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EDITORIAL

As We See It

"Colonialism" has now become a word to conjure with. It is a term with which the troublemakers of the world hope to stir up a great deal of difficulty for the older powers, and the leaders of the so-called under-developed countries hope to make progress in establishing their lands as fully independent and important entities in the world. A semantic achievement appears to have been reached in that "colonialism" now connotes to a great many people something evil which has come down from an unjust past and which must be cast aside without delay. Meanwhile the anti-colonialists, whatever their motives, have found the United Nations an excellent instrument for the airing of their views and their grievances.

Of course, all this is but one phase of a movement and a trend of thought that has been in being for a long while past, and which has been greatly accelerated by World War II and its aftermath. It is a trend which is not likely to subside or disappear in the early future. It has already wrought great changes in the relations among the peoples of the earth and is destined to bring others. It is, accordingly, of first-rate importance that a realistic understanding of what is going on be attained by as many as may be. First of all, let it be clearly realized that what is known as colonialism — although the term has never been precisely defined—is only one form of the dominance of one people by another, or of the subordination of one people to another.

Many Forms of Imperialism

There are many forms of dominance, intellectual, economic, political and other. One country,

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Let's Curb Role of FHA and VA in the Mortgage Industry

By L. DOUGLAS MEREDITH*
Executive Vice-President, National Life Insurance Co. Montpelier, Vermont

Life Insurance executive reviews developments in the business of home mortgage lending. Says mortgage bankers should oppose further expansion of FHA and VA lending activities and government must be shown that the Nation's great lending institutions can provide home financing to credit-worthy borrowers. Concludes, an alert, progressive, thoughtful, and yet sound, approach to problems of mortgage lending is the best antidote to further entry of government into the mortgage business.

Those of us engaged in the business of mortgage lending find ourselves so busily occupied with the immediate problems incident to our responsibilities that it becomes more than easy to defer consideration of some of the broader questions which confront us. Therefore, it is especially appropriate that your organization should propose special treatment of the question: "Should we encourage government mortgage insurance and guaranty, or seek to expand conventional lending?"


L. Douglas Meredith

Before attempting to answer this double-barreled question, it is imperative that we review how government loan insurance and guaranties came about and acquaint ourselves with their present scope.

The Federal Housing Administration represented an exceedingly novel undertaking when it was created in 1934 by passage of the National Housing Act "To encourage improvements in housing standards and conditions, to

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*An address by Mr. Meredith at the 62nd Annual Meeting of the Savings Banks Association of the State of New York, Washington, D. C., Oct. 4, 1955.

The Challenge of Prosperity

By ARTHUR F. BURNS*
Chairman, The Council of Economic Advisers

Dr. Burns first describes the indexes for measuring economic activity, and, then, warns, though these indexes reveal a high state of the current economy, we must not be complacent. Stresses importance of prevention of inflationary developments, notwithstanding how unpopular government measures toward this end may be, and says excesses are being checked. Lists a number of factors as basis of economic strength, and points out, though we are now poised on a high plateau, neither the threat of inflation nor of recession ever be very distant.

An article in a recent issue of one of our learned journal recounts that the Roman Emperor, Constantius, thought so poorly of men's eagerness to unravel the future, that he made a law forbidding "anyone to consult a soothsayer, a mathematician, or a forecaster." I am not aware of any such law by our own Congress to quiet the human mind. Nevertheless, since my aim today is to discuss the current economic situation from the viewpoint of a student of business cycles, I can proceed as would a law-abiding Roman.


Dr. Arthur F. Burns

During the past year our economy has again demonstrated its capacity for vigorous growth. After a minor setback, which began in the summer of 1953, economic activity rebounded sharply toward the close of 1954. Construction work moved ahead on an expanding scale. The business handled by retail merchants, by service establishments, and by both importers and exporters increased. Factories, mines, power plants, and freight yards stepped up their activities. The scope of the economic expansion widened as its magnitude increased. By the spring of this year, widespread advances

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*An address by Dr. Burns before the Chamber of Commerce of the State of New York, New York City, Oct. 6, 1955.

SECURITIES NOW IN REGISTRATION — Underwriters, dealers and investors in corporate securities are afforded a complete picture of issues now registered with the SEC and potential undertakings in our "Securities in Registration" Section, starting on page 39.

The Security I Like Best

A continuous forum in which, each week, a different group of experts in the investment and advisory field from all sections of the country participate and give their reasons for favoring a particular security.

(The articles contained in this forum are not intended to be, nor are they to be regarded, as an offer to sell the securities discussed.)

This Week's Forum Participants and Their Selections

Warren-Bradshaw Exploration Co. —H. Blumenthal, Partner, Swift, Henke & Co., Chicago, Ill. (Page 2).

Producing Properties, Inc. — Kiliaen V. R. Townsend, President, Dixie Radiant Electric Heat Corp., Atlanta, Ga. (Page 2).

H. BLUMENTHAL
Partner, Swift, Henke & Co., Chicago, Ill.
Members Midwest Stock Exchange

Warren-Bradshaw Exploration Co.

If a realistic appraisal of a security should not be based entirely on current statistics, but should also take into consideration the following highly important factors — the superior ability of management—the company's rate of growth and the definite promise of future growth and enhancement—then the common stock of *Warren-Bradshaw Exploration Company* justly merits the consideration of those speculative accounts which are willing to forego current dividend income in exchange for really important capital gain prospects. Over the years many low priced oil stocks have paid off handsomely. There are, of course, many such issues of questionable value, but Warren-Bradshaw represents a singularly interesting oil situation Let's take a look at the facts.


H. Blumenthal

Founded in 1936, Warren-Bradshaw was originally an independent drilling contractor that obtained its income from drilling for others and its principal customers for many years have been some of the nation's major oil companies. Although the character of its business is changing, Warren-Bradshaw continues to be one of the largest contract drilling companies in the United States and as such, its reputation for integrity and ability is second to none. In recent years Warren-Bradshaw has started to acquire acreage and engage in exploration and development activities for its own account. With its contract drilling operations extending throughout a vast 13-state area, which includes Texas, Oklahoma, New Mexico, Colorado and Kansas, the company is in a unique position to be intimately familiar with the geological and geophysical characteristics of some of the nation's most prolific oil acreage. As a result of its own development activities have met with outstanding success. Substantially, all of Warren-Bradshaw's reported net earnings still come from its contract drilling business, but the real appeal to the stockholder in this company is in the company's exploration activities.

As anyone familiar with the industry knows, proven oil reserves are "money in the bank" and are the foundations upon which the future prosperity of any producing oil company is based. Warren-Bradshaw common stock was first offered to the public about three years ago at a price of 6½. At that time its proven oil reserves totaled 1,625,000 barrels. By the close of 1954 the company had reserves of 4,486,000 barrels. On June 30 of this year its estimated reserves amounted to 5,977,000 barrels. This means that since the first of the year the company has actually increased its reserves by one-third and since 1952 the increase has been 370%. This has been an amazing accomplishment, particularly when one considers that the company's drilling program has hardly had a chance to really get underway. In 1953 Warren-Bradshaw drilled 28 wells, of which 20 were producers and last year it got 44 producers out of 51. During the first six months of this year 15 more wells were drilled of which 11 turned out to be producers. The company's development activities have been taking place in some of the country's richest oil producing areas—principally the Texas Pan Handle, Cochran County, Texas, Gage County, Oklahoma and Lea County, New Mexico.

In periods of rising prices and high taxes, oil company equities are particularly attractive because its most important asset is its rapidly increasing oil reserves. Warren-Bradshaw stock provides the investor with an excellent hedge against inflation and it should not be overlooked that as an oil producer, the company is accorded preferential tax treatment in the form of a 27½% depletion allowance and the fact that it can charge off all exploration expenses. Since Warren-Bradshaw pursues the policy of using almost all of its net income from drilling plus a sizable portion of its noncash charges (depletion and depreciation) to finance exploration, it obtains important tax relief. It should be emphasized that Warren-Bradshaw is a capital gains situation and that its earnings as such are important only in that they help provide funds for acquisition of leases and for exploration and development. Net earnings per share last year amounted to only 32 cents per share, but much more significant is the "cash flow" most of which is available for the development of additional oil reserves. The "cash flow" per common share last year amounted to $1.30.

Despite the very substantial progress realized over the last few years the common stock is still available in the Over-the-Counter Market at approximately the same price at which it was originally offered—at 6½. It is significant to note that this company's proven oil reserves alone have a value of $5,977,000 (based on a conservative valuation of $1 per barrel) which is equivalent to roughly $6.30 for each of the 950,000 shares of common stock outstanding, and it is reasonable to assume that the rapid rate at which these reserves are being increased, will ultimately be reflected in the market price on Warren-Bradshaw stock.

KILIAEN V. R. TOWNSEND
President, Dixie Raydiant Electric Heat Corp., Atlanta, Ga.

Producing Properties, Inc.

The perfect investment combines a handsome yield with safety of principal and profitable long-term gain. But one usually rules out one or both of the other two.


K. V. R. Townsend

Just such an opportunity presents itself, however, in Producing Properties, Inc. simply because the average investor is unfamiliar with one phase of the oil business, namely, the investment opportunities in proven producing properties. Eighty-eight dollars in a unit of Producing Properties, Inc. with virtually no risk as to principal will purchase a 6% income and 10 free shares of stock. The combined package is decidedly undervalued, for it should command $200 in a few years and could be worth $300 or more over the longer term, since a minimum of $25 cash or equivalent will then be behind each share even after return of the original $88 invested.

Two unique tax features add to its value over most investments. These are the eventual return of this original investment tax free and the saving it affords as to gift and inheritance taxes.

Organized only nine months ago, Producing Properties, Inc. issued units in the amount of $10,000,000. Each $106 unit consisted of a $75-5% debenture, one $25 share of 6% preferred and 10 shares of common at 60¢ each. And unlike so many oil situations, there were no "free riders." Everyone, including the founders, underwriters and management paid the 60¢ for their common shares. And additional options granted the President, Vice-President and the engineering consultant firm that has been retained are exerciseable only at $7 a share. This means that the market value of any investment made now by the public will have to be virtually doubled before it will be worthwhile for the option holders to exercise their options, a greater degree of protection for the stockholders than is ordinarily provided.

This debenture and preferred stock arrangement enables the company to repay the investor his entire original investment tax free. And the company's avowed purpose is to retire both the debentures and preferred issue as soon as possible. Based on similar present producing property payouts financed by reserved oil payments, both the note and the preferred should be redeemed in eight to nine years, and it might conceivably be brought about a lot earlier by means of a bank loan on the substantial equity the company will have in its oil properties after just a few years.

It will purchase interests only in proven producing oil and gas properties, about as safe as any investment that can be made today. These purchases are made on the basis of conservative combined appraisals by competent engineering firms, local banks and the company's own experienced management.

With this $10,000,000 and reserved oil payment loans, it will actually purchase oil and gas reserves at a present cost of around $70,000,000 and a total future minimum revenue of $180,000,000, subject only to the reserved oil payment or loan of approximately $60,000,000. This in turn means a future net income of $40 million or more available to the 1.6 million common shares after all oil payments, interest, operating costs, lifting costs, corporate income taxes and retirement of debentures and preferred.

The purchase of producing oil and gas wells by oil payments is now so commonplace and risk free that it is customarily done through banks or insurance companies. In fact, the equity holder is not even responsible for the satisfaction of

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Throwing a Curve

SEC explanation that newspapers are not participants in proxy campaigns and hence are not subject to its proposed proxy rule modifications, is devious. Constitutional rights involved. Commission not intended to administer libel and slander laws.

