. and its subsidiaries comprise an integrated aluminum producer with operations ranging from the mining and processing of bauxite to the fabrication of aluminum and its alloys into variety of products. At the present time, the annual capacity of its primary aluminum plants is approximately 408,200 tons while its flat rolled and foil product capacity is 207,000 tons yearly. The corporation also produces basic refractory materials, dolomites, and magnesias.

Consolidated net sales for the fiscal year ended May 31, 1955, totaled $268,133,000 and net income for the period amounted to $28,565,000.

Application will be made to list the preferred stock on the New York and San Francisco Stock Exchanges where the common stock is also listed.

With Reynolds & Co.

(Special to THE FINANCIAL CHRONICLE)

CHICAGO, Ill.—Paul K. Shanks is now with Reynolds & Co., 39 South La Salle Street.

With Webber Simpson

(Special to THE FINANCIAL CHRONICLE)

CHICAGO, Ill.—Oscar R. Hart is now affiliated with Webber-Simpson & Co., 208 South La Salle Street, members of the Midwest Stock Exchange.

Joins Beer & Co.

(Special to THE FINANCIAL CHRONICLE)

BATON ROUGE, La.—Hugh B. O'Connor is now with Beer & Company, 234 Third Street.

With Townsend, Dabney

(Special to THE FINANCIAL CHRONICLE)

BOSTON, Mass. — Kenneth S. Cassidy is now with Townsend, Dabney & Tyson, 30 State Street, members of the New York and Boston Stock Exchanges.

Joins Jay Kaufmann

(Special to THE FINANCIAL CHRONICLE)

BOSTON, Mass.—Rosario Novello has joined the staff of Jay W. Kaufmann & Co., Hotel Touraine.

Joins Shaw, Hooker

(Special to THE FINANCIAL CHRONICLE)

SAN FRANCISCO, Calif. — Frank J. Mohr is now affiliated with Shaw, Hooker & Co., 1 Montgomery Street, members of the San Francisco Stock Exchange.

Indications of Current Business Activity

The following statistical tabulations cover production and other figures for the latest week or month available. Dates shown in first column are either for the week or month ended on that date, or, in cases of quotations, are as of that date:

		Latest Week	Previous Week	Month Ago	Year Ago
AMERICAN IRON AND STEEL INSTITUTE:					
Indicated steel operations (percent of capacity)	Oct. 2	§96.0	*96.1	93.4	70.4
Equivalent to—					
Steel ingots and castings (net tons)	Oct. 2	§2,316,000	*2,320,000	2,255,000	1,678,000
AMERICAN PETROLEUM INSTITUTE:					
Crude oil and condensate output—daily average (bbls. of 42 gallons each)	Sept. 16	6,684,150	6,655,250	6,700,550	6,196,400
Crude runs to stills—daily average (bbls.)	Sept. 16	¶7,471,000	7,554,000	7,505,000	6,969,000
Gasoline output (bbls.)	Sept. 16	25,954,000	26,174,000	26,711,000	23,852,000
Kerosene output (bbls.)	Sept. 16	2,097,000	2,089,000	2,179,000	2,313,000
Distillate fuel oil output (bbls.)	Sept. 16	11,503,000	11,556,000	10,953,000	10,047,000
Residual fuel oil output (bbls.)	Sept. 16	7,342,000	7,656,000	7,814,000	7,707,000
Stocks at refineries, bulk terminals, in transit, in pipe lines—					
Finished and unfinished gasoline (bbls.) at	Sept. 16	152,165,000	154,337,000	155,563,000	151,787,000
Kerosene (bbls.) at	Sept. 16	35,726,000	35,601,000	33,557,000	37,644,000
Distillate fuel oil (bbls.) at	Sept. 16	141,229,000	137,836,000	125,222,000	124,021,000
Residual fuel oil (bbls.) at	Sept. 16	46,700,000	47,111,000	46,349,000	57,268,000
ASSOCIATION OF AMERICAN RAILROADS:					
Revenue freight loaded (number of cars)	Sept. 17	822,214	706,575	780,863	711,228
Revenue freight received from connections (no. of cars)	Sept. 17	661,927	614,459	630,924	583,347
CIVIL ENGINEERING CONSTRUCTION — ENGINEERING NEWS-RECORD:					
Total U. S. construction	Sept. 22	$432,958,000	$381,189,000	$265,312,000	$340,883,000
Private construction	Sept. 22	285,305,000	222,570,000	174,147,000	188,154,000
Public construction	Sept. 22	147,653,000	158,619,000	91,165,000	152,729,000
State and municipal	Sept. 22	127,830,000	119,481,000	80,027,000	135,621,000
Federal	Sept. 22	19,823,000	39,138,000	11,138,000	17,108,000
COAL OUTPUT (U. S. BUREAU OF MINES):					
Bituminous coal and lignite (tons)	Sept. 17	9,970,000	8,570,000	9,475,000	8,055,000
Pennsylvania anthracite (tons)	Sept. 17	562,000	431,000	365,000	532,000
DEPARTMENT STORE SALES INDEX—FEDERAL RESERVE SYSTEM—1947-49 AVERAGE = 100	Sept. 17	125	108	106	120
EDISON ELECTRIC INSTITUTE:					
Electric output (in 000 kwh.)	Sept. 24	10,756,000	*10,623,000	10,906,000	9,072,000
FAILURES (COMMERCIAL AND INDUSTRIAL) — DUN & BRADSTREET, INC.	Sept. 22	171	191	180	212
IRON AGE COMPOSITE PRICES:					
Finished steel (per lb.)	Sept. 20	5.174c	5.174c	5.174c	4.801c
Pig iron (per gross ton)	Sept. 20	$59.09	$59.09	$59.09	$56.59
Scrap steel (per gross ton)	Sept. 20	$44.17	$44.17	$43.83	$30.17
METAL PRICES (E. & M. J. QUOTATIONS):					
Electrolytic copper—					
Domestic refinery at	Sept. 21	43.475c	44.225c	41.425c	29.700c
Export refinery at	Sept. 21	43.450c	45.125c	41.375c	30.075c
Straits tin (New York) at	Sept. 21	97.375c	96.000c	96.250c	93.625c
Lead (New York) at	Sept. 21	15.000c	15.000c	15.000c	14.750c
Lead (St. Louis) at	Sept. 21	14.800c	14.800c	14.800c	14.550c
Zinc (East St. Louis) at	Sept. 21	13.000c	13.000c	12.500c	11.500c
MOODY'S BOND PRICES DAILY AVERAGES:					
U. S. Government Bonds	Sept. 27	95.47	94.99	94.54	99.94
Average corporate	Sept. 27	107.44	107.44	107.44	110.52
Aaa	Sept. 27	110.70	110.70	110.70	115.24
Aa	Sept. 27	109.06	109.06	109.06	112.19
A	Sept. 27	107.44	107.27	107.62	110.52
Baa	Sept. 27	102.80	102.80	102.80	104.66
Railroad Group	Sept. 27	105.86	105.86	106.21	109.06
Public Utilities Group	Sept. 27	107.80	107.80	107.98	110.70
Industrials Group	Sept. 27	108.70	108.52	108.16	111.81
MOODY'S BOND YIELD DAILY AVERAGES:					
U. S. Government Bonds	Sept. 27	2.84	2.87	2.90	2.50
Average corporate	Sept. 27	3.31	3.31	3.31	3.14
Aaa	Sept. 27	3.13	3.13	3.13	2.89
Aa	Sept. 27	3.22	3.22	3.22	3.05
A	Sept. 27	3.31	3.32	3.30	3.14
Baa	Sept. 27	3.58	3.58	3.58	3.47
Railroad Group	Sept. 27	3.40	3.40	3.38	3.22
Public Utilities Group	Sept. 27	3.29	3.29	3.28	3.13
Industrials Group	Sept. 27	3.25	3.25	3.27	3.07
MOODY'S COMMODITY INDEX	Sept. 27	410.5	409.2	405.4	406.4
NATIONAL PAPERBOARD ASSOCIATION:					
Orders received (tons)	Sept. 17	246,613	227,826	237,378	235,147
Production (tons)	Sept. 17	290,350	218,751	282,969	244,607
Percentage of activity	Sept. 17	104	80	100	93
Unfilled orders (tons) at end of period	Sept. 17	635,802	682,853	619,331	408,830
OIL, PAINT AND DRUG REPORTER PRICE INDEX— 1949 AVERAGE = 100	Sept. 23	106.94	106.53	106.68	105.64
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	Sept. 3	975,702	986,650	1,133,728	901,335
Dollar value	Sept. 3	$53,550,016	$54,134,322	$62,463,360	$42,999,937
Odd-lot purchases by dealers (customers' sales)—					
Number of orders—Customers' total sales	Sept. 3	802,475	790,049	887,576	892,108
Customers' short sales	Sept. 3	4,916	4,724	5,984	13,983
Customers' other sales	Sept. 3	797,559	785,325	881,592	878,125
Dollar value	Sept. 3	$39,503,986	$38,297,221	$46,293,057	$39,872,818
Round-lot sales by dealers—					
Number of shares—Total sales	Sept. 3	218,400	210,440	230,940	314,790
Short sales	Sept. 3	------	------	------	------
Other sales	Sept. 3	218,400	210,440	230,940	314,790
Round-lot purchases by dealers—					
Number of shares	Sept. 3	391,870	418,790	450,540	278,540
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	Sept. 3	504,440	597,140	445,800	378,200
Other sales	Sept. 3	8,953,150	9,542,710	10,719,800	9,552,430
Total sales	Sept. 3	9,457,590	10,139,850	11,165,600	9,930,630
ROUND-LOT TRANSACTIONS FOR ACCOUNT OF MEMBERS, EXCEPT ODD-LOT DEALERS AND SPECIALISTS:					
Transactions of specialists in stocks in which registered—					
Total purchases	Sept. 3	1,203,870	1,218,810	1,339,440	1,182,360
Short sales	Sept. 3	213,010	212,980	211,310	171,850
Other sales	Sept. 3	963,280	1,023,260	1,177,900	1,038,230
Total sales	Sept. 3	1,176,290	1,236,240	1,389,210	1,210,080
Other transactions initiated on the floor—					
Total purchases	Sept. 3	247,650	285,910	305,400	321,290
Short sales	Sept. 3	12,300	29,800	25,300	18,700
Other sales	Sept. 3	213,630	261,360	330,810	293,620
Total sales	Sept. 3	225,930	291,160	356,110	312,320
Other transactions initiated off the floor—					
Total purchases	Sept. 3	422,060	665,531	507,904	385,630
Short sales	Sept. 3	134,700	205,900	91,720	50,950
Other sales	Sept. 3	594,527	863,634	602,467	404,088
Total sales	Sept. 3	729,227	1,069,534	694,187	455,038
Total round-lot transactions for account of members—					
Total purchases	Sept. 3	1,873,580	2,170,251	2,152,744	1,889,280
Short sales	Sept. 3	360,010	448,680	328,330	241,500
Other sales	Sept. 3	1,771,437	2,148,254	2,111,177	1,735,938
Total sales	Sept. 3	2,131,447	2,596,934	2,439,507	1,977,438
WHOLESALE PRICES, NEW SERIES — U. S. DEPT. OF LABOR — (1947-49 = 100):					
Commodity Group—					
All commodities	Sept. 20	111.4	111.4	110.5	109.9
Farm products	Sept. 20	89.5	*89.6	88.3	92.8
Processed foods	Sept. 20	101.8	102.2	101.4	105.8
Meats	Sept. 20	84.6	85.4	84.5	90.3
All commodities other than farm and foods	Sept. 20	117.9	117.9	117.0	114.4