In dealing with the current attempt of the Securities and Exchange Commission to extend its censorship of proxy material, we closed a recent editorial entitled "The Unwanted Censor" with the following words:

"For ourselves, we believe that the public interest and the interest of investors will be served best by legislatively removing from the SEC all regulatory control of proxies." We meant, of course, of proxy contests, which according to the Commission would include, in the case of listed companies, its proposed right to censor all "letters, releases, advertisements, scripts, speeches, addresses and reprints of other materials whether such material was originally prepared by a participant or otherwise."

Speaking of rights which we thought were violated by this SEC proposal we commented:

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

Having expressed this viewpoint we were therefore not surprised at the rising current of opposition to the Commission's proposal which appeared in the American press.

Our American publications are gravely concerned about the attempts of the SEC to censor the press and advertising.

Trying to allay these fears the SEC has written to the American Newspaper Publishers' Association explaining in effect that its projected control of proxy material has to do only with **participants** in a proxy campaign, that newspapers are not participants. No doubt from this we are expected to draw what the Commission deems to be a self-evident conclusion, that therefore the SEC does not control the news or advertising in the newspapers and freedom of speech and of the press is not affected.

Let us see whether or not that is throwing us a low curve.

As we know proxy fights, so-called, are nothing more or less than private contests by security holders *inter se* to unseat existing corporate management.

This can be accomplished through the right to vote.

The issue is one of how freely corporate voters may speak, write and communicate as an incident to their instant franchise.

The greatest political franchise that every American enjoys is the right to vote for those who govern him from the President of these United States down.

What are his rights of speech and communication concerning these candidates and the issues involved? Freedom of these rights are guaranteed to him by our Constitution, and the limitations are only those imposed by the laws of libel and slander.

That's how it was with proxy contests prior to the advent of the SEC, and it will be a blessed day when we return to this condition.

What is this play upon the word **participant?** Is it true that because in a literal sense as expounded by the SEC a newspaper is not a participant in a proxy contest, that therefore the news of interest to securities owners will come across just the same and advertising will be unaffected by Commission control?

Let us examine it.

Heretofore in proxy campaigns participants could speak their minds freely. In significant contests reporters sought them out, interviewed them, and the resulting

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Columbia Gas System, Inc.

By IRA U. COBLEIGH

Enterprise Economist

Attractive income, steady growth and quite rugged defensive characteristics lend autumnal attraction to this not inflated gas equity.

Since this is the week containing Columbus Day, it seems not amiss to salute the occasion by writing about a corporation named after that intrepid navigator, to wit, Columbia Gas System Inc. While Columbus hoped to find gold on these shores, if he'd only known it, the natural gas trapped beneath the North American continent was to be worth, one day, many times more than all the gold Spain ever took back from the Americas. (And surely Columbus could never have foreseen the day when it would be illegal for any peace loving American to possess gold coins, pieces of eight, or otherwise.)

Ira U. Cobleigh

But I digress. The topic is Columbia Gas System Inc., one of the largest integrated networks in America for the production, transmission and distribution of natural gas, doing business in the states of Ohio, Pennsylvania, West Virginia, Kentucky, New York, Virginia and Maryland. Certain subsidiaries sell gasoline and other hydrocarbons. It's an old company organized as a Delaware corporation Sept. 30, 1926, 29 years ago; and now boasts 35,000 miles of gas transmission, distribution and field gathering lines, 130 gas compressor stations, 12 L.P.G. plants and 43 underground storage reservoirs (the foregoing items culled from 1954 annual report).

Gas is sold to non-affiliated subsidiaries for distribution in Washington, D. C., Baltimore, Md., Richmond and Norfolk, Va. These areas are served by the so-called Charleston Group headed by United Fuel Gas Company, a subsidiary and the System's principal source of Appalachian gas, both purchased and produced.

The Columbus Group, including distribution to Cincinnati, Lima and Dayton, Ohio, is served through Ohio Fuel Gas Co.; while the Pittsburgh Group is served through Manufacturers Light and Heat Co., which buys gas from United Fuel, and in increasing volume from Texas Eastern Transmission Corp. and Chicago Corp.

Totally, over 1,200 communities are served to some 1¼ million customers (residential, commercial and industrial) and, at wholesale, gas is sold to public utilities serving another 1½ million.

Columbia Gas System Inc. does a gross annual business above $260 million which ranks it among the major utility companies in America.

Now that we've painted the broad picture, let's look at some of the details. To be quite candid, Columbia had its own little depression starting in 1951 and ending last year. This was due to a short gas supply whereby all the system's customers could not be well served, rising pipeline prices, and a nagging delay in securing from regulatory bodies rates that represented a reasonable or satisfactory return on company property in retail sales.

As a result, whereas per share earnings on Columbia Gas common were $1.20 in 1946, they slipped to 67c in 1953. Not only that, but unusually warm weather in the 1952-53 and 1953-54 winters slowed down importantly, house heating sales.

From all indications, Columbia Gas has now hit the upgrade again, and its shares, instead of offering thin or incomplete coverage for the 90c dividend, will provide a 30c cushion in 1955—$1.20 per share on the 19,875,000 common shares estimated to be outstanding at the end of this year (up from 18 million in 1954 due to expected conversion of $25 million subordinated 3½% debentures).

In early 1954 a key gas rate case of the System's principal pipeline subsidiary, United Fuel Gas Co., was ruled on by Federal Power Commission favorably, and provides a 6¼% return as the basis for the rate structure. This most helpful decision was augmented by further remedial rate decisions at the retail level. Taken in the aggregate, some $21,600,000 was obtained in rate increases (Federal and local) in 1954; and at the 1954 year-end, 27 other cases were pending which (if they all were granted) would add another $26 million to annual gross. It's too early to get all the returns in on those applications for this year, but a possible improvement of above $15 million in gross does not appear unrealistic.

Another favorable factor impacting on 1955 earnings is the completion (in 1954) of the $126 million Gulf Interstate Gas Company (not affiliated with Columbia). It runs Northeast from Louisiana to almost the West Virginia border and on Nov. 1, 1954, began delivering its entire capacity to Columbia. This delivery runs to 375 million cubic feet a day and increases Southwest gas deliveries to Columbia by about 30% (over 1954).

Columbia, because of the vast area it serves and the expanding needs for gas supply within it, has had to keep in motion a large scale plan for capital expansion. Postwar, some $400 million was laid out (up to Dec. 31, 1954) on transmission capacity, distribution mains and storage facilities to take care of future growth. Hence, a series of bond issues, $50 million in 3½% convertibles in April 1954 (convertible into common at 13½), $40 million in series E debentures this year, and further flotations in the offing as market conditions may permit in 1957 and 1958.

As for projection of business, 487 billion cubic feet were sold in 1954 and assuming a rough increase of 40 billion M.C.F. a year, estimated sales for 1959 are in the order of 690 billion cubic feet. (Profit before taxes may be roughly estimated at somewhere between 7c and 8c per 1,000 C. F. sold.)

Columbia Gas System Inc. today thus offers a fine broad completely integrated system for natural gas distribution and sales. The rising national curve for expansion of gas sales (heating, air conditioning, cooking and industrial uses, etc.) suggests that Columbia, with its new sources of supply, its much improved rate structure, its $62 million in storage reservoirs, and its adequate financing, is now in a position to move ahead in net earnings. Further, dividends which have been the same for some years can move ahead on the basis of anything above $1.20 for 1955.

With so many shares outstanding, and further conversion of the remaining $25 million of 3½s of 1964 expected next year, you would not list Columbia common as a number one candidate for a splashy upward swing in the market.

For those, however, seeking a durable equity with a measurably improved earning and dividend outlook and considerable defense against any important decline (earnings or marketwise), Columbia Gas System Inc. common, listed N.Y.S.E and selling now at 16⅜ yielding 5.40%, offers an income producing equity of considerable merit. This Columbia Gas System may not be the gem of the ocean, but it's jet propelled!

"Eddie" Cantor With Golden-Dersch Co.

Edward Cantor

Edward "Eddie" Cantor has become associated with Golden-Dersch & Co., Inc., 50 Broadway, New York City, as General Manager and Sales Director. Mr. Cantor is well known to the securities field and recently was Sales Manager and Director of the investment banking division of another leading over-the-counter firm before joining Golden-Dersch & Co., Inc.

Theodore F. Lorenz Is With Barrett Herrick

Barrett Herrick & Co., Inc., 35 Wall Street, New York City, have announced that Theodore F. Lorenz has become associated with them as wholesale representative in the Middle West.

King Merritt Adds

(Special to THE FINANCIAL CHRONICLE)

SPRINGFIELD, Mo.—Lloyd M. Martin has been added to the staff of King Merritt & Co., Inc., Woodruff Building.

With Reynolds & Co.

(Special to THE FINANCIAL CHRONICLE)

RALEIGH, N. C. — James E. Humphreys is now with Reynolds & Co., 120 South Salisbury Street.

Joins McDaniel Lewis

(Special to THE FINANCIAL CHRONICLE)

GREENSBORO, N. C. — Moses N. Wolf is now with McDaniel Lewis & Co., Jefferson Building.

Observations . . .

By A. WILFRED MAY

INVESTING HELP*

Investment education should never be regarded as a means for predicting movements of the market as a whole, for "beating-the-market," or any other supposed short cuts to speculative riches. Nor can the non-professional be thereby miraculously transformed to expertness. But—affirmatively—basic knowledge can guide all categories in the community toward practising behavior and policies that are consistent with basically sound and logical investment principles; for the betterment of your chances in conserving capital and its purchasing power, and to gain the maximum of recurrent income. Competent education offers real value in supplying logical criteria for your use in dealing with all phases of the market place, in contrast to the multitude of prevalent emotional foibles.

A. Wilfred May

Investment education can be helpful to even the most uninitiated in enabling him to get the maximum of benefit from an expert professional adviser, through checking on the soundness of his aid's general approach and of his actions; while abstaining from compelling his adviser to follow unsound practices to satisfy his speculative whims. Two good maxims to remember are: "The trouble with Wall Street is the investor"; and "Your stocks will behave themselves if you behave yourself."

For the expert as well as inexpert investor is the outside adviser useful—principally because of psychological factors. Disinterested outside reaction to one's portfolio problems is always useful for clarification of subjective emotional involvement in his fears and hopes. It is a fact that anyone can perform better *vis-a-vis* another's investing problems than his own. A physician does not treat himself; and usually not even his family. Only a foolish client engages himself as his lawyer.

Advisory Services

How to get guidance is the $64,000 Question confronting the non-professional.

The most readily available adviser usually is the customer's broker, or officially Registered Representative, associated with an Exchange firm, who has supplanted the old-time (non-unapproachable) Customer's Man of yesteryear. Licensed as such by the New York Stock Exchange, he must have been engaged in Wall Street for at least six months before taking the prerequisite examination given by the Exchange. And this must be his full-time activity.

And in the breadth of facilities offered also does today's brokerage firm display a completely *New Look*. Here are some of the specific services offered gratis by a typical member firm: brokerage department, unlisted department, commodity department, investment advisory department, research department, mutual fund department, institutional department, collateral loan department, custody service, and country-wide wire system.

"How Shall I Pick My Broker?"

"How shall I choose my broker?" poses one of those "toughies" to the uninitiated; even more so than which medical doctor or lawyer to call on. Here are a few affirmative suggestions:

Get a list of a few reliable well-equipped member firms from your bank, your lawyer, or accountant; or perhaps from an advertisement. Then use empirical trial-and-error for making a permanent selection from among your prospects.

Make sure he has the facilities, or arrangement, for furnishing security analysis and quantitative advice on portfolio management.

After you have become associated with him, take care in your treatment of him. Treat him as a professional long-term portfolio adviser. Don't expect him to "beat-the-market" or out-do others in (supposedly) making quick profits for you.

Encourage him to preserve a long-term investment attitude, pursuing value appraisal of individual issues, instead of merely trying to out-guess the crowd about market timing.

Don't upset him or yourself every time you hear that a friend, barber, or manicurist, has made 50 points quickly in a stock you don't own.

Don't get quotations during market sessions.

Don't associate yourself with a broker just because of friendship. It is true that other things being equal, friendship may be determining. But if they are not equal, only you yourself can weigh the relative importance to you of friendship and reality.

The Investor's Own Responsibilities

Irrespective of the outside aids available, there are certain minimum responsibilities which the investor, no matter how inexpert, must fulfill. Remember, as far as your own financial decisions are concerned, you are an investor, not a political partisan. Forget your political predilections, drawing your fiscal implications of political events objectively. You may be justified now in selling stocks in anticipation of a Democratic Administration; but only if you base your decision on the realistic *investment* implications—not because you like only Ike.

Rigidly maintain the attitude of seeking individual stock values in lieu of trying to judge the market as a whole. And do this on a strictly long-term approach.

Lastly, *diversify* your portfolio:—first, between fixed interest and equity securities; again, among your equity selections.

(Additional available advisory services and investing media will be discussed in a subsequent article.)

***Excerpt from the first of a series of lectures, "Your Investment Problems Today," given at The New School, New York City, October 6, 1955.**

The State of Trade and Industry

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

While total industrial output displayed a mild decline the past week, production was considerably above the level of the like period a year ago.

There was a slight rise in claims for unemployment insurance with seasonal layoffs reported in textile, construction and food processing industries as well as in automotive production.

An increased number of new orders was reported by steel mills last week, indicating that many steel users were anxious to replenish low inventories. Steel manufacturers refused many orders for delivery before the first quarter of 1956. Automobile and freight car manufacturers continued their high level of steel ordering.

Businessmen at the end of August held inventories of $78,900,000,000, some $2,300,000,000 more than a year earlier, the United States Department of Commerce reports.

The end-of-August inventory value was a $700,000,000 rise from July. The Department said this increase was about $400,000,000 more than normal during the month. Thus, its seasonably adjusted inventory index rose by that amount to $79,600,000,000 at the end of August.

Almost all of the seasonally adjusted rise occurred in manufacturers' stocks, the Department commented. Some of this rise reflected higher replacement costs, it added. Retailers and wholesalers were practically unchanged from the end of July.

At the end of August manufacturers' inventories totaled $43,900,000,000—the same as at the end of July but $1,100,000,000 above August of last year.

Steel producers are worrying about where they will obtain the money to finance much-needed expansion. Some are thinking in terms of higher prices to bolster earnings and attract more money from investors, "The Iron Age," national metalworking weekly, states this week.

Expansion already is underway or in the planning stage, but some of it was predicated on continuation of the fast tax write-off program. The government has closed the door to further rapid amortization for steel ingot expansion.

In recent years, declares this trade weekly, steel price rises have been tied in with higher wages for steel labor. There is no reason why prices could not move at any time, depending on the need for a better return on investment. With the domestic market about as tight as it's ever been, some steel people and industrial economists believe the economic picture would support higher prices.

Even some consumers have expressed willingness to pay more for certain products if it would assure a continuing good supply as contrasted with intermittent shortages.

Meanwhile, steel procurement continues to be a serious problem for most consumers. Allocations have been cut to the bone in a desperate effort to bring deliveries into line with promises, but the outlook for the balance of the year promises a continuing scramble for tonnages necessary to keep production lines rolling. Prospects for any inventory build-up are out of the question, "The Iron Age" concludes.

Building of 1955 model cars dwindled to a minute—that is—7.7% of United States automobile manufacturing the past week.

Buick which began its changeover this week—was the lone company still producing 1955 cars, said "Ward's Automotive Reports," and the General Motors division's expected 6,491-unit output was but a fraction of the industry's anticipated total of 84,196 autos last week.

At the same time, the 84,196 count was a 27.2% dip from last week's turnout of 115,723 cars. Chevrolet, Oldsmobile and Studebaker, the only companies completely idled a week ago by switchovers, put the biggest dents in industry programming.

Pontiac and Cadillac, meantime, led the way among General Motors divisions in 1956 model making the past week, reported "Ward's," although their operations were token efforts. Packard too, saw limited production.

Ford Motor Co., on the other hand, clipped along at near-peak 1955 weekly levels last week. All Ford Division plants were set to work Saturday, while all Mercury facilities except Wayne (Mich.) operated on Saturday last.

Chrysler, although hampered somewhat by difficulties stemming from vastly revamped machinery and stock pileups caused by rigid-inspection turnbacks, accelerated production over the preceding week by 63%.

At American Motors, Rambler assembly lines started to roll

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Our Economic Pattern and Its Influence on World Affairs

By WARREN LEE PIERSON*

Chairman, Trans World Air Lines, Inc.
President, International Chamber of Commerce

Prominent industrialist calls attention to existing world tensions and the need of a pattern of co-existence among nations. Reviews our policies with relation to Europe and Asia, and traces impact of U. S. foreign and domestic policies on world affairs. Foresees no likelihood of another depression similar to that of 1929, and expresses confidence in "built-in buffers" against adversity. Says Free World is better off today than before World War II.

Several weeks ago I had the honor to be elected President of the International Chamber of Commerce and during the next two years I will have to devote considerable time to its activities. It occurred to me, therefore, that this would be an opportune time to tell you a little about the International Chamber of Commerce and to make a few comments about the international scene from the standpoint of the American businessman.

Warren Lee Pierson

The United States is often referred to as a "young" country—especially by its own citizens—although the fact is that our Government is one of the oldest in the world. And the Constitution, which outlines our form of Government is the oldest written instrument of its kind still in force. (The only similar organic law is the "customary" or "unwritten" constitution of Britain.)

Because we feel "young" we sometimes forget the changes which have taken place in the world during the 168 years since the Constitutional Convention completed its labors. These changes have brought us to a position of leadership — political, military and economic — of the Free World. Also they have led to the emergence of Russia (or the Soviet) as a World Power—but unhappily not as a Good Neighbor!

In addition to the political changes we should not overlook the recent important technological advances, especially the discovery and harnessing of new sources of power. These are available for weapons for wholesale destruction; or for more constructive purposes.

To meet the threat of aggression from Russia and its satellites, the United States (since the end of the last war) has devoted itself to the task of strengthening political ties with friendly countries and aiding them to build up their military establishments and improve their economies. At the same time, we embarked upon a vast program of National Defense. All this has cost billions of dollars or, more accurately, has used up a staggering amount of our dwindling natural resources.

International Tensions

For ten years we have been living in a world in which many of our activities, whether we realized it or not, have been influenced by international tensions. A question we can ask ourselves is whether this situation must continue indefinitely?

A lot has been said and written about the "Meeting at the Summit" and "The Spirit of Geneva." While these has been a favorable change in atmosphere; of good manners; and an increased exchange of people and ideas; there has been no fundamental change in either American or Soviet policy.

The recent displays of friendship and good fellowship by Khrushchev and Bulganin may be sincere but there is nothing in recent or past history of Russian leaders to cause us to take them for granted. In fact Khrushchev has been quite frank in indicating that while he favors relaxing military tensions the Kremlin has not given up the idea of Communist world domination.

The only reason for saying anything about the New Look of the Russians is because it is being used in connection with disarmament negotiations and as a wedge to dissolve the Western Alliance and particularly to slow-up or stop the rearming of the German Republic and its unification with East Germany.

Russia's great secret weapon is secrecy itself—which permits her to confuse other governments by hinting one day at a reduction of arms and on another of alarming increases. Because of this situation it seems clear to me that any serious disarmament program must call for the destruction of barriers which prevent free movement of people and information across the frontiers of the Communist World as easily as over our own borders. In other words, we dare not give up the right of inspection and control.

Another demand of the Russians of which we must take a dim view is their insistence that disarmament shall require the abolition of all military bases on foreign soil. (Mr. Molotov reiterated such a view only last Friday in his address to the United Nations.) This sounds reasonable at first thought but actually it is unrealistic because it would require the Russians to retire only to the mouth of the Danube and the Chinese to the Yalu River — while the United States on the other hand would be obliged to cross—or recross—the oceans.

There can be no doubt that disarmament — general disarmament —is the real key to a peaceful world. We will hear a lot about it from now on and the problem will be to act objectively on the various proposals which will be presented.

Disarmament is a desirable goal and if Secretary Dulles' expressed hope that the next ten years be "the healing decade" is realized it can be accomplished. We must be prepared to do our part—always insisting upon conditions essential to our security and that of the rest of the Free World.

The Basis of Our Leadership

I have mentioned that the march of events over the past century has brought us to a position of leadership. The question is:

How is this leadership to be exerted?

The answer goes far beyond the manufacture of guns, airplanes, atomic and hydrogen bombs or the construction of great industrial plants. These—for us at any rate—are the easy things. Much more difficult and intangible is another battle going on every minute of the day and night—the Battle for the minds of men being fought on all fronts. In essence that is what we mean by the Cold War.

We will win this fight if we can succeed in spreading the concept of democracy. About a year ago I was invited to speak to a large group of German industrialists at Baden Baden on the advantages of the economic integration of Europe. In trying to make a point I defined democracy as an inherent consciousness of the rights of others. Chancellor Adenauer, who was present, was kind enough to say that he thought the definition was a good one.

Each of us has his own idea of what democracy is. But because democracy is more subtle than communism it is more difficult to explain; and therefore, harder to sell.

So much for the broad philosophical approach. Unfortunately, the accomplishment of democratic principles depends upon practical day by day efforts. Because a fight for an ideal seems such a colossal undertaking we are all inclined to leave the whole business to the Government. But the job is so big that even the Government cannot do it alone—and needs the constant help and guidance of us all.

Perhaps the biggest challenge to the Western World is to gain the confidence of the governments and peoples of the underdeveloped countries. They are numerous but because I was recently

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*An address by Mr. Pierson before the Kansas City Chamber of Commerce, Kansas City, Mo., Sept. 28, 1955.

Savings Banks' "Excesses"

By GEORGE A. MOONEY*
Superintendent of Banks, State of New York

Asserting Savings Banking is disturbed and threatened by "this prosperity," New York Banking Superintendent points out as recent "excesses" of savings banks: (1) competition in dividend rates, leading to "hot money" deposits, and (2) lack of consideration for sister institutions. Reveals plan to limit dividend rates and increase surpluses of New York Savings Banks. Advocates paying higher rates on long-term deposits and wants an "armistice" on advertising raids against neighboring institutions. Stresses "system" aspects of savings banks.

It's nice to know that Savings Banking is so prosperous. There is no shortage of mortgages and for the past several years deposit growth has rarely been better. Many of your offices have that gleaming new look that shouts prosperity when one walks in the door. Things are just dandy. Depositors have more dividends; staffs more salary and benefits. And yet Savings Banking, as an industry, is disturbed. It is this very prosperity that threatens you as a system.


George A. Mooney

I propose to talk today about this threat and to offer a program for dealing with it.

You stood together splendidly during the lean days of the depression, but for some of you these good times are just a bit too heady. For some,—natural deposit growth is no longer good enough. It has to come faster, regardless of the cost of attracting new money. And if growth comes at the expense of neighboring savings banks that cannot yet equal the top dividend rate, so much the worse for them!