*Revised figure. ¶Includes 758,000 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
ASSOCIATION OF AMERICAN RAILROADS— Month of August:			
Locomotive units installed in service	31	71	36
BANK DEBITS—BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM—Month of August (in thousands)	$167,358,000	$161,741,000	$151,504,000
BANKERS' DOLLAR ACCEPTANCES OUTSTANDING — FEDERAL RESERVE BANK OF NEW YORK—As of August 31:			
Imports	$220,386,000	$223,150,000	$205,008,000
Exports	181,891,000	185,837,000	124,439,800
Domestic shipments	10,615,000	11,401,000	13,449,000
Domestic warehouse credits	100,647,000	96,265,000	87,223,000
Dollar exchange	40,690,000	40,840,000	75,342,000
Based on goods stored and shipped between foreign countries	100,626,000	92,143,000	47,374,000
Total	$654,855,000	$649,636,000	$562,840,000
BUSINESS FAILURES—DUN & BRADSTREET, INC.—Month of August:			
Manufacturing number	158	179	187
Wholesale number	107	89	94
Retail number	430	423	451
Construction number	134	102	100
Commercial service number	59	68	80
Total number	888	861	912
Manufacturers liabilities	$10,102,000	$11,865,000	$12,388,000
Wholesale liabilities	4,252,000	4,282,000	4,202,000
Retail liabilities	10,024,000	8,605,000	11,225,000
Construction liabilities	9,663,000	6,289,000	2,386,000
Commercial service liabilities	1,987,000	1,502,000	2,381,000
Total liabilities	$36,028,000	$32,543,000	$32,582,000
BUSINESS INCORPORATIONS (NEW) IN THE UNITED STATES—DUN & BRADSTREET, INC.—Month of August	10,983	10,893	9,041
COMMERCIAL PAPER OUTSTANDING—FEDERAL RESERVE BANK OF NEW YORK— As of August 31 (000's omitted)	$580,000	$593,000	$794,000
COPPER INSTITUTE—For month of August:			
Copper production in U. S. A.—			
Crude (tons of 2,000 pounds)	77,007	*39,460	62,047
Refined (tons of 2,000 pounds)	98,732	51,182	104,693
Deliveries to fabricators—			
In U. S. A. (tons of 2,000 pounds)	90,078	60,143	92,475
Refined copper stocks at end of period (tons of 2,000 pounds)	49,350	36,293	58,648
CROP PRODUCTION — CROP REPORTING BOARD U. S. DEPT. OF AGRICULTURE— Crop reported as of Sept. 1 (in thousands):			
Corn, all (bushels)	3,113,467	3,477,711	2,964,639
Wheat, all (bushels)	916,776	910,958	969,781
Winter (bushels)	689,403	689,403	790,737
All spring (bushels)	227,373	221,555	179,044
Durum (bushels)	14,334	14,293	5,557
Other spring (bushels)	213,039	207,262	173,487
Oats (bushels)	1,636,030	1,625,264	1,499,579
Barley (bushels)	386,551	391,152	370,126
Rye (bushels)	28,448	28,448	23,688
Flaxseed (bushels)	43,003	43,752	41,534
Rice (100-lb. bag)	48,745	47,974	58,853
Sorghum grain (bushels)	226,776	265,945	204,087
Cotton (bales)	12,873	12,728	13,696
Hay, all (tons)	108,464	109,101	104,380
Hay, wild (tons)	9,939	10,355	10,184
Hay, alfalfa (tons)	51,699	53,097	49,328
Hay, clover and timothy (tons)	26,731	25,717	27,579
Hay, lespedeza (tons)	4,755	4,773	3,052
Beans, dry edible (100-lb. bags)	18,922	18,776	18,899
Peas, dry field (100-lb. bags)	2,833	2,933	3,484
Soybeans for beans (bushels)	387,527	420,043	342,795
Peanuts (pounds)	1,689,325	1,551,095	1,023,070
Potatoes (bushels)	392,539	398,715	356,031
Sweetpotatoes (bushels)	36,137	25,963	29,880
Tobacco (pounds)	2,258,867	2,240,446	2,236,408
Sugarcane for sugar and seed (tons)	7,056	6,929	7,481
Sugar beets (tons)	12,219	12,124	14,091
Broomcorn (tons)	43	42	27
Hops (pounds)	37,946	38,700	43,363
Apples, commercial crop (bushels)	107,389	108,201	109,512
Peaches (bushels)	47,830	48,773	61,316
Pears (bushels)	30,863	30,510	30,434
Grapes (tons)	3,186	3,134	2,569
Cherries (12 States) (tons)	270	270	206
Apricots (3 States) (tons)	258	258	155
Cranberries (5 States) (barrels)	------	1,112	1,018
Pecans (pounds)	70,840	81,440	90,510
INTERSTATE COMMERCE COMMISSION— Index of Railway Employment at middle of August (1947-49 = 100)	83.5	82.8	81.5
METAL OUTPUT (BUREAU OF MINES)— Month of July:			
Mine production of recoverable metals in the United States:			
Gold (in fine ounces)	132,265	*160,022	164,451
Silver (in fine ounces)	2,510,012	*3,176,632	2,963,209
Copper (in short tons)	33,826	*89,507	66,551
Lead (in short tons)	26,538	*28,442	25,364
NEW CAPITAL ISSUES IN GREAT BRITAIN— MIDLAND BANK LTD.—Month of August	£211,272,000	£134,814,000	£116,066
SELECTED INCOME ITEMS OF U. S. CLASS I RYS. (Interstate Commerce Commission)— Month of May:			
Net railway operating income	$101,242,547	$87,376,958	$58,296,627
Other income	24,400,564	18,140,896	19,756,084
Total income	125,643,111	105,517,854	78,052,711
Miscellaneous deductions from income	3,951,403	3,912,708	3,472,874
Income available for fixed charges	121,691,708	101,605,146	74,579,837
Income after fixed charges	89,910,090	70,563,056	42,964,498
Other deductions	3,235,462	3,554,427	3,012,663
Net income	86,674,628	67,008,629	39,951,835
Depreciation (way & structure & equipment)	44,152,033	44,134,201	43,668,986
Federal income taxes	37,910,184	32,240,831	16,082,079
Dividend appropriations:			
On common stock	34,772,732	20,890,455	29,413,788
On preferred stock	5,745,922	1,281,467	9,360,821
Ratio of income to fixed charges	3.83	3.27	2.36
TREASURY MARKET TRANSACTIONS IN DIRECT AND GUARANTEED SECURITIES OF USA.—Month of August:			
Net sales	------	------	$17,154,500
Net purchases	$20,344,000	$74,776,300	------
ZINC OXIDE (BUREAU OF MINES)—Month of July:			
Production (short tons)	12,873	13,251	10,788
Shipments (short tons)	11,838	17,171	11,585
Stocks at end of month (short tons)	12,863	11,828	13,636

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.