But, have you considered the long-term implications of such an attitude—The impact of your industry as a whole—The system?

Don't misunderstand me. We in the Banking Department like competition. Moribund institutions hiding behind system, using system as a snug harbor against the winds of vigorous competition, have no place in our scheme of Savings Banking. All we want to make clear is that recent excesses, if continued, would mean trouble for you and your industry.

Competition in Raising Dividend Rates

If we go on this way a rise in the dividend rate will no longer be merely a matter for quiet family celebration by an institution and its depositors. It will be, as it already has been, a declaration of war on all the other savings banks in the neighborhood. Naturally, those under attack would feel the urge to retaliate. Thus, if one pays an extra quarter per cent and advertises it from the housetops, the other would follow suit, whether he can afford it or not.

Under such circumstances, current earnings would no longer be the primary test of ability to pay. Undivided profits would become the basis of all operations. Live for today and let tomorrow take care of itself would become the rule. In the meantime, what happens to the surplus strength of the system?

There would be one bitter consolation, if you can call it that, for the non-participants—the more conservative bankers—as they watched their deposits shrink. Some of the money leaving the tellers' cages would be "hot money," taken in during the previous round of dividend increases. This money comes in large lumps, it is always on call, and like flotsam, it moves with the dividend tides.

Thus, if nothing is done, the way we are headed, sooner or later the heat of competition would force a large number of institutions to exhaust earnings and more entirely in dividends. With deposits growing, that would further speed up the drop in the surplus ratio.

And that would force institutions to make a tough decision. They could stay out of risk investments, but that would hurt earnings. Or they could try to boost earnings, but that would be exposing a dwindling surplus to greater risk. Banks paying lower rates would suffer a deposit drain. This might strengthen their surplus position, **but it might also undermine their desire to continue life on their own. It is clear that the surplus ratio requires management.**

With luck, some of you might say, none of these things might happen. But, Gentlemen, Savings Banking cannot be trusted to luck.

Should Their Be A Dividend Ceiling?

Now, what about reimposing a dividend ceiling? I know that some savings bankers favor such action. I was surprised recently to learn that rate ceilings were discussed by savings bankers in New York State long before the thirties. A 3% ceiling, for example, had its advocates around the beginning of the century. But, remember, it took a financial catastrophe to put ceilings into effect. This stamps them as an emergency matter. The Banking Department does not regard the current hassle an emergency, much as this may disappoint some of you.

On the other hand, we have reimposed a cooling off period and have once again asked for a 30 day notice to the department before dividends can be raised. I think this will give savings bank trustees a much better opportunity to make their decisions with full appreciation of all consequences.

We know that the 30 day notice is not the whole answer to the problem. But before outlining the additional steps we have in mind, let me take time out to insert a bit of my credo that I try to apply as Superintendent. I believe that institutions that do a good or outstanding job should go ahead. It would seem wrong to tie them to the laggards. We, in the Department, distinguish among progressive, well-managed institutions; Savings banks whose management does just an average job for depositors, and dormant institutions that barely deserve their charters.

Lack of Consideration for Sister Institutions

But there is another side to my savings bank philosophy. In the past, you have never been ruled by the rough and tumble of the market place where the weak may be crowded off the sidewalk or pressed against the wall. Consideration for sister institutions is supposed to be part of your system. If you fail to practice the mutuality which you preach, some institutions will be hurt, and there may be a reduction in the number of savings banks. Let me assure you, however, that I have no desire to preside over the liquidation of good, serviceable institutions.

This raises the question of whether you are in fact a system of mutual savings banks, or an unrelated group of individual, competing institutions. The answer is urgent because in the past the Banking Department has acted on the assumption that mutuality to you, means not only the collective management of savings in one institution, but also strength gained through system-wide cooperation.

Let's take the system concept and apply it to branches. The Department has a legislative mandate to prevent destructive competition. Thus, where new outlets are in order, we have tried to spread the privilege around among deserving institutions. In some hotly contested locations, as you know, our policy was to grant a branch not necessarily to the institution that was tops in past performance, but rather to one that had been hurt by population changes and needed growth for a fresh start in a new neighborhood.

But, do you see it this way? I wish that some of you were in my chair on some occasions when a savings banker pleads for a branch, or change in location, or whatever. You would hear every argument in the book, except one. You won't hear a whisper about a savings bank system, but, let there be an application for a branch in that banker's area, and he quickly cries "System!"

Savings Banking—A System

Or take the current legislative review of the Banking Law. Is it to regard Savings Banking as a system, with a collective function?

Or, are savings banks in New York State to be viewed as 129 highly independent institutions, each one ready to go it alone. It is obvious that the answer might strongly influence the recommendations of this Committee.

But, remember, Gentlemen, in weighing this question, do not overlook the fact that there is still an area for individualism. You are still the local bank, the neighborhood bank, the bank with close local ties, the bank that gives friendly service, the bank that reaches out even to school children, the bank that everybody knows. My own belief is that it will be a long day before family and neighborhood ties of this kind count for nothing. I urge you to make the most of these neighborhood advantages.

On Dividend Policy

So much for philosophy. Let us return to the field of action. On dividend policy, we have a two step program for your consideration. The first step is primarily ours but is one in which we enlist your cooperative thoughts. The second is yours but one on which we will give all the assistance that may be needed.

As regards the first proposal involving the question of the adequacy of earnings retention, we are thinking in terms of what might be called a "conserve-as-you-grow" plan. To prevent surplus from becoming inadequate, a growing institution must retain a larger share of its earnings. Logically, it is clear, the lower the surplus ratio it starts out with, the higher should be the plow-back to surplus on any given deposit growth. Only institutions in the top surplus brackets can take growth in their stride.

Such a plan, we believe, would put a stop to the exhaustion of earnings entirely in dividends, with no thought for tomorrow. It would slow down any accelerating drop in the system's surplus cushion. Like all such plans, of course, it would have to be flexible.

Incidentally, in this connection, a brief word here about split dividend rates and their purposes might be in order. First, split rates can give a special reward to the diligent, faithful saver over the customer who uses a savings account as if it were a checkbook. Second, split rates can be a practical way of experimenting with higher dividends, while earnings still do not justify a higher rate across the board. Difficulties of technique exist in split rates, I know, but I can see no hazard on this course that a bit of old fashioned ingenuity cannot overcome. Fifty years ago, with accounting machines still in their infancy, over half of all savings banks were on split rates, and not only two ways but three ways and four ways.

In recent days, one New York City savings bank announced a split rate based on duration. This bank paying 2¾% chose to pay an extra ¼% on funds that have been steadily on deposit for a year or longer. Such a policy facilitates gradual transition to higher dividend territory, at the same time that it rewards genuine savings. Such a policy seems to deserve wider adoption.

A Cessation of "Advertising Raids"

Now then, as for the second proposal: Let us have an armistice on advertising raids against neighboring institutions. Your industry has not only adopted, it has refined some weapons of rate war which you so loudly protest against when used by your competitors.

When a savings bank is able to pay an extra dividend today, do its trustees and management always have concern for the good of the system? Do the officers consider whether any damage might be done to the industry? Instead, they mount their promotion artillery, from ads to handbills to television. They sell mutual savings banking short by selling rate and rate alone.

Now, the Banking Department has no quarrel with savings bank advertising as such—in fact, it believes advertising which promotes thrift should be encouraged. Advertising which seeks to draw established accounts away from sister institutions, however, is not only contrary to the system concept but is opposed to the public interest generally.

The power to compete through advertising is not absolute. It may corrupt. That is why you find it frequently circumscribed in other professional fields, such as medicine and the law, where the public interest requires that quality of service, not promotion stunts and cut-rate advertising determine customers' choice. I, therefore, propose that your association seriously consider adopting a code of advertising ethics with a view toward directing your message more toward the encouragement of thrift and less toward inducing the mere transferal of existing accounts.

Let me end on a theme that runs throughout my remarks today. Its keynote is the savings bank system. Your association was formed to promote the well-being of the whole system, particularly to pioneer in sound and safe banking practices. Well, if you still are a system, you ought to act like one.

On the other hand, maybe some of you who do lip service to the idea do not care about being a system any longer. Some of you even may find the system idea stifling. Some of you may believe that you can do better without a system. How many of you there are we don't know—yet. Response to our program will help us find out. If the great majority want to cast system aside, however, I won't stand in your way. If you want to be free of system ties, so be it. But, please, let me know your decision. For today, I leave the problem where it belongs—in your hands.

*An address by Supt. Mooney at the 52nd Annual Conference of the Savings Banks Association of the State of New York, Washington, D. C., Oct. 3, 1955.

Akin Lambert Adds

(Special to THE FINANCIAL CHRONICLE)

LOS ANGELES, Calif. — Clarence S. McCune has been added to the staff of Akin-Lambert Co., Inc., 639 South Spring Street, members of the Los Angeles Stock Exchange.

The Defense of Prosperity

By ELLIOTT V. BELL*

Editor and Publisher of "Business Week"

Former New York Superintendent of Banks says we are now engaged in the dangerous experiment of attempting to control the Economic Cycle. Holds depressions are "man-made," and therefore can also be "man stopped," and points out the episode of 1953 gave a practical demonstration of what can be done when government moves promptly with coordinated efforts to combat a recession. Concludes, the best way to prevent a depression "is to sit on the proceeding boom."

At this moment in the United States we are engaged in a momentous experiment. We are attempting to control the economic cycle. On the outcome of this effort hangs the whole future of our Western World.

Elliott V. Bell

If we were to plunge once again into a Great Depression like the collapse of the early 30's, the way would surely be opened for the triumph of Communism in much of the remaining free world. At very least, we here would face social and political changes of a most unhappy sort. I do not think that needs to be argued.

Today the United States is at peace and enjoying the greatest and most widely distributed prosperity ever bestowed upon the people of any nation anytime, anywhere.

Our Gross National Product — the total annual value of all the goods and services produced in the country—is crowding $400 billion. Industrial production is at the highest level in history; so is employment—65 million jobs—so is the amount of income people have to spend, and so is the amount they are spending.

There is hardly a cloud in the sky and the ship sails on before a fair wind that will surely last well into 1956 and perhaps even into 1957. Small wonder that many of my older and more experienced friends say it is too good to last.

I was speaking a few days ago to one of these friends, a man with a long and distinguished career in banking, one who has the wisdom that comes from a full life usefully lived.

"We are simply going through the advanced stages of another great inflation," he told me, "and it will end, as booms always end, in another bust. The bigger the boom, the bigger the bust and this is the biggest boom ever. I don't know when the reckoning is coming, maybe next year, maybe not for another two or three years, but I know it is coming; and when it comes, it will make 1929 look like a pink tea."

That paragraph is all in quotes. It is not my view, but it is the view of many experienced men for whose judgment I have great respect.

Preventing Recurring Depressions

I do not say this dreadful reckoning they foresee cannot happen. I simply say we must not let it happen.

Can we prevent recurring depressions? We never have succeeded in the past. In the past 100 years there have been no less than 24 complete business cycles, covering a rise to a peak of prosperity and a subsequent fall into recession. The relentless regularity with which depression has followed boom in our country has evoked over the years a widespread opinion that there is a basic, immutable moral law governing the business cycle.

As I recall my Bible, Job was a very decent, well-meaning citizen whose only sin was that he was prosperous and successful. Yet the wrath of Jehovah descended upon him and poor Job was put through the wringer in a fashion that would have delighted the most bloodthirsty of our latter-day business haters.

This old Testament attitude nourished in our Puritan background still colors our thinking about the business cycle. We have a guilty feeling that when we get too prosperous we, like Job, are inviting the wrath of the gods.