★ **Allied Laboratories, Inc., Kansas City, Mo.**
Sept. 12 (letter of notification) an undetermined number of shares of common stock (no par). **Price**—Not to exceed aggregate offering price of $50,000. **Proceeds**—For general corporate purposes. **Office** — 406 West 34th Street, Kansas City, Mo. **Underwriter**—None.

Allstates Credit Corp., Reno, Nev.
June 27 (letter of notification) 27,000 shares of 7% cumulative preferred stock (par $10) and 27,000 shares of common stock (par $1) to be offered in units of one share of each class of stock. **Price**—$11 per unit. **Proceeds**—For working capital, etc. **Office**—206 No. Virginia St., Reno, Nev. **Underwriter**—Senderman & Co., same address.

Aloha, Inc., Las Vegas, Nev.
Aug. 8 filed 900,000 shares of common stock (par $1) and 900,000 shares of preferred stock (par $10) to be offered in units of one share of each class of stock. **Price**—$11 per unit. **Proceeds**—For construction of hotel and related activities and for contingencies, stock in trade, and working capital. **Underwriter**—None.

Alouette Uranium & Copper Mines, Inc., Montreal, Canada
July 22 (Regulation D) 1,000,000 shares of common stock. **Price**—30 cents per share. **Proceeds**—For exploration and development expenses, etc. **Underwriter**—Hudson-Bergen Securities, Inc., Cliffside Park, N. J.

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 Business Research, Inc.**
Sept. 15 (letter of notification) 10,000 shares of common stock (no par). **Price**—$5 per share. **Proceeds** — For organizational costs and working capital. **Office**—2210 Washington Ave., Silver Spring, Md. **Underwriter**—None.

• **American Can Co. (10/6)**
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 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.

★ **Arizona Uranium Corp., Las Vegas, Nev.**
Sept. 16 (letter of notification) 6,000,000 shares of nonassessable common stock. **Price**—Five cents per share. **Proceeds**—For expenses incident to mining activities. **Office**—710 South Fourth Street, Las Vegas, Nev. **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.

★ **B. M. D. Cooperative, Inc., Holyoke, Mass.**
Aug. 19 (letter of notification) $275,000 of 15-year 5% registered debentures due Sept. 17, 1970. **Price**—At 100% (in units of $500 each). **Proceeds**—For erection of building, working capital, liquidation of junior bonds, retirement of preferred stock and expansion. **Office**—74 Sargeant St., Holyoke, Mass. **Underwriter**—None.

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NEW ISSUE CALENDAR

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
- Clad (Victor V.) Co. — Common (Barrett Herrick & Co., Inc.) $300,000
- Commonwealth Life Insurance Co. — Common (Eastman, Dillon & Co.) $300,000
- Cuban American Oil Co. — Common (Dallas Rupe & Son, Inc.) 2,000,000 shares
- Household Finance Corp. — Common (Offering to stockholders—underwritten by Lee Higginson Corp.; White, Weld & Co.; and William Blair & Co.) 341,380 shares
- Southwestern Financial Corp. — Common (Offering to stockholders—underwritten by Rauscher, Pierce & Co. and Russ & Co.) 770,000 shares
- Yellowknife Uranium Corp. — Common (Gearhart & Otis, Inc. and F. H. Crerie & Co., Inc.) $1,500,000

October 4 (Tuesday)
- Public Service Electric & Gas Co. — Debentures (Bids 11 a.m. EDT) $35,000,000
- Pacific Power & Light Co. — Bonds (Bids noon EDT) $10,000,000
- 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
- Servo Corp. of America — Debentures (Ira Haupt & Co.) $600,000
- Servo Corp. of America — Common (Ira Haupt & Co.) 110,000 shares

October 6 (Thursday)
- American Can Co. — Common (Morgan Stanley & Co. and Clark, Dodge & Co.) 392,000 shares
- 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
- Southern New England Telephone Co. — Common (Bids to be invited) 130,410 shares

October 7 (Friday)
- 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
- Craig Systems, Inc. — Common (Hemphill, Noyes & Co.) 175,000 shares

October 11 (Tuesday)
- Splendora Film Corp. — Common (J. H. Lederer Co., Inc. and McGrath Securities Corp.) $600,000
- Spray Cotton Mills — Common (Bids 3 p.m. EDT) 2,610 shares

October 12 (Wednesday)
- Consolidated Freightways, Inc. — Common (Blyth & Co., Inc.) 100,000 shares
- Market Basket — Common (Bateman, Eichler & Co.; William R. Staats & Co.; and First California Co.) 75,940 shares

October 13 (Thursday)
- Louisville Gas & Electric Co. — Common (Offering to stockholders—underwritten by Lehman Brothers and Blyth & Co., Inc.) 160,000 shares
- Rio de Oro Uranium Mines, Inc. — Common (Tellier & Co.) $450,000

October 17 (Monday)
- Barium Steel Corp. — Debentures (Lee Higginson Corp.) $8,000,000
- Fort Pitt Packaging International, Inc. — Common (Barrett Herrick & Co., Inc.) $900,000
- Life Companies, Inc. — Common (Equitable Securities Corp. and Rauscher, Pierce & Co.) 340,000 shares
- Nortex Oil & Gas Corp. — Common (J. R. Williston & Co.) 200,000 shares
- Resistoflex Corp. — Preferred (Bache & Co.) $500,000
- Southern Bell Tel. & Tel. Co. — Debentures (Bids to be invited) $30,000,000
- Trans-National Uranium & Oil Corp. — Common (Garrett Brothers, Inc.) 1,200,000 shares

October 18 (Tuesday)
- International Resources Fund, Inc. — Common (Kidder, Peabody & Co.) $17,250,000
- Minute Maid Corp. — Debentures (Merrill Lynch, Pierce, Fenner & Beane) $8,500,000
- United Aircraft Corp. — Preference (Offering to common stockholders—underwritten by Harriman Ripley & Co. Inc.) $24,346,900
- Worcester County Electric Co. — Bonds (Bids to be invited) $8,500,000

October 19 (Wednesday)
- New York State Electric & Gas Corp. — Bonds (Bids 11 a.m. EDT) $15,000,000

October 20 (Thursday)
- Houdry Process Corp. — Common (Paine, Webber, Jackson & Curtis) 40,000 shares

October 25 (Tuesday)
- Pacific Gas & Electric Co. — Preferred (Probably Blyth & Co., Inc.) $25,000,000

October 26 (Wednesday)
- Long Island Lighting Co. — Bonds (Bids 11:30 a.m. EDT) $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

Continued from page 51

★ Barnes (Wallace P.), Florence, S. C.
Sept. 15 (letter of notification) 15,000 shares of common stock (no par) and 15,000 shares of 6% non-cumulative preferred stock (par $10). **Prices**—For common, $1 per share; and for preferred, $10 per share. **Proceeds**—For promotional costs, inventory and equipment, and working capital. **Office**—142-B So. Dargan Street, Florence, S. C. **Underwriter**—None.

Bassons Industries Corp.
Aug. 24 (letter of notification) 124,000 shares of common stock (par 50 cents). **Price**—$2 per share. **Proceeds**—For working capital, etc. **Office** — 1424 East Farms Road, New York City. **Underwriter**—Jay W. 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 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."

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.

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.

★ Calute Minerals, Inc., Reno, Nev.
Sept. 15 (letter of notification) 15,000,000 shares of nonassessable capital stock (par one cent). **Price** — Two cents per share. **Proceeds**—For expenses incident to mining activities. **Office**—139 N. Virginia Street, Reno, Nev. **Underwriter**—None.