There is even the uneasy thought that high-level employment and high consumption somehow violate the ancient curse laid upon Adam—"In the sweat of thy face shalt thou earn thy bread."

Depressions are not made in heaven or in hell either. They are not divine visitations sent to chastise men for their folly and excesses; they are not like hurricanes and floods, great natural catastrophes beyond human power to prevent. Depressions are man made, they are made right here on earth by people like you and me and if we make them we can also stop making them.

Mankind has never succeeded in abolishing war yet we are all agreed that this time we must succeed in what never before has been done. We have no choice but to do the impossible.

Compared to preventing another great war, preventing another great depression should not be so impossible. We are not entirely ignorant and defenseless. The fact is, a good deal has been learned in the past 25 years about how to deal with the swings in the business cycle. Throughout the Western World it has become accepted that governments have a prime responsibility for promoting economic stability.

Skeptics will say, of course, that you cannot prevent depressions by passing laws or drawing up resolutions or making speeches either. That it has been tried before and it has never succeeded. All this is perfectly true, but is it too much to hope that mankind can learn a little from experience?

The Attempt in the Early 1930s

Think back a little bit. I remember in the black days of the early 30's when banks were popping all around like firecrackers on the Fourth of July, I went in to see one of Wall Street's wisest and most influential man. "Too bad," he said, "but these ripe apples must fall." Then I remember another occasion much later when I had the honor of being Superintendent of Banks in New York and a certain young savings bank president said to me, "Do you deny my bank the right to fail?" I shall always have a kindly feeling for that gentleman because his question helped to lift me over a rather tense and difficult situation. I believe that today all of us in the banking field are reconciled to the fact that our institutions are "denied the right to fail." We as individuals may fail; but as a practical matter, our institutions cannot be allowed to; it is against public policy.

I remember, too, back in the dark days when President Hoover said "no man shall starve." It seems a minimum statement today. Yet, it marked a historic turning point. It was the end of *laissez faire* and the beginning of the decline of the law of supply and demand — at least where human beings are involved. Then there was another radical move in those days, the creation of the RFC whereby government undertook to interfere drastically with the free market and attempted to deny the right to fail—not merely to banks, but railroads, industrial companies and in a much later metamorphosis even to snake farms.

It was, of course, later in the 30's under the New Deal that talk about curing and preventing depressions really flourished. The performance didn't equal the conversation. That's really not a partisan statement; that's a fact. We had not fully recovered from the 1929-33 collapse before we went into the 1937 tailspin; and in 1940 after eight years of economic planning, we still had 10 million unemployed. Economic planning in the 30's was a failure.

Easy money didn't succeed in making jobs; neither did deficit spending. Why? The answer, I think, in retrospect is easy. At the very time we were struggling to bring about economic recovery we were also loading onto the backs of people the heaviest tax burden in peace time history. Republicans and Democrats were alike in this error.

Here is the result as it was recently described by Arthur Burns, Chairman of the Council of Economic Advisers:

"These drastic increases of taxation served to reduce the spending power of consumers and business firms; they also created grave uncertainty about the future. By spreading fear that the tax system was increasingly being used to redistribute incomes and to punish success, they weakened the incentives to invest and to innovate.

"In retrospect, there can be little doubt that the fiscal policies of the 1930's, which combined onerous taxation with sharply increased spending and borrowing, disrupted the confidence of many people in the country's economic future and thus reduced the effectivenes of the constructive measures taken at the time to lay a foundation for economic recovery and to speed its course. **Even as late as 1940 the unemployed constituted nearly 15% of of the civilian labor force.**"

Now the only thing good about that experience is that somebody learned something from it.

Contrast that early espisode with what happened in 1953 and '54. You will recall early in 1953 the Eisenhower Administration faced a growing threat of recession. Now some of the Administration's most ornamental figures were engaged in a stirring fight to the death with that old dragon inflation and they were hollering about a balanced budget at the top of their lungs. All of a sudden it turned out that deflation, not inflation, was the threat and all the St. Georges had to be hauled off their knightly horses and set to manning the pumps.

This is, to my mind, one of the most interesting episodes in recent political history.

The Move of the Eisenhower Administration

President Eisenhower's Cabinet, as the Democrats are fond of reminding us, is loaded with business tycoons, who give off an aroma of confidence and conservatism as soothing as a Churchill cigar.

Nevertheless, somewhere in the Administration there was the intelligence to move swiftly and boldly. The so-called "hard money" policy was scrapped even before the ink was dry on the feature interviews extolling it. In a series of unprecedented acts the Federal Reserve gave the money market the biggest, fastest shot in the arm in history. The balanced budget went out the window and by September, before many people even knew the decline was on, the Administration announced a cut in personal income taxes averaging 10% in the lower and middle brackets. Then followed a series of sweeping tax reforms involving an over-all reduction of the tax bill by $7.4 billion plus many long-needed and desirable changes.

Here was a piece of rapid-fire pump-priming that made Mr. Roosevelt's best look like the work of a tightwad. At the same time the Administration moved to loosen up housing credit and launched an era of mortgage lending and installment financing that was right out of a salesman's dream-world.

We had, in a sense, the best of two worlds — a conservative Administrative that seemed to inspire confidence on all sides, boldly pursuing compensatory fiscal and monetary policies that some of its leading figures would probably have denounced a few years ago as down-right New Deal heresy.

We may never know to what

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*An address by Mr. Bell before the Savings Banks Association of New York State Convention, Washington, D. C., Oct. 3, 1955.

Dealer-Broker Investment Recommendations & Literature

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

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

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

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

Chemical & Pharmaceutical Industry—Study—Smith, Barney & Co., 14 Wall Street, New York 5, N. Y.

Company Diversification—Analysis with particular reference to **Arvin Industries, Carborundum, General Dynamics, Olin Mathieson Chemical, Phillips Petroleum,** and **Pullman**—Thomson & McKinnon, 11 Wall Street, New York 5, N. Y. Also available is a report on **Douglas Aircraft Company.**

Convertibles — Recommendations on convertible bonds and convertible preferreds—J. R. Williston & Co., 115 Broadway, New York 6, N. Y.

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

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

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.

Petroleum Refining In Canada—Analysis—Nesbitt, Thomson and Company, Limited, 355 St. James Street, W., Montreal, Que., Canada.

Short Term and Long Term Interest Rates—Bulletin—Park, Ryan, Inc., 70 Pine Street, New York 5, N. Y.

* * *

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

Bailey Selburn Oil & Gas Ltd.—Detailed analytical brochure —The Midland Company Limited, 50 King Street, West, Toronto, Ont., Canada.

E. W. Bliss Company—Brochure—D. M. S. Hegarty & Associates, Inc., 52 Broadway, New York 4, N. Y. Also available is a brochure on **Houdaille-Hershey Corporation.**

Canadian Petrofina Ltd.—Memorandum—McDonnell & Co., 120 Broadway, New York 5, N. Y.

Certain Teed Products—Memorandum—Auchincloss, Parker & Redpath, 52 Wall Street, New York 5, N. Y.

Chibougamau Mining Area—Circular—L. S. Jackson & Company Limited, 132 St. James Street, West, Montreal, Que., Canada.

Chicago Corporation—Data—Bruns, Nordeman & Co., 52 Wall Street, New York 5, N. Y. In the same bulletin are data on **Carborundum Company.**

Consolidated Edison Co. of New York—Memorandum—Talmage & Co., 111 Broadway, New York 6, N. Y.

Corning City School District—Brochure—Municipal Securities Dept., Marine Trust Company of Western New York, 235 Main Street, Buffalo 5, N. Y. and 120 Broadway, New York 5, N. Y.

Detroit Steel Corporation—Bulletin—Gartley & Associates, Inc., 68 William Street, New York 5, N. Y.

Equitable Gas Company—Analysis—Ernst & Co., 120 Broadway, New York 5, N. Y.

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

Glens Falls Insurance Company—Analysis—The First Boston Corporation, 100 Broadway, New York 5, N. Y.

Heywood Wakefield Company—Analysis—May & Gannon, Inc., 140 Federal Street, Boston 10, Mass.

Israel Continental Oil Company Limited—Bulletin—Englander & Co., 115 Broadway, New York 6, N. Y.

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

Pioneer Natural Gas Co.—Memorandum—Rauscher, Pierce & Co., Mercantile Bank Building, Dallas 1, Texas.

Reeves Ely Laboratories—Analysis—Leason & Co., Inc., 39 South La Salle Street, Chicago 3, Ill.

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

Royal Dutch — Memorandum — H. Hentz & Co., 60 Beaver Street, New York 4, N. Y.

Royal McBee Corporation — Annual report — Secretary, Royal McBee Corporation, 2 Park Avenue, New York 16, N. Y.

J. P. Stevens—Summary—Bache & Co., 36 Wall Street, New York 5, N. Y. Also available are data on **Fairbanks, Morse** & Co., a review of the current business outlook, and an analysis of **Chrysler Corporation.**

NSTA Notes

SECURITY TRADERS ASSOCIATION OF NEW YORK

Security Traders Association of New York, Inc. (STANY) Bowling League Standing as of Oct. 6, 1955 are as follows:

	Points
Manson (Capt.), Jacobs, Barrett, Siegel, Yunker	19
Donadio (Capt.), Brown, Rappa, Seijas, Demaye	17
Serlen (Capt.), Gold, Krumholz, Wechsler, Gersten	16
Barker (Capt.), Bernberg, H. Murphy, Whiting, McGovan	15
Krisam (Capt.), Farrell, Clemence, Gronick, Flanagan	13
Meyer (Capt.), Corby, A. Frankel, Swenson, Dawson Smith	12
Bradley (Capt.), Cy Murphy, Voccolli, Rogers, Hunter	12
Growney (Capt.), Define, Alexander, Montague, Weseman	11
Topol (Capt.), Eiger, Nieman, Weissman, Forbes, Klein	10
Leone Capt.), Gavin, Fitzpatrick, Valentine, Greenberg	10
Kaiser (Capt.), Kullman, Werkmeister, O'Connor, Strauss	7
Leinhardt (Capt.), Bies, Pollack, Kuehner, Fredericks	8

5 Point Club—Jack Manson.

Continued from page 2

The Security I Like Best

the oil payment and has no liability in respect thereof. Instead, the oil payment is merely a claim for a specified amount of dollars out of future production and, therefore, has no maturity date. In practice, liquidation of the oil payment usually takes place in about five years, depending of course on the company's careful selection among the numerous producing oil and gas properties available for purchase.

The company has been fortunate in obtaining the services of A. Knox Tyson, who has had 30 years' experience in the oil business. Holding a Masters Degree in Geology, he worked for a number of years with Continental Oil Company and was President of American Republics Corporation from 1951 until 1954. His Board of Directors, incidentally, includes Rushton L. Ardray, Senior Vice-President of the Republic National Bank of Dallas; Alfred S. Foote, Vice-President of J. P. Morgan & Co.; H. N. Mallon, President of Dresser Industries, Inc., and Philip Kraft, Vice-President of Newmont Mining Corporation and President of Newmount Oil Company.

The company has also retained the services of a well known petroleum engineering firm, San Juan Exploration Company, which is thoroughly familiar with and has in the past handled the purchases of producing oil and gas properties subject to reserved oil payments. The experience of San Juan and Mr. Tyson provide the basis for the initial screening of any property offered for purchase.