● 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. 30. **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 nonassessable 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 nonvoting 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.

★ Color, Inc.
Sept. 19 (letter of notification) 12,000 shares of common stock (no par) to be offered to employees under an incentive restricted stock option and purchase plan. **Price**—At 85% of the mean between the high and low quotation at which the common stock shall have been sold on the American Stock Exchange on the date of the granting of the option, which expires on Nov. 16, 1955. **Proceeds**—For general corporate purposes. **Office**—47 West 34th Street, New York, N. Y. **Underwriter**—None.

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 Life Insurance Co. (10/3-7)
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.
Aug. 29 filed $8,700,000 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.

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.

★ Cottonwood Uranium Corp., Reno, Nev.
Sept. 19 (letter of notification) 300,000 shares of nonassessable common stock. **Price**—At par ($1 per share). **Proceeds**—For expenses incident to mining operations. **Office**—206 N. Virginia St., Reno, Nev.

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.

● Cuban American Oil Co. (10/3-7)
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. **Office**—Dallas, Texas. **Underwriter**—Dallas Rupe & Son, Inc., Dallas, Texas.

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.
Aug. 30 filed 503,155 shares of common stock (par $1), being 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 24.4% of outstanding stock, will purchase any unsubscribed shares. **Price** — $12 per share. **Proceeds** — To help retire RFC note. **Underwriter** — None.

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 nonassessable capital stock. **Price**—At par (five cents per share). **Proceeds**—For mining expenses. **Office**—290 North University Ave., Provo, Utah. **Underwriter** — Weber Investment Co., Provo, Utah.

Dome Uranium Mines, Inc., Denver, Colo.
July 12 (letter of notification) 1,300,000 shares of common stock (par one cent). **Price** 20 cents per share. **Proceeds** — For expenses incident to mining operations. **Office**—352 Colorado National Bldg., Denver, Colo. **Underwriters**—R. L. Hughes & Co., Denver, Colo. and G. W. Allen & Co., Cheyenne, Wyo.

Dow Chemical Co., Midland, Mich.
Aug. 5 filled 200,000 shares of common stock (par $5) 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.

★ Eagle Rock Uranium Co., Salt Lake City, Utah
Sept. 19 (letter of notification) 30,000,000 shares of nonassessable common stock. **Price**—At par (one cent per share). **Proceeds** — For expenses incident to mining activities. **Office**—214 East 5th South, Salt Lake City, Utah. **Underwriter**—Valley State Brokerage, Inc., Las Vegas, Nev.

★ Eastern Life Insurance Co. of New York
Sept. 20 (letter of notification) 5,239 shares of common stock (par $5.50) to be offered for subscription by stockholders of record Oct. 1, 1955 at rate of one new share for each 10 shares held; rights to expire on Nov. 15, 1955. **Price**—$35.50 per share. **Proceeds**—For expansion and working capital. **Office**—386 Fourth Avenue, New York 16, N. Y. **Underwriter**—None.

★ El Dorado Mining Co., Salt Lake City, Utah
Sept. 19 (letter of notification) 1,500,000 shares of nonassessable capital stock (par one cent). **Price** — Two cents per share. **Proceeds** — To Van Blerkom & Co., Salt Lake City, Utah. **Office**—Judge Bldg., Salt Lake City, Utah. **Underwriter**—None.

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 filed $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 have been 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) being offered for subscription by stockholders of record Aug. 25, on the basis of one new share for each two shares held (with an oversubscription privilege); rights to expire on Oct. 15. **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.; Grimm & Co., New York City; Beil & Hough, Inc., St. Petersburg, Fla.; and First Florida Investors, Inc., Orlando, Fla.

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.

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.

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.

★ **Homasote Co., Trenton, N. J.**
Sept. 26 (letter of notification) 30,000 shares of 5% cumulative convertible preferred stock. **Price**—At par ($10 per share) and accrued dividends. **Proceeds**—For improvements and general corporate purposes. **Office**—Lower Ferry Road, Trenton, N. J. **Underwriter**—W. E. Wetzel & Co., same city.

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 Oil Co., Ltd., Calgary, Canada**
Sept. 26 filed 1,500,000 shares of class A stock and 3,793,-231 shares of class B stock, which are to be offered in exchange for Federated Petroleums, Ltd. common stock on the basis of one share of either class A or class B stock in exchange for each two Federated shares. Stockholders will vote Dec. 6 on approving acquisition of assets of Federated.

★ **Houdry Process Corp. (10/20-24)**
Sept. 22 filed 40,000 shares of capital stock (par $10). **Price**—To be supplied by amendment. **Proceeds** — To selling stockholder. **Underwriter**—Paine, Webber, Jackson & Curtis, Boston, Mass., and New York, N. Y.

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.

★ **Housatonic Public Service Corp.**
Sept. 13 (letter of notification) 12,775 shares of common stock (par $15). **Price**—$20 per share. **Proceeds**—For construction expenditures. **Office**—33 Elizabeth Street, 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.

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.

★ **International Resources Fund, Inc. (10/18)**
Sept. 23 filed 3,000,000 shares of common stock (par one cent). **Price**—$5.75 per share. **Proceeds** — For investments. **Business**—To invest in U. S. and foreign securities in the natural resources field. **Underwriter**—Kidder, Peabody & Co., New York.

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 16 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.

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.

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.**
Sept. 7 filed 53,700 shares of common stock (par $2.50), being 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 on Oct. 13. **Price**—$16 per share. **Proceeds**—For working capital and to reduce short-term debt. **Office**—Belleville, N. J. **Underwriter**—Carl M. Loeb, Rhoades & Co., New York, N. Y.

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.

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 being offered to holders of outstanding cumulative preferred stock on a share-for-share exchange and 60,000 shares were offered publicly on Sept. 20. The exchange offer will expire on Sept. 30. **Price**—$52 per share and accrued dividends. **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.

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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 Companies, Inc., Richmond, Va. (10/17)**
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.

★ **Life Underwriters Insurance Co., Shreveport, La.**
Sept. 26 filed 100,000 shares of common stock (par 25 cents) to be offered for subscription by present stockholders of record July 21, 1955 on the basis of one new share for each four shares held; rights to expire 45 days from the commencement of the offering, after which unsold shares will be offered to public. **Price**—$8.75 per share to stockholders; $10 per share to public. **Proceeds**—For expansion and working capital. **Underwriter**—None.

● **Link-Belt Co., Chicago, Ill.**
Aug. 12 filed 134,433 shares of common stock (par $5) being 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.

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.

★ **Louisville Gas & Electric Co. Ky. (10/13)**
Sept. 22 filed 160,000 shares of common stock (no par) to be offered for subscription by common stockholders of record Oct. 13 at the rate of one new share for each 10 shares held; rights to expire on Nov. 1. **Price**—To be supplied by amendment. **Proceeds** — For construction program. **Underwriters**—Lehman Brothers and Blyth & Co., Inc., New York.

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.

★ **Marionflex Realty Co.**
Sept. 22 (letter of notification) 2,500 shares of common stock (no par). **Price**—$100 per share. **Proceeds**—Of this sale together, with proceeds of a mortgage loan of $275,000, to buy approximately five acres of land and completed structures. **Office**—131 Highland Avenue, Montclair, N. J. **Underwriter**—None.

● **Market Basket, Los Angeles, Calif. (10/12)**
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 Film Productions**
Sept. 15 (letter of notification) 250,000 shares of common non-assessable stock. **Price**—At par ($1 per share). **Proceeds**—For pre-incorporation, etc., rent; leasehold improvements; and working capital. **Office**—c/o Alexander D. Amatuzio, President, 15137 Hartsook St., Sherman Oaks, Calif. **Underwriter**—None.

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.
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.

Merritt-Chapman & Scott Corp., New York
June 28 filed 314,718 shares of common stock (par $12.50) being offered in exchange as follows: 102,250 shares to class A stockholders of Devoe & Raynolds & Co., Inc. on basis of 1⅔ shares for each Devoe share; 6,621 shares to class B common stockholders of Devoe on 1⅓-for-1 basis; 127,623 shares to common stockholders of New York Shipbuilding Corp. on a share-for-share basis; 53,324 shares to common stockholders of Tennessee Products & Chemical Corp. on a 1¼-for-1 basis; 13,453 shares to common stockholders of Newport Steel Corp. on a 1-for-2.1 basis; 10,899 shares to common stockholders of Marion Power Shovel Co. on a 1½-for-1 basis; and 548 shares of class B common stockholders of The Osgood Co. on a 1-for-1½ basis. Offer will expire on Sept. 30. **Underwriter**—None.

Mesa-Loma Mining Corp., Fort Collins, Colo.
July 13 (letter of notification) 2,955,000 shares of common stock (par one cent). **Price** — 10 cents per share. **Proceeds**—For expenses incident to mining operations. **Office**—415 Peterson St., Fort Collins, Colo. **Underwriter**—Bay Securities Corp., 115 Broadway, New York, N. Y.

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.

Mitchell Mining Co., Inc., Mount Vernon, Wash.
May 13 (letter of notification) 500,000 shares of common stock (par 10 cents). **Price**—50 cents per share. **Proceeds**—For mining expenses. **Address**—P. O. Box 301, Mount Vernon, Wash. **Underwriter**—Standard Securities Corp., Spokane, Wash.

Moab Treasure Uranium Corp.
July 25 (letter of notification) 6,000,000 shares of common stock. **Price**—Five cents per share. **Proceeds** — For expenses incident to mining activities. **Underwriter** — Utah Uranium Brokers, Salt Lake City, Utah.

Mobile Uranium & Oil Co., Salt Lake City, Utah
Aug. 22 (letter of notification) 5,500,000 shares of non-assessable capital stock (par one cent). **Price** — Five cents per share. **Proceeds** — For expenses incident to mining activities. **Office**—605 Judge Bldg., Salt Lake City, Utah. **Underwriter**—Skyline Securities, Inc., Denver, Colo.

Monogram Uranium & Oil Co.
Aug. 31 filed 1,000,000 shares of common stock (par $1). **Price**—$2 per share. **Proceeds** — To make payment of $675,000 to Four Corners Uranium Corp. under a purchase contract; to use $100,000 each to purchase mining equipment, to pay for development and driving drift and for exploratory drilling; and the remainder for working capital, acquisition of additional properties, and unforeseen contingencies. **Underwriter**—Carr & Co., Detroit, Mich.

Monte Carlo Uranium Mines, Inc.
June 6 (letter of notification) 6,000,000 shares of common stock. **Price**—At par (five cents per share). **Proceeds**—For mining expenses. **Office** — 706 Newhouse Bldg., Salt Lake City, Utah. **Underwriter**—Mid-Continent Securities, Inc., same city.

Monte Cristo Uranium Corp.
Aug. 19 filled 2,000,000 shares of common stock (par one cent). **Price**—$1 per share. **Proceeds**—For purchase of certain claims designated "Lower Claims Group." **Office**—Salt Lake City, Utah. **Underwriter**—None.

Morning Sun Uranium, Inc., Spokane, Wash.
June 14 (letter of notification) 700,000 shares of common stock (par 10 cents). **Price** — 25 cents per share. **Proceeds**—For mining expenses. **Office** — 415 Paulsen Bldg., Spokane, Wash. **Underwriter**—Pennaluna & Co., same city.

Mortgage Associates, Inc., Philadelphia, Pa.
June 7 (letter of notification) 20,000 shares of 60-cent convertible preferred stock (par $5) and 20,000 shares of common stock (par 10 cents). **Price**—For preferred, $10 per share; and for common, $2.50 per share. **Proceeds**—For construction loans and acquisitions. **Underwriters**—Rambo, Close & Kerner Inc., Philadelphia, Pa.; and J. S. Hope & Co., Scranton, Pa.

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.

★ **Muddy Dyke Uranium Co.**
Sept. 16 (letter of notification) 1,250,000 shares of non-assessable common stock 250,000 shares of which to be offered on behalf of A. Y. Clark, President. **Price**—At par (two cents per share). **Proceeds**—To open up mine claims and extract ores. **Underwriter**—None; shares to be offered through Lester Milerson and Joseph H. Miller, directors of company.

★ **National Grange Fire Insurance Co., Keene, N. H.**
Sept. 21 (letter of notification) 5,000 shares of common stock (par $10), to be offered for subscription by stockholders on basis of one new share for each 10 shares held (with an oversubscription privilege). **Price**—$20 per share. **Proceeds**—For expansion. **Underwriter**—None.

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.

★ **Nevada Mercury Corp., Winnemucca, Nev.**
Sept. 16 (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**—Professional Building, Winnemucca, Nev. **Underwriter**—Shelley, Roberts & Co., Denver, Colo.

New Mexico Copper Corp.
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.

★ **New York State Electric & Gas Corp. (10/19)**
Sept. 21 filed $15,000,000 of first mortgage bonds due Sept. 1, 1985. **Proceeds**—To reduce bank loans. **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 up to 11 a.m. (EDT) on Oct. 19.

★ **New York State Electric & Gas Corp. (10/19)**
Sept. 28 filed 303,407 shares of common stock (no par) to be offered for subscription by common stockholders on the basis of one new share for each 10 shares held; rights to expire on Nov. 3. **Price** — To be supplied by amendment. **Proceeds** — To repay bank loans and for construction program. **Underwriters**—The First Boston Corp.; Lehman Brothers; Wertheim & Co.; and Merrill Lynch, Pierce, Fenner & Beane.

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.

★ **Ohio Valley Airways, Inc., Cincinnati, Ohio**
Sept. 13 (letter of notification) 70,000 shares of class A common stock (par $1). **Price**—$3 per share. **Proceeds**—To purchase and equip three helicopters. **Underwriter**—Westheimer & Co., Cincinnati, Ohio.

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.

★ **Owens-Corning Fiberglas Corp.**
Sept. 22 filed 146,570 shares of common stock (par $5) to be offered to certain officers and employees under the company's Employee Stock Option Plan.

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. (10/4)
Aug. 30 filed $10,000,000 of first mortgage bonds due 1985. **Proceeds**—To repay bank loans and for construction program. **Underwriter**—To be determined by competitive bidding. Probable bidders—Halsey, Stuart & Co. Inc.: Union Securities Corp. and Kidder, Peabody & Co., (jointly); Lehman Brothers, Bear, Stearns & Co. and Salomon Bros. & Hutzler (jointly); Blyth & Co., Inc. and White, Weld & Co. (jointly). **Bids**—To be received up to noon (EDT) on Oct. 4 at Room 2033, Two Rector St., New York 6, N. Y.

Pacific Power & Light Co. (10/5)
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.

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.

★ **Philadelphia Electric Co.**
Sept. 21 filed 100,000 shares of common stock (no par) to be offered for subscription by eligible employees and annuitants under the company's 1955 Employee Stock Purchase Plan.

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.

Prospect Hill Golf & Country Club, Inc.
July 8 (letter of notification) 11,900 shares of preferred stock. **Price**—At par ($25 per share). **Proceeds**—For swimming pool, club furnishings and equipment, golf course and organization and develoment expense. **Office**—Bowie, Md. **Underwriter**—L. L. Hubble & Co., Inc., Baltimore, Md.

★ **Pryne & Co., Inc., Pomona, Calif.**
Sept. 12 (letter of notification) 52,000 shares of common stock (par $1). **Price**—$5.75 per share. **Proceeds**—To repay bank loans and for working capital. **Business**—Manufactures electric exhaust fans; recessed lighting fixtures, etc. **Underwriter**—Hill Richards & Co., Los Angeles, Calif. **Offering**—Now being made.

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.

★ **Pyramid Electric Co.**
Sept. 21 (letter of notification) 35,000 shares of common stock (par $1) to be issued upon exercise of warrants. **Price**—$3.25 per share. **Proceeds**—For general corporate purposes. **Office** — 1445 Hudson Boulevard, North Bergen, N. J. **Underwriter**—None.

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.

★ **Rebuilding, Inc., Washington, D. C.**
Sept. 19 (letter of notification) 50,000 shares of class A common stock (par $1). **Price**—$5 per share. **Proceeds**—For acquisition and rehabilitation of real property, working capital, etc. **Office** — 2430 Pennsylvania Ave., N. W., Washington, D. C. **Underwriter**—None.

★ **Resistoflex Corp., Belleville, N. J. (10/17)**
Sept. 27 filed 20,000 shares of convertible preferred stock (par $25). **Price**—To be supplied by amendment. **Proceeds** — For leasehold improvements, equipment and other expenses in connection with the leasing of a new plant at Roseland, N. J. **Underwriter** — Bache & Co., New York.

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.

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.

★ **Scudder, Stevens & Clark Common Stock Fund, Inc., Boston, Mass.**
Sept. 26 filed 125,000 shares of capital stock. **Price**—At market. **Proceeds** — For investment. **Office** — 10 Post Office Square, Boston, Mass.

★ **Scudder, Stevens & Clark Fund, Inc., Boston, Mass.**
Sept. 26 filed 150,000 shares of capital stock. **Price**—At market. **Proceeds** — For investment. **Office** — 10 Post Office Square, Boston, Mass.