The company is consummating purchases as fast as practical, but with considerable care. Over 50 possible deals were considered before the first one was made. These properties are available at a cost well under 50% of their ultimate total income because of the owner's desire to convert ordinary income to capital gain, or perhaps the result of a partnership or corporate liquidation or because funds are needed for death taxes or business purposes. In fact, considerable additional income above the necessarily conservative estimates of present reserves is actually often realized because of constantly improving recovery methods and the automatic acquisition of as yet undeveloped portions of acreage and untested deeper horizons on the developed acreage.

After deduction of all oil payments and operating expenses, and retirement of the debentures and preferred, there should be a minimum of $25 cash flow to each share of common stock, even after exercise of management's stock options. And this is on the conservative side in view of the strong likelihood of additional income as pointed out above. But even using this as a basis of determining present value and discounting at 5% compounded annually for 20 years and dividing by 1.5, the generally accepted procedure in the oil industry in calculating present value on the basis of future net revenue, it results in an estimated "present value" of $11.50 for each common share.

Since the $10 million probably will not be fully invested for another 18 months or so, and the oil payments will not be liquidated for another five years, the common can hardly be expected to command that much now. But considering the relative certainty of its ultimate minimum worth, a value of one-half, or $5 to $6, is not out of reason.

For tax purposes, the amount allocable to the debentures and preferred would be the entire cost of the unit if purchased at $100 or less. This allows for the ultimate return of one's original investment completely free of capital gains tax. And the 10 shares of common stock received with each unit at no cost can in turn be given to children or others with no gift tax liability at all, or at the most a valuation of 10¢, its par value. Thus, a tax-free gift can be made which possesses an almost certain ultimate value of $20 or more per share.

With interest already accumulating at the rate of 5% on the debentures and 6% on the preferred, it is specifically provided in the debenture agreement that interest payments of $3.75 per year will start Nov. 1, 1956 on debentures. And the $1.50 cumulative yearly preferred dividend should commence not too long after that. This will afford a combined yield of 6% at the present unit price of $88 and 5¼% even for those paying the full $100 par value. This is certainly a good return on such a relatively risk-free investment, even if the value of the 10 shares of common, automatically acquired at no additional cost, is ignored completely, not to mention the handsome potential capital gain afforded by the latter.

The stock itself will not be traded separately from the units until November, 1956. But, considering the nature of the assets and earnings behind both the $75 debenture and the $25 share of preferred, the whole package is obviously worth a good bit more right now by the most conservative appraisal than $88 or even its $100 par.

Joins L. A. Love Co.

(Special to THE FINANCIAL CHRONICLE)

MENLO PARK, Calif.—Harold G. Jindrich has joined the staff of Louis A. Love Co.

The NASD: What It Is and Does

By GEORGE E. RIEBER*
Secretary, New York Regional Office
National Association of Securities Dealers

Mr. Rieber recounts the conditions in the Over-the-Counter securities market that led to the passage of the Maloney Act, now Sect. 15-A of the Securities Exchange Act. Points out the NASD is the only national association of securities dealers that have qualified under the Act and gives a description of its organization. Comments on the "5% policy" and the policing of Mutual Funds and of securities dealers' advertisements.

I think the best approach to the subject of the National Association of Securities Dealers would be to go back to the time when we did not exist, and develop the reasons why our organization became necessary in the public interest. In order to do this I think I can go back to, perhaps, 1927, at which time the securities markets were not particularly well regulated, and at which time also there was growing interest in Over-the-Counter securities.


George E. Rieber

As is well known, the regularly organized Exchanges had been functioning for some time and had been developing a system for discipline of their own members for malfeasance or for any departure from the rules of the Exchange. It was a comparatively simple proposition, because when a member becomes a member of one of the Exchanges, he practically signs away any private privileges which he may have. He relinquishes all right to appeal from a decision of the Board of Governors of those Exchanges and so it isn't necessary for them to indulge in long procedures in order to discipline any of their members who have strayed.

That wasn't true in the Over-the-Counter Market. The Over-the Counter Market was a vast, sprawling organization which, incidentally has been in existence so far as we know, since about 1550. It is the oldest and largest market in the world, and is certainly the largest market in this country.

The Stock Exchanges were already organized and had their members under their hands. There was no difficulty in watching them. The Over-the-Counter Market, on the other hand, was spread all over the United States and it was difficult to watch the actions of dealers in it.

In 1933 when the various NRA codes were promulgated, the investment securities business was invited to construct one of its own for the operation of the securities business.

Prior to that time there was a large and earnest group of members of the securities business who had been working for years to bring about order in all of these markets. There was no question about their desire to discipline the securities market for their own good and for the good of the public. And so, although there might have been some objection to the methods by which the NRA codes were imposed upon various types of business, the securities business welcomed with open arms the opportunity to have an NRA code.

The First Step in Organization

Of course, we know that within a few years thereafter the NRA codes themselves were all nullified by action of the United States Supreme Court, but this same group of individuals who were interested in getting order into the securities markets in the country, decided that they would like to keep, if they could, the best features of the NRA code. They organized what was known as the Investment Bankers Conference, which had a Constitution, a set of By-Laws and a set of principles with which all of the securities dealers which became members of the Investment Bankers Conference agreed to abide.

That Investment Bankers Conference, therefore, became a voluntary organization, wherein the securities business attempted self-regulation.

It functioned until 1939, and I have no hesitancy to say it did a good job, within the limitations with which it was confronted.

In the meantime, in 1933 the Securities and Exchange Commission had been created for the purpose of administering the Securities Act of 1933 and the later Act, known as the Securities and Exchange Act of 1934.

There is no doubt that the Securities and Exchange Commission did an excellent job. It was a new field. They had to explore their possibilities and their powers, and it must be said that there was no question about their success.

However, they were confronted with a very serious difficulty. Whereas it was possible for them to enter the Exchanges and place their hands upon the source of trouble almost without difficulty, they found it a very difficult thing to supervise the Over-the-Counter Market.

So some representations were made to the Congress of the United States for the enlargement of the Securities and Exchange Commission's powers, in order that they might be able to do the job with which they were confronted, and with which they felt they had so much difficulty.

There were some conferences on this problem, all of which were conducted in a friendly spirit. They were participated in by all of the persons and organizations who were interested in the securities business in the United States, and out of those conferences came a suggestion that perhaps the business could undertake what is known as an experiment in self-government and self-discipline.

The Maloney Act.

As a result of those conferences, too, Senator Maloney of Connecticut sponsored legislation which eventually became known as the Maloney Act. Its official title is Section 15-A of the Securities and Exchange Act of 1934. That amendment sets down the authority for the creation of The National Association of Securities Dealers. It also states the basis upon which any such Associations shall be formed, what their powers shall be, and what their limitations shall be.

The National Association of Securities Dealers is the only organization which qualified under Section 15-A of the 1934 Act, and to this day is the only one.

It began to function on Aug. 1, 1939. It had its start by the absorption of all of the members of the Investment Bankers Conference, which I mentioned a little while ago. It has made a valiant attempt to do the things which it was required to do within the framework of the Act under which its creation was permitted.

It is a democratically organized Association. Its prime movers are members of the profession itself. The By-Laws of the Association provide that the policy-forming and the administrative powers shall be vested in a Board of Governors of 21 men, all of whom are elected from the investment fraternity, all of whom serve without pay, and give unstintingly of their time and efforts to the promotion of the work of the National Association of Securities Dealers.

Naturally, it would be a difficult thing for 21 men selected from all over the country to administer the affairs of the Association without some kind of professional assistance.

You will perceive that the Board of Governors is tantamount to the Board of Directors of a corporation. Consequently, they found it necessary to appoint an "Executive Director," who has all the duties of a president of a corporation, and executes the policies which are laid down by the Board of Governors which in turn is presided over by a Chairman.

The Association has established a principal office at Washington, D. C., where Mr. Wallace H. Fulton, the Executive Director, has the executive staff which assists him in performing the duties assigned to him.

The District Organizations

For convenience of administration, the country has been divided into 14 districts, beginning with District No. 1, comprising the States of Washington and Oregon, and ranging to District No. 14, which consists of all the New England States, with the exception of Connecticut.

Each one of those districts is presided over by a District Committee, which is also selected from the members of the profession, itself. Each one of those District Committeemen serves without pay and devotes that portion of his time to the work of the Association which is required of him.

Some of the districts, the larger ones, have a District Committee consisting of 12 men. Others, where the districts are smaller, require only six, and the number varies in between.

The work of the New York Committee is so voluminous that it is necessary for them to subdivide themselves into other committees and to seek the assistance of volunteers from the profession itself to do some of this special work.

As you probably know, this district is the largest one in the country, and administers the affairs of the Association in the States of

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*An address by Mr. Rieber before the Graduate School of Business Administration of New York University, New York City, Sept. 8, 1955.

Administration's Home Credit Restriction Program Unwarranted!

By HON. ALBERT RAINS*
U. S. Congressman from Alabama
Chairman of House Banking and Currency Subcommittee on Housing

Congressman Rains, after discussing the developments in encouraging home ownership through government aids, attacks the recent mortgage credit restrictions on FHA and GI loans. Says these steps may have a seriously disruptive effect on the home-building industry, and they have punctured the dreams of thousands of families for home ownership. Reveals Administration's actions will be thoroughly studied by his committee.

It gives me great pleasure to be here with the representatives of an industry which in recent years has made such unprecedented progress and in so doing has helped bring progress and stability to millions of our citizens. I need not remind you that we are now in what appears to be the seventh consecutive year in which more than 1 million new homes have been started in the United States. In financial terms it would be almost impossible to fully appraise the impetus of this vast construction program to our entire economy in the past decade. But in human terms I have been constantly impressed by the fact that in a relatively short period we have come so far toward the realization of every family's dream, home ownership. In terms of history, I like to think of the immeasurable benefits to individual freedom and individual security which the very fact of increasing home ownership affords.


Albert Rains

In order to appreciate the present building program, we must look back to our last big building flourish, for our present program is the culmination of a trend started some 25 years ago.

We had then just ended a big home building boom, the highly speculative boom of the "roaring twenties." That was a boom and as such it collapsed.

Some of you may recall the incredible number of non-farm mortgage foreclosures which in 1932 reached the appalling figure of 250,000, or about one out of every 100 dwelling units. This compares with the extremely low rate of about 18,000 foreclosures in 1951, or one out of every 2,500 dwelling units.

Residential construction had been limping along for several years and in 1933 dropped to 93,000. The non-farm high had been reached in 1925 when 937,000 new dwellings were started. This figure was not touched again for 24 years.

During this first major building flourish, there were no federal mortgage guarantee programs and credit was available only at private sources. Most home buyers had to wait until middle life to even consider the purchase of their own homes. A great proportion of the population could merely dream about homes because the financial prospects of ownership were too remote for any serious consideration.

Change in the Housing Picture

No aspect of the housing picture has changed more completely between 1932 and 1955 than the conditions facing the person who wants to buy a home. Up to 1932 most prospective buyers had to make a down payment of at least 25% of the appraised value of the property. A first mortgage would probably be limited to half or two-thirds of the appraised value. On this mortgage the borrower would pay anywhere from 6 to 8% interest. The loan would have a maturity of three, four or five years but sometimes less. If a second mortgage was necessary, as it usually was for families of moderate incomes, the purchaser would obtain one by paying a discount to the lender and in addition perhaps a commission to the broker. Discount and commission may have amounted to 15 or 20% of the loan. Interest on the second mortgage would be 8% more.

The borrower was always at the mercy of arbitrary and unpredictable forces in the money market. When money was easy to get, renewal every one to five years was no problem. But if a mortgage expired at a time when money was hard to get, it might be impossible for the homeowner to secure a renewal and foreclosure would ensue.