● **Servo Corp. of America (10/5)**
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.

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

★ **Sinclair Oil Corp.**
Sept. 23 filed 200,200 shares of common stock, to be offered to certain officers and other employees of the company and of certain of its subsidiaries pursuant to options granted on April 14, 1954, under the company's amended stock purchase and option plans. **Price**—$14.25 per share.

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.
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.
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.

★ **Southern Bell Telephone & Telegraph Co. (10/17)**
Sept. 28 filed $30,000,000 40-year debentures due Oct. 15, 1995. **Proceeds** — To repay advances from parent, American Telephone & Telegraph Co., and for general corporate purposes. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Morgan Stanley & Co. **Bids**—Expected to be received on Oct. 17.

★ **Southern Mining & Milling Co., Atlanta, Ga.**
Sept. 14 (letter of notification) 300,000 shares of common stock (par 10 cents). **Price**—$1 per share. **Proceeds**—For expenses incident to mining activities. **Offices**—Healey Building, Atlanta Ga., and 4116 No. 15th Avenue, Phoenix, Ariz. **Underwriter** — Franklin Securities Co., Atlanta, Ga.

★ **Southern New England Telephone Co. (10/6)**
Sept. 21 filed 543,209 shares of capital stock (par $25) to be offered for subscription by stockholders of record Sept. 28, 1955 in the ratio of one new share for each nine shares then held. **Price**—$33 per share. **Proceeds**—To repay advances from American Telephone & Telegraph Co. (owner of 24.01% of the outstanding stock). **Underwriter**—None. **Bids**—In connection with the above offering, American Telephone & Telegraph Co. is inviting bids to be received on Oct. 6 for the purchase from it of the 1,173,696 rights to purchase 130,410 shares of stock of Southern New England that it will receive. Probable bidders: Blyth & Co. Inc.; White, Weld & Co.; Putnam & Co.; The First Boston Corp.; Salomon Bros. & Hutzler.

● **Southwestern Financial Corp. (10/3-14)**
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 (with an oversubscription privilege). **Price**—To be supplied by amendment. **Proceeds**—For purchase of machinery and equipment; and for the working capital and general corporate purposes. **Office**—Dallas, Texas. **Underwriter**—Rauscher, Pierce & Co., Dallas, Texas; and Russ & Co., San Antonio, Texas. **Offering**—Expected within the first two weeks of October.

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 (10/11)**
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.

★ **Stillman Uranium, Inc., Hayward, Calif.**
Sept. 16 (letter of notification) 600,000 shares of non-assessable class A common stock. **Price** — At par (25 cents per share). **Proceeds** — For expenses incident to mining operations. **Office**—1011 McKeever Court, Hayward, Calif. **Underwriter**—None.

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★ Style-Rite Homes Corp., Columbus, Ohio
Sept. 15 (letter of notification) 300,000 shares of 6% cumulative participating convertible class A stock (150,000 shares on behalf of certain selling stockholders). **Price**—At par ($1 per share). **Proceeds**—For working capital, etc. **Office**—659 Marion Road, Columbus, Ohio. **Underwriter**—Carr & Co., Detroit, Mich.

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 Electric Corp., Chicago, Ill.
Sept. 13 (letter of notification) 500 shares of 6% cumulative preferred stock (par $100). **Price**—Aggregate offering price or market value not to exceed $50,000. **Proceeds** — Fo rgeneral corporate purposes. **Office** — 6323 Avondale Avenue, Chicago, Ill. **Underwriter**—None.

● 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. Statement has been withdrawn.

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**—605 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 expire 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.

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 Oil Producing Co., Inc., Dallas, Texas
Sept. 22 (letter of notification) 600,000 shares of common stock (par 10 cents). **Price**—50 cents per share. **Proceeds**—For expenses incident to oil activities. **Office**—Republic National Bank Bldg., Dallas, Texas. **Underwriter**—Watt Securities Co., Inc., 42 Broadway, 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 puchase 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.

★ Titanium Ores Corp., Silver Spring, Md.
Sept. 9 (letter of notification) 300,000 shares of common (par 10 cents). **Price**—$1 per share. **Proceeds**—Payment of notes and accounts, equipment and installation and general corporate purposes. **Office**—328 Highview Ave., Silver Spring, Md. **Underwriters**—Charles E. Jefferson and Luther L. Bost, agents (Mitchell Securities, Inc.), Silver Spring, Md.

● Trans-National Uranium & Oil Corp. (10/17)
July 1 filed 1,200,000 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.

★ Travelfares, Inc., Seattle, Wash.
Sept. 14 (letter of notification) 100,000 shares of non-assessable common stock. **Price**—At par ($1 per share). **Proceeds**—For repayment of loans, working capital, etc. **Office**—1810 Smith Tower, Seattle, Wash. **Underwriter**—National Securities Corp., Seattle, Wash.

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 Aircraft Corp. (10/18)
Sept. 27 filed 243,469 shares of convertible preference stock (par $100) to be offered for subscription by common stockholders of record Oct. 18, 1955 on the basis of one preference share for each 20 shares of common stock held; rights to expire on or about Nov. 1. **Price**—Not to be less than par value. **Proceeds**—For general corporate purposes. **Underwriter**—Harriman Ripley & Co. Inc., New York.

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 Funds, Inc., Kansas City, Mo.
Sept. 22 filed (by amendment) an additional 1,750,000 shares in the United Income Fund. **Price**—At market. **Proceeds**—For investment.

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 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.

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 on the basis of one new share for each five shares held. **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. Letter to be withdrawn. Full registration probably to be filed in three to five weeks.

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 up to 11 a.m. (EDT) on Oct. 18 at company's office, 441 Stuart Street, Boston 16, Mass.

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. (10/17-21)
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.
Sept. 15 it was announced that stockholders on Oct. 20 will vote on approving a plan to offer $105 principal amount of series B 5% income debenture bonds (plus 5% interest for the year 1955) in exchange for each of the outstanding 274,597 shares of 5% preferred stock (par $100). Not in excess of $28,784,564 of bonds would be issued.

★ Burlington Industries, Inc.
Sept. 29 it was reported that the company plans early registration of an issue of $30,000,000 subordinated convertible debentures. 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.

★ Consolidated Freightways, Inc. (10/12)
Sept. 21 it was reported that company has applied to the ICC for authority to issue and sell 100,000 additional shares of common stock. Proceeds — For acquisitions and new equipment. Underwriter—Blyth & Co., Inc., New York and San Francisco.

★ Craig Systems, Inc. (10/10-14)
Sept. 26 it was reported company plans early registration of 175,000 shares of common stock, of which 50,000 shares are to be sold for the account of the company and 125,000 shares for account of certain selling stockholders. Underwriter — Hemphill, Noyes & Co., New York.

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 (about 60,000 shares). Underwriter — Hallowell, Sulzberger & Co., 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.

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 of about 200,000 shares of common stock (par for selling stockholders).

★ Lau Blower Co., Dayton, Ohio
Sept. 26 it was reported early registration of 205,200 shares of common stock (par $1) is planned. Proceeds —To selling stockholders. Underwriter—A. C. Allyn & Co. Inc., Chicago, Ill.

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 up to 11:30 a.m. (EDT) 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. (10/18)
Sept. 12 it was reported registration is expected late in September 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.

Continued on page 58

Continued from page 57

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 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. (10/25)**
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.

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, 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 re**ported 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.**
Sept. 27 stockholders of record Sept. 22 received the right to subscribe on or before Oct. 31 for 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.

★ **Scott Paper Co.**
Sept. 20, Thomas B. McCabe, President, announced a major financing program will probably be undertaken by next spring. No decision has yet been reached as to the precise type, amount or date of financing. Stockholders approved proposals to increase the authorized common stock to 40,000,000 shares from 10,000,000 shares and the authorized indebtedness to $150,000,000 from $50,000,000.

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 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**—Expected Sept. 30.

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 refinance 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.

What May We Expect?

"What, then . . . may we expect to obtain from the Russians in the negotiations on which we have now embarked?

"Note first what we may not expect. We may not expect an end of the conflict. It will continue beyond any negotiations now in sight, for it is inherent in the differences between our nations. The Russians will continue to be our acknowledged ideological rivals, proclaiming to the world the eventual doom of our system and the triumph of theirs. We may not expect them either to embrace our liberal democracy, to commit suicide, or to draw their own teeth at our demand because we thump the table in making it.

"We may expect, however, agreement on measures to reduce the conflict to less menacing proportions, to limit it by certain rules of international behavior — as the conflicts of nations in a state of civilization have always been limited. In fact, we may expect, in the fullness of time, to bring it gradually within the bounds of legitimate intellectual, political, and commercial competition."