It is no wonder then that this boom of the twenties was a record of foreclosures. Even in 1923 at the peak of the boom, foreclosures, under such insecure financing, totaled 68,000—more than three times the number in 1951. This despite the fact that in 1951 outstanding mortgage debt was four times as large as in 1926.

In the light of today's situation, it is hard to believe that these conditions for home ownership existed only some 20-odd years ago.

With low down payments and long-term home loans today's home buyer knows where he stands for he has an amortized loan on which both payments of principal and interest—and in many cases also taxes and insurance—are made monthly during the life of the loan. These payments are geared to the buyer's income. And the buyer is not burdened with the periodical worry of renewals.

But perhaps even more important to the well being of the American family is the fact that today a family can get a home early in life.

The home today has become a reality to most American families *when they need it most*, to bring up the family, not simply as a place to retire when the children have grown up.

Measures in Aid of Home Ownership

You as home builders are all aware of the measures which have made today's programs possible. The Federal Home Loan Bank system was created in 1932 to provide home lending organizations with sources of reserve funds to help meet local demands for home loans and to afford secure outlets for savings. To save home owners and lending institutions from losses through foreclosures the Home Owners Loan Corp. was set up in 1933. The following year the Federal Housing Administration was created to protect lenders against loss and to enable millions of average Americans to buy homes at sound values on long-term, low interest and low down payments insured by the government. And in 1944 we had the guaranteed home loan program for GI's.

I could go on in detail to discuss the many worthwhile legislative programs which have helped you to achieve the remarkable record made by the home-building industry.

But you know these programs intimately from first-hand knowledge. So I plan to conclude my remarks this morning with some observations on the current setting and its problems.

In the current setting the problem of the terms and availability of mortgage credit has again moved to the center of the stage.

Credit—and credit on liberal terms—is unquestionably the life blood of your industry. Because of this I share your concern that nothing be done which will restrict the necessary flow of credit to your industry.

Recent Credit Restrictions

In recent months the present Administration has apparently grown restive over inflation possibilities—though to many the warning clouds in view are hardly as big as the proverbial man's fist—and has taken a series of steps to restrict credit.

As seems to be fashionable among economic planners, the home-building industry was singled out

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*Remarks of Congressman Rains at meeting of the National Association of Home Builders, Oct. 2, 1955.

The "Warehousing" Of Mortgage Loans

By JOHN J. SCULLY*
Vice-President, The Chase Manhattan Bank
New York City

New York banker, calling mortgage warehouse loans a misnomer, suggests they be termed mortgage inventory loans. Explains the need for such loans and their types, and asserts "a facility of this kind is an absolute essential to a continuous orderly economic operation of creating homes. Explains and upholds the commercial bank's role in the mortgage and home building industry.

It is my understanding that one of the purposes of the hearings now being conducted by the Subcommittee on Housing of the Committee on Banking and Currency of the House of Representatives is to accumulate as much information as possible from many different sources on the methods, functions, purposes, objectives and terms of collateral loans made against the security of mortgages on individual residential properties. The many different types of such loans have, through common usage and custom in the trade, been generally classified and referred to as warehousing loans. I believe at this time it would be an excellent idea to adopt a more descriptive terminology for these loans and I suggest that from here on out, we refer to them as mortgage inventory loans.

The basis of this suggestion is because it is common practice in banking circles to refer to loans as inventory loans, those which are made against bond and other security issues which are being underwritten and prepared for orderly distribution to the public and to financial investment institutions who will become the permanent investors in such securities to carry this inventory for different periods of time for the originators and underwriters on margin, all of which are referred to as inventory loans. Mortgage inventory loans serve exactly the same purpose in connection with origination, sale, and distribution of mortgage investments to the permanent investor.

There are several different types of such mortgage inventory loans. The original type was probably what has been called committed lines. They arose out of a situation where a financial institution has given a mortgage originator a definite commitment to purchase at a future date a determined dollar amount of mortgages. There are many factors and conditions which have to be met in the interval before the transaction under the commitment is completed. It is necessary for the mortgage originator in the first instance to close the mortgage loan and have the credit of the owner of the property approved by the permanent investor. The documents securing the loan, such as the mortgage or deed of trust, have to be recorded. There will be a period of time elapse between the actual delivery of that document to the recording office and the time that it is returned by it to the mortgage originator. The title policy or counsel's opinion as to the validity of the title also requires a lapse of some time before that is ready to put in the package. The VA Guarantee or the FHA insurance usually requires longer intervals of time before that has been completed and returned to the mortgage originator. The fire insurance policies and many other documents also require some time to be put in final form.

All these many necessary elements have to be completed and a package made up containing all these documents in final form to be shipped with several others to the permanent investor. This all may take, depending upon the activity in the particular area, from a month to five or six months to complete. The documents are then forwarded to the investor, examined by their counsel, and if found in order, payment for the mortgage is then made under the original commitment.

Why Mortgage Inventory Loans?

I think it is common knowledge to anyone in the mortgage business that a great many of the mortgage originating companies do not have funds that they can tie up for several months in carrying these mortgages until the package is ready for delivery to and purchase by the ultimate investor. Therefore, the original committed mortgage inventory loan was devised under which the mortgage originator pledged to a commercial bank, the documents securing a particular loan against which it had a commitment to purchase at a future date, and the commercial bank carried that loan until delivery and payment was made. Loans of this particular type are usually made in an amount which is based upon the commitment of the permanent investor. In other words, if the commitment is at par, the loan will be made at par or with a slight margin. If the commitment is less than par, the loan in turn will be made at that figure or again with a slight margin. In my many years of experience in this type of financing, I think it would be very interesting for the Committee to know that we have never had a default by a committing purchaser.

In brief, the purpose of this type of mortgage inventory loan is to facilitate the even flow of mortgages into the portfolio of the committing investor and to provide mortgage originating companies with a revolving fund so that they in turn locally can provide builders with the funds to plan, construct, and produce housing.

Out of our favorable experience in this type of committed mortgage loan at the time the com- developed another type of financing which in my opinion has been the contributing factor to sustaining the building industry, the creation of mortgage investments in an orderly and marketable fashion in this country, and making it possible at a time when everyone conceded that there was a housing shortage, to create housing and make it possible for qualified American citizens to become home owners.

This type of transaction was commonly referred to as non-committed warehousing. It differs from the method of financing described above in these respects. There is no commitment for the

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*Statement of Mr. Scully before the Rains Sub-Committee on Housing of the House Committee on Banking and Currency, New York City, Oct. 6, 1955.

Housing Industry Stands At the Crossroads

By THOMAS P. COOGAN*
President, Housing Securities, Inc.

In tracing the rising production of homes during the last decade, Mr. Coogan says we are now facing a period where our production has reached unusually high proportions chiefly because of the easy money policy assisted by the one-for-one program and other devices of 1954. Holds recent credit restraint actions will seriously retard housing production in 1956. Contends though there is over-building, there is also a serious housing shortage. Advocates as a solution to present mortgage problems, a well-organized Central Mortgage Bank, acting in cooperation with FHA, VA and the Treasury.

I have been requested to speak on two subjects—the warehousing situation as it now exists in the housing industry and also on the operation of FNMA and what could be done to improve its operations. Before going into these two matters in detail, I would like to give a slight summary of conditions as of today.


Thomas P. Coogan

After ten years of rising production, improved housing, improved facilities, the housing industry stands at a crossroads in its progress. In a remarkably short time the industry has overcome material shortages, has trained skilled craftsmen, has developed mass production techniques, designed progressively better housing and completely cured the postwar housing emergency of this country. Since 1950 housing has been devoted to upgrading families already housed and producing better, more modern living accommodations for the American people.

In a great part this was due to the very successful financing devices developed in Congress, namely, the FHA and VA and the Home Loan Bank System. We are now facing a period where our production has reached unusually high proportions chiefly because of the easy money policy assisted by the one-for-one program and other devices of 1954.

Before any control was attempted, it was apparent to those of us close to the national picture that there would be a slow-down later in 1955, due to the inability to sell this huge volume of houses. Sales have been slowing steadily since the early spring and now many projects are being cut back. Before this natural curtailment was evident, the active restraint policy of the Federal Reserve Board began to further impede housing production. Then followed a series of events which created the absolute cut-off of mortgage warehousing. These included a series of questionnaires to banks on their mortgage activities, the credit curbs imposed by FHA and VA, and finally the Home Loan Bank's curtailment of credit to the Savings and Loan Institutions. These actions will seriously retard housing production in 1956, which is now in the planning and development stage, but will have no effect on the housing production of 1955.

Practically every builder and developer is operating on financial commitments issued in late 1954 or early 1955 and not subject to current controls. It is my belief that the culminative effect of the credit actions, coupled with the dwindling demands, will create a serious drop in housing starts for 1956. The industry will feel the effects in the next few months as their plans for next year must now be deferred until the financial climate changes.

Lag Between Action and Results

Those of us having long and close interest in housing have always been disturbed by the failure to realize on the part of the Government, this six to nine months lag between action and result that exists in the housing industry. It is important that you, Mr. Chairman, understand that this same lag will be evident when it is necessary to modify the credit terms.

At this time, I wish to point out that actually we are on the horns of a dilemma as we are faced with over-building and at the same time, with a serious housing shortage. Under the present methods of operation of all our existing financing devices, production is concentrated in or close to the large metropolitan areas and for certain types of residences. Rural communities, the outlying areas in some states, and the minority racial groups in this country have not yet been able to avail themselves of the governmental financing aids. Low rent housing and co-operatives so essential to well-rounded economy have been brought to a complete stop. The Urban Redevelopment Program, the elimination of slums and all the very well-intentioned plans such as ACTION will be completely impotent until financing the low rent housing problem has been solved.

Central Mortgage Bank Proposed

The solution for these three problems and many others lies in a well organized Central Mortgage Bank acting in close cooperation with FHA, VA and Treasury. It has always been a source of wonder to me that a government that takes such pains to see that its treasury bonds are in accord with monetary policy and always carefully issued in such a way as to have an assured market, permits the billions of dollars of guaranteed insured mortgage instruments of almost equal dignity to be the marketed helter-skelter on the financial system.

FNMA, as now constituted, is not the Central Mortgage Bank that it should be. It is the cause of the mortgage market being lowered by a point or more. It forces either the home buyer or the builder to buy 3 points of stock — usually stock which he pays for but does not receive. It is unable to provide advance commitments except in its special function classification. It has not improved the liquidity of insured and guaranteed mortgages as it does not provide a rediscount facility. It maintains a fictitious price practice in its selling methods. FNMA should be re-constituted to be permanently controlled by the government, to be operated with a six or twelve-man rotating advisory board from various sections of the country. All approved mortgagees should be eligible to buy stock in the corporation as a privilege of doing business and it should be authorized to issue notes or debentures against its portfolio of mortgages.

Also the new FNMA should have the authority to rediscount mortgages for any of its stockholders—a rediscount facility on the basis of full recourse. It should be in a position to issue available commitments at a fee and its buying policy should be such that an even and steady market for the insured and guaranteed mortgages could be maintained at some moderate discount price which would permit investment institutions the widest latitude in buying at or above FNMA's prices.

The new FNMA should be completely coordinated with the Treasury, FHA and VA operating in close touch with the housing market and provide that an even flow of money be maintained, curb excesses and avoid slumps in housing production. Under this method, low rental housing would again be possible, rapid steps could be made in clearing our slums and in urban re-development and the low income, rural communities and minority groups —those all having long been denied—would again be eligible for home ownership.

Past experience of FNMA has proven that FHA and VA loans, while offering servicing problems in some areas, are still profitable when handled by a large central agency. FNMA could receive its funds from public sale of notes and debentures and have recourse to the Treasury only in cases necessary to carry out administrative policy or in cases of national emergency.