— Louis J. Halle, Professor of Foreign Affairs, University of Virginia, in the New York "Times."

We could hardly ask more — or want much more!

With Carr & Co.
(Special to The Financial Chronicle)

DETROIT, Mich. — Simon E. Dunn has joined the staff of Carr & Company, Penobscot Building, members of the Detroit Stock Exchange.

Reynolds Adds to Staff
(Special to The Financial Chronicle)

SAN FRANCISCO, Calif. — Brantley M. Johnson, Jr. has been added to the staff of Reynolds & Co., 425 Montgomery Street.

Joins J. A. Overton
(Special to The Financial Chronicle)

SAN DIEGO, Calif.—William H. Andreas has become connected with J. A. Overton & Co. Mr. Andreas was formerly with Daniel D. Weston & Co.

Joins Hooker & Fay
(Special to The Financial Chronicle)

SAN FRANCISCO, Calif.—William R. Kern is now with Hooker & Fay, 221 Montgomery Street, members of the New York and San Francisco Stock Exchanges.

With H. L. Jamieson
(Special to The Financial Chronicle)

SAN FRANCISCO, Calif.—William H. Wolfe is now with H. L. Jamieson Co., Inc., Russ Bldg.

Reynolds Adds to Staff
(Special to The Financial Chronicle)

SAN FRANCISCO, Calif.—Edwin A. Roberson has become associated with Reynolds & Co., 425 Montgomery Street. He was previously with Walston & Co.

Calif. Investors Add
(Special to The Financial Chronicle)

LOS ANGELES, Calif.—Richard H. Purvis has been added to the staff of California Investors, 3924 Wilshire Boulevard.

With Samuel B. Franklin
(Special to The Financial Chronicle)

LOS ANGELES, Calif. — A. D. W. Smith is now affiliated with Samuel B. Franklin & Company, 215 West Seventh Street.

Our Reporter's Report

The difference in temperaments of bona fide investors and semi-investors, or speculators, never was more clearly defined than it has been this week by the relative performances of the bond and equity markets on the news of President Eisenhower's illness.

Stocks went through a spasm of liquidation which shook the market to its roots. But the gilt-edge investment market stood its ground, refusing to be rushed into hasty selling. Convertible issues and those with other speculative features naturally moved with stocks.

A bulwarking factor in the case of the high-grade bond market, of course, is that today it is largely an "institutional" operation in contrast with the situation a generation or so back when individuals cut a wider swath in that area of finance.

Institutional portfolio managers naturally work on a well-thought out, long-term program and, accordingly are not given to haste in disposing of securities. Moreover, with all due respect to other factors, money rates are the basic element in formulating investors' views on bond prices and yields.

And the investment market has been going through a period of firming money rates which has tended to take its toll of prices while elevating yields accordingly. So that in a sense the bond market was on a fairly well shaken-down base when the unsettling news came from Denver, Colo. over the last week-end.

Equity Offerings

The behavior of the stock market between now and the dates set for public offering may bear importantly on the marketing of two large secondary undertakings slated for next week.

As things now stand investors are slated to get the opportunity of taking up a block of 200,000 shares of Aluminum Co. of America next Monday. This does not represent financing for the company, but rather, is stock being sold for the account of an official.

On Thursday of next week, bankers are scheduled to market another large block of stock, 392,000 shares of American Can common, again for the account of present owners. Further unsettlement in the market conceivably could bring a change in present plans.

New Debt Deals Light

The new week promises to be rather slow from a standpoint of new issues in the offing next week. Only two are listed as up for bids, both utility projects.

Public Service Electric & Gas Co. will open bids for $35 million of 25-year debentures on Tuesday, unless there is an unforeseen change in present plans.

And on the same day, Pacific Power & Light will look over bankers' tenders for $10 million of new 30-year first mortgage bonds with the bidding here indicated as likely to be rather keen.

Kaiser Aluminum

Dealers reported a good demand for the 700,000 shares of new preferred stock of Kaiser Aluminum & Chemical Corp., slated to be brought to market today.

Carrying a 4¾% dividend rate and priced at par ($50), it was reported that preliminary inquiry indicated a good general demand with institutions showing considerable interest.

The stock is being sold by the issuer to procure funds for vast expansion plans which it has made known over a period of recent months.

Tax Exempts Revive

Something of a revival in the tax exempt market, which has been relatively dull since the stiffening in money rates got underway, is promised by current announcements.

Financing for the Richmond-Petersburg Turnpike in Virginia was reported in the advanced stage and expected to be on the market today in the form of $69 million of bonds.

Cook County (Chicago) is going to make another try with its $40 million highway issue on which it rejected bids just about two months ago. And the Public Housing Authority is scheduling $125 million of local housing bonds for bids about Oct. 26.

Securities Salesman's Corner

By JOHN DUTTON

A Sound Mail Campaign

A member firm of the New York Stock Exchange recently opened an office in a southern city under the management of a man who for many years has been a firm believer in the proposition that there are many people who would invest in stocks and bonds, and in Mutual Funds, but do not now do so because they are unfamiliar with their many advantages, and the ease with which they can do so, if they are only told about it in lay language. For many years before his entry into the investment banking business, this man was a top merchandising executive with one of the country's leading department stores. His background of merchandising convinced him that people had to be told in simple language before they would understand and buy anything—including Mutual Funds and investment stocks.

How He Is Doing It

At regular intervals this firm sends a short letter to a selected mailing list that is compiled from the returns of advertising they are doing in the newspapers; from salesmen's contacts; from the office's contacts; and from qualified sources that they believe give them the names of people who might invest in securities or Mutual Funds, if they were only told about them without using any 10-syllable, technical words to do it. These letters tell people how they can increase their income—how they can protect their purchasing power from their savings—why it is best for people to invest for the longer term in sound, growing corporations, or in Mutual Funds, than to try and outguess the market—and such subjects that the man in the street can appreciate. Each letter carries one message at a time.

One of their recent mailings stressed the fact that Mutual Funds are a "Method of Investing" that allows the person who has not the experience and financial background to undertake the risk of selecting his own particular stocks to do so through the hiring of "Professional Investment Management" that the Investing Companies provide.

This letter was sent with the folder "How to Manage Your Investments," prepared by National Securities & Research Corp., 120 Broadway, New York, which tells investors how to judge whether or not they can qualify before purchasing individual securities. This brochure is a "stopper." It tells what an investor should know before he is qualified and asks the questions: "Have you this basic training? Do you subscribe to the financial services, needed? Can you travel to the plants, offices and laboratories and meet the management of the companies in which you expect to invest? Can you devote a full 40 hours a week to managing and supervising your investments? Are you immune to emotion? If something should should happen to you could your family carry on your investment program?" The Investing Companies through Mutual Funds are doing these things, and do these things for you.

Along with this interesting, thought-provoking brochure, and the letter, a prospectus (Information Folder) of National Securities Series is enclosed.

Continued Mailings

Constant repetition of any idea that is sound is the basis of success in advertising. This expert merchandiser for department stores is turning these same ideas to good use in the investment business. Week after week he is going before his selected group of investors, and those whom he hopes will become investors, with practical suggestions about investing. His newspaper advertising follows the same theme. It is interesting to see what a member firm of the New York Stock Exchange is doing in the heretofore sacrosanct environs, that were usually the exclusive property of the unlisted and local securities dealer.

Joins Beer Co. Staff

(Special to THE FINANCIAL CHRONICLE)

ATLANTA, Ga.—John W. McDonough is now with Beer & Company, Trust Company of Georgia Building.

Barclay Adds to Staff

(Special to THE FINANCIAL CHRONICLE)

CHICAGO, Ill.—Royal H. Peterson is now with Barclay Investment Co., 39 South La Salle Street.

Washington . . . And You

Behind-the-Scene Interpretations from the Nation's Capital

WASHINGTON, D. C.—In the tragic news that President Eisenhower has been stricken with a heart attack, there are the seeds for the most comprehensive change in the political and legislative outlook. However, many of the implications of this tragedy will not become certain for weeks, some of them for months.

Paramount immediate question is whether and if so, when the President avails himself of the privilege formally of renouncing the responsibilities of his office. If he does so, then under the Constitution, Vice-President Nixon will exercise the duties of President.

This outlook, however, would be complicated by the question of whether the President merely asked the Vice-President to serve during the Chief Executive's period of convalescence, or to assist him during his convalescence, or whether the President were to resign formally, in which case Mr. Nixon would become President of the United States.

Assuming that Mr. Nixon would be "acting" rather than President in his own name, he would presumably attempt to follow the same policy line of the President, at least in the beginning, without attempting to express his own ideas as if he were in fact the leader of his party and the Chief Executive of the land. In that case, however, the break in policy might not become abrupt. He presumably, if he anticipated the return of Mr. Eisenhower to the White House desk, would not make extensive changes, if any, in the Presidential official household or policy.

In other words, the White House staff under the "Assistant President," Sherman Adams, might continue to have its acquired dominance over the making of Administration policy, if perhaps less completely than under Mr. Eisenhower.

Might Be President

On the other hand, if Mr. Nixon were to succeed to the Presidential term which ends Jan. 20, 1957, Dick Nixon would become his own man. He quite likely would make extensive changes in the White House staff. This is suggested only on general principles, not upon any foreknowledge, which simply is not available as Mr. Nixon obviously would not discuss on any basis his plans at this uncertain juncture. The general principle chiefly involved is that seldom does any man in the White House want to surround himself with another man's close advisers, and he usually feels he has men in mind who can express and interpret his own ideas better.

Affects Campaign

The chief way in which the President's illness, even if temporary, is likely to affect the political and legislative outlook is that it completely alters the outlook for the Presidential campaign of 1956.

Even if the President recovers a large measure of his health and vitality, his illness could go far toward taking him out of the race for the Presidential nomination, even assuming that the President wanted this nomination, which few in Washington were wont to assume when the news came in.

One of the bitter, if unfortunate truths of political life is that a man's health is a political issue. Even Senators and Representatives usually "play down" news of a hospital trip or an operation, unless release of the news cannot be avoided. Members of Congress, as they approach old age, often change the dates of their birth in their self-written biographies in the Congressional directories, or leave their birth dates out as they grow older.

For if it can be alleged that a man is for reasons incapable of serving because of his health, it gives the opponent a hefty argument, notwithstanding that the "argument" is only veiled or whispered.

In other words, even if Mr. Eisenhower after recovery wanted the nomination, he probably would have a hard time getting it, for his illness could mean a strategic percentage loss of votes for his candidacy.

Presidential Race Is Open

Therefore the tentative thinking in Washington is that the Republican nomination is likely to be a wide open affair. It cannot be foretold, so many untaken steps in advance, whether the President would back a successor for the nomination, or whether his favor would go to Dick Nixon, or to another, or whether the President could in fact decisively influence the Republican national convention in August, 1956, to choose the man upon whom the President would like the mantle of the nomination to fall.

(And of course the President's misfortune enhances Democratic chances and indicates the fight for the Democratic nomination will be more intense.)

Assuming that the Republican race is wide open, the outlook on Administration and Congressional policy is likely to be one of great chaos.

What will happen is that aspirants for the Presidential nomination in **both** parties will be attempting to develop their own pre-convention stocks of political merchandise, and to distinguish their own inventories of said political merchandise from those of other competitors for the nomination.

Thus some peculiar pitches are likely to be thrown. Men who had been relatively conservative may become more so or less so.

On the other hand, the backers in Congress of those candidates will be attempting to support the candidacies of their leaders, through the diverse positions they take on pending legislation.

Makes for Leaderlessness

This will make for a lack of leadership in actions before the next Congress.

Already the leaderless character of the Congress has been for some time apparent. Except for Speaker Rayburn in the House—and he was kicked over on the roads bill—there is hardly any strong leadership in Congress.

Joe Martin is the nominal leader of the Republicans in the House, but Charley Halleck, the assistant leader, appears often to have more of the confidence of the White House staff than former Speaker Martin.

On the other hand, because of his aggressive backing of welfare programs sponsored by President Eisenhower, Mr. Halleck personally does not arouse the enthusiasm of many of the older Republicans even though the latter feel compelled to go along with the President in the helpless situation whereby they otherwise would be isolated from their own party as well as be under attack by the Democrats.

In the Senate the development of a strong leadership in either party looks difficult for 1956. Lyndon Johnson, the Democratic leader, developed a remarkable facility for keeping the conservative and "liberal" wings of the Democratic party from warring with each other. Until it can be ascertained that Senator Johnson, who also had the misfortune of a heart attack, has fully recovered his vitality, there will be no certainty that the Texas Senator will be able to continue to weld together his narrow Senate majority.

Acting leader during the illness of Senator Johnson, has been Senator Earle C. Clements of Kentucky, a seasoned, knowing, and able political operator. However, Senator Clements is reported to be fighting for his political life with an opposition Democratic machine under "Happy" Chandler threatening to move in, in Kentucky, and liquidate Senator Clements career in the Senate.

Senator William F. Knowland of California has retained the post of Republican Senate leader originally bestowed upon him in an acting capacity by the then ailing Senator Taft, and it was finally made official. However, Bill Knowland has retained the post largely by default, and is unloved by the advisers of the President in the White House, because of his outspoken independent line on foreign policy. It simply has been easier to leave Knowland stay put than to open up a factional war within Senate ranks by trying to unseat him.

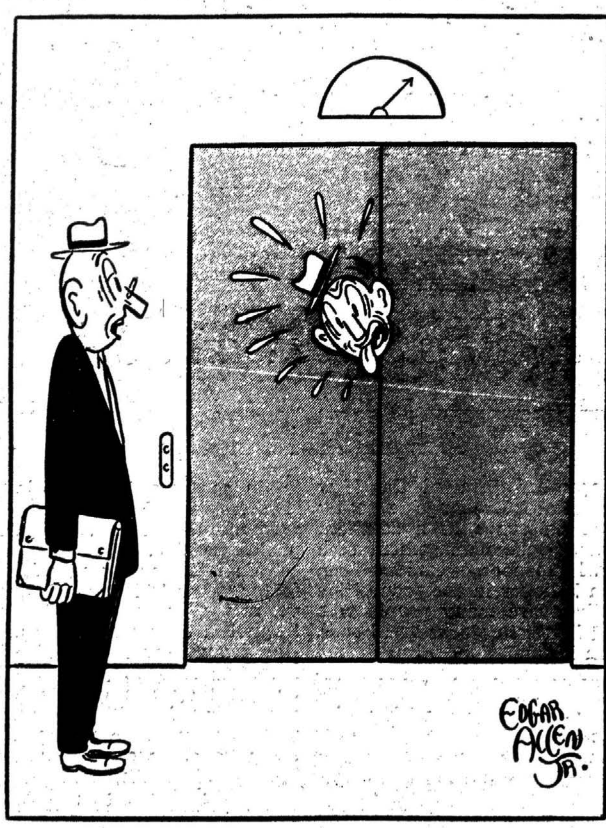
Conservatives' Chances Are Not Enhanced

In the net, the chances of a conservative Administration for the near or long term are not necessarily enhanced. It is thought that Dick Nixon is relatively more a conservative than Mr. Eisenhower. Certainly "liberal" Republicans think so, and oppose him. On the other hand, if the President were to resign and Mr. Nixon succeeded to the Presidency, it does not follow that Mr. Nixon would be a conservative any more than was Franklin D. Roosevelt after his election, or Harry Truman after his accession. Prior to becoming President, Mr. Truman was reported to have had considerable distrust of the "liberal" element.

It is a pretty good safe working rule in politics that whatever a man's past convictions were before the virus of Presidential ambition hits him, he is going to adopt a line that in his judgment will best advance his candidacy. Only the gods can tell what kind of philosophy Mr. Nixon, or whomever appears to be in the line of succession, will adopt when the time comes.

[This column is intended to reflect the "behind the scene" interpretation from the nation's Capital and may or may not coincide with the "Chronicle's" own views.]

BUSINESS BUZZ



"Morning, J. C.,—anything to that rumor the elevator operator is peeved at you because of that last market tip you gave him?"

Business Man's Bookshelf

Index to the Commission and Task Force Reports—Commission on Organization of the Executive Branch of the Government — Superintendent of Documents, U. S. Government Printing Office, Washington 25, D. C. (paper) 35c.

Introduction to Demography — Mortimer Spiegelman (Society of Actuaries' Textbook)—Society of Actuaries, 208 South La Salle Street, Chicago 4, Ill. (cloth) $6.

Investment Counselor: His Work, Methods and Responsibilities— A. M. Clifford—A. M. Clifford Associates, 639 S. Spring Street, Los Angeles 14, Calif. (paper) on request.

L & N File Publications—Information about automatic controls, measuring instruments and various manufacturing processes —Leeds & Northrup Company, Advertising Division, 444 North 16th Street, Philadelphia 30, Pa. (paper).

Lasser's Tax Planning for Real Estate—J. K. Lasser Tax Institute — Reinholdt Publishing Corp., 430 Park Avenue, New York 22, N. Y. (cloth) $9.95.

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