The other subject, Mr. Chairman, which you asked me to discuss, was warehousing. Over the years, we have gradually improved the status of insured and guaranteed loans in the eyes of bankers. In the last few years we have received a general appreciation of the fact that these loans are good securities and prime collateral. As a result they have been accepted by the commercial banks of the country as collateral for short-term loans. Unfortunately, when used in this manner the term "warehousing" has been applied, and apparently many people because of the use of this word, misunderstand that in all cases it is a simple financial transaction.

As a prologue, it is necessary to explain that in a housing development or project, no insured or guaranteed mortgage is actually available until the land has been bought, utilities and streets installed, the house constructed, the building inspected by the FHA or VA, the buyer's credit reviewed by FHA and VA, a final certificate of the house and approval of the buyer issued by the agency. It is easy to see that until the insured or guaranteed mortgage is actually in existence, large sums of money must be spent. In addition, in order to secure a firm commitment to buy the mortgages, an investment institution must agree in writing to buy the loans on houses not yet built, sold to buyers not yet found, for delivery in a period of 9 to 12 months from

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*Statement by Mr. Coogan before the Rains Sub-Committee on Housing of the House Committee on Banking and Currency, New York City, Oct. 6, 1955.

The Electric Industry Looks Ahead to the Atomic Age

By HORACE P. LIVERSIDGE*
Chairman of the Board
Philadelphia Electric Company

Predicting almost unlimited amounts of utilized energy in the future, Mr. Liversidge foresees a new era — the Atomic Age. Cites growth in uses of electricity, but says this growth presents major challenges, such as: (1) making services dependable; (2) improving our engineering systems so as to meet expansion on a basis of economy and reliability; (3) attracting and retaining qualified manpower, and (4) improving human relations aspects of the electric industry.

We in the electric industry are all familiar with the phenomenal record of past growth. In the 75 years of our history, the national economy has been revolutionized from one dependent on manpower to one where the emphasis is on mechanical energy of all kinds. As the utilization of energy increases, and it undoubtedly will increase in almost unlimited amounts, our economy,—in fact our lives will come more and more to rely on the supply of electrical power.


H. P. Liversidge

It is not my purpose here to point out the basic elements in our future economy that prompt this prediction. However, let me emphasize my own belief that no matter how high we raise our sights, they will probably be too low. Naturally this statement is made in recognition of the fact that we are today on the threshold of a new era—the atomic age.

The resultant effect of this revolutionary step can only be dimly envisaged today. Any attempt to enumerate even the most obvious benefits that lie ahead would be futile. Nevertheless, I happen to be one of those who believe that, among the scores of probable benefits, the greatest is the strong possibility of a far longer era of peace than the civilized world has ever known. The basis for this is the fact that the atom and hydrogen bombs have changed war from a struggle between armed soldiers to a holocaust of destruction, capable of wiping out our entire civilian population. This seems to me to be the most compelling deterrent to war that civilized man has even known. Thus, I confidently believe this country faces an era of tremendous expansion, activated by an increasing population, greater consumer demands, higher standards of living, all necessitating ever-larger increases in capital investment.

Yet, knowing these things, which we should be able to evaluate, we still cannot grasp the great impact that nuclear power will have on our social and economic life. I venture to say we are now no more capable of hazarding an accurate guess about the future than was Newcomen in predicting the importance of steam for power uses. Even today, in the light of our present knowledge, I doubt whether we fully comprehend what that discovery has meant to the economic growth of this country—our railroads, our airplanes, our automobiles, in fact, our own electric industry.

In planning our future course, we usually think in terms of two to five years, sometimes five to 10 years with respect to major projects; rarely more than 10 years. Thus, we tend to take for granted the dynamic and dramatic aspects of our business, and do not fully grasp their implications as to future opportunities and responsibilities.

While the growth potential in the uses of electricity cannot be accurately measured in terms of what has happened in the past, it may be helpful to quote a few figures for our company, which are fairly typical of all electric companies in the State:

In the last quarter century, electric output increased over three-fold, from a little under 3 billion kilowatt-hours in 1929 to over 10 billion kilowatt-hours in 1954—an average growth of 5¼% compounded annually. During this same period, total investment in utility plant increased nearly $500 million, or 140%.

In a recent study looking ahead some years, we developed some startling figures as to our possible expansion in the next 25 years. For example, assuming a load growth of only 4% a year after 1960, compared with the average of 5¼% since 1930, we find that:

(a) Total electric output can readily reach 30 billion kilowatt-hours by 1980—three times the present level

(b) Our company's total investment in utility plant may well reach $2.5 billion by 1980, compared with our present plant investment of $800 million.

Growth Presents Major Challenges

Whether the growth is more or less rapid than this, the imposing magnitude expected presents major challenges to us as we look ahead.

These challenges, briefly stated, fall into four categories:

First, the challenge to make our services to consumers as nearly perfect as possible, under all conditions.

Second, the challenge to make the most of our opportunities in the huge plant expansions that lie ahead; to design and engineer our Systems to meet this expansion on a basis of economy and reliability.

Third, the challenge to attract and retain qualified manpower of all skills and at all levels.

Fourth, the challenge to improve the human relations aspects of our business so as to obtain the maximum goodwill of employees, consumers, investors and the general public.

Making Our Service Dependable

During the past 20 years, our industry has made remarkable progress in developing consumer acceptance of our services. This in turn has made the consuming public more and more dependent on these services—in the home; in stores, office buildings and other commercial establishments; in industrial plants, large and small; and in services to cities, boroughs and townships.

We today have sold the average residence to a substantial use of electric service. Not too many years ago our goal was 500 kilowatt-hours of annual use per customer; today the average annual home use of electricity is five times that, and in our suburban divisions it is seven times greater. Thousands of our residential customers are now using more than 10,000 kilowatt-hours a year. With this increased use there has been a steady decline in the average unit cost—from nearly 6 cents per kilowatt-hour in 1930 to less than 3 cents at the present time.

With continued growth of the many uses that are well established, the recent upsurge in home air conditioners, and the prospect of additional heavy demands from the heat pump and other as yet undeveloped devices, we can look forward to a large increase in the number of residential consumers using 10,000 kilowatt-hours or more per year. It is for such loads that we must now plan and design our systems.

We must also accept responsibility for convincing customers of their need for modern home wiring. With the ever-increasing number of appliances in the home, adequate wiring is a "must" if the customer is to obtain all the values the manufacturers have built into them. In recognition of this, we, in Philadelphia, instituted such a promotional program this year, known as the "100-A Campaign," and in the first four months, there were more than 7,500 wiring improvements of all kinds reported by contractors. Aside from selling the public the idea of adequate wiring, such campaigns can be used to acquaint electrical contractors with the advantages and economics of installment financing in developing a large business potential.

In the commercial field we find a similar pattern, with average use per customer showing about a three-fold increase in the last 25 years, and every prospect for a continued rise for many years to come.

The extensive supply of central station service to our industrial customers has made the isolated industrial plant a thing of the past, except for the relatively few cases where an internal heat balance problem is involved. But even here, many of these plants look to us for an important part of their power supply. Also, the demands of the relatively new electro-chemical and electro-metallurgical industries are already of significant proportions, with almost unlimited possibilities ahead.

All of this adds up to a pattern which calls for the maximum dependability that human ingenuity can contrive. We have become so much the nerve center of our modern civilization that we have a basic obligation to maintain as nearly continuous service as possible.

We have all been working in this direction for years, and with commendable results. "Storm proofing" techniques in designing and maintaining our systems have contributed to improved service reliability. Service maintenance organizations have functioned efficiently to restore service promptly under normal conditions, and to minimize the length of interruptions under storm conditions, even those of hurricane intensity.

In our own case, we have created an Emergency Procedures Staff of top operating and engineering personnel to:

(1) Set up emergency procedures to short-cut normal procedures for quick restoration of major outages;

(2) Check on design techniques so as to incorporate maximum storm resistance in the initial construction;

(3) Establish a program for patrolling all transmission lines and principal distribution circuits during emergency conditions, utilizing qualified personnel from all departments. Test patrols are

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*An address by Mr. Liversidge at the 48th Annual Meeting of the Pennsylvania Electric Association, Philadelphia, Pa., Sept. 20, 1955.

Outlook for the Aircraft Stocks

By J. C. LUITWEILER
Hayden, Stone & Co., New York City
Members of the New York Stock Exchange

Investment analyst, after commenting on the market action of aircraft company shares, and the arguments against their purchase for investment, contends that since aircraft companies' stocks may now be had on such a low ratio of present price-expected-earnings over the next few years, one is well repaid for the risk of fluctuations taken in these earnings.

A yardstick much used by investors to determine whether a stock is cheap or dear at its current price is the "price times earnings ratio"; that is to say, how many years would it require at the current earnings rate to equal the price one has to pay for the stock.


James C. Luitweiler

No such rule of thumb can be applied indiscriminately to come up with a "sure-fire" answer to whether a stock should be bought or sold. It is well recognized that such a test varies widely with the nature of the business. Public utility stocks, whose earnings have been relatively stable over the years, rate a much higher price times earnings ratio than stocks of volatile industrial companies.

It used to be thought that industrial stocks generally were not dear when they were selling at 10 times their current earnings. A sound company with such a ratio at least called for further examination of other factors before it was cast aside as unattractive.

A study of 14 aircraft stocks indicates that the ratio of their combined price to their combined net earnings per share as of Sept. 23 was only seven times. In fact for the individual stocks it ranged from 3½ times to 13½ times.

Now the market action this year of all these aircraft makers shows a very similar pattern. The sharp rise in their price, starting in mid-1953, culminated in early 1955. This had been a very steep rise indeed, far outstripping the climb of any index of general industrial averages. This alone was enough to give conservative investors pause to ask themselves: "Isn't this going too far, too fast?" Whereupon the whole group of aircraft stocks started a decline as abrupt as the preceding rise, flattening out in mid-year. In fact they held the line better than most industrial stocks in the July-August setback.

All sorts of explanations are made for this setback and for the distrust of conservative investors of aircraft shares. Almost any other industry whose stocks were selling at only seven times current earnings would attract attention. The chief objections seem to be:

(1) Present earnings are inflated and will be drastically pared upon the renegotiation of contracts between the government and the manufacturer; and

(2) The aircraft industry is a "mushroom business" that has grown up overnight under the impetus of World War II and the defense effort during and following Korea.

As to criticism (1), here are some figures comparing the aircraft and automobile industries. There are few investors who regard the earnings of General Motors excessive, but on sales of $9.8 billion in 1954, it earned before taxes $1,645 million or 17c of each sales dollar; and after taxes, earnings still represented 8c of each sales dollar. This year the profit will be considerably higher. Now the combined sales and profits in 1954 before and after income taxes of the five leading aircraft makers are tabulated below in round million dollar figures and show that these companies earned less than half General Motors' earnings per dollar of sales. Of course, on the basis of invested capital, the earnings of the aircraft companies are considerably higher percentage-wise than for General Motors.

NET INCOME

	Sales (Millions)	Net Income Before Taxes (Millions)	Net Income After Taxes (Millions)	% of Sales Before Taxes	% of Sales After Taxes
Boeing	$1,033	$76.73	$36.98	7.4%	3.6%
Douglas	915	79.90	36.16	8.7	4.0
Lockheed	733	45.95	22.45	6.3	3.1
United Aircraft	655	53.38	26.00	8.1	4.0
North American Aviation	646	52.48	22.18	8.1	3.4
	$3,982	$308.44	$143.77	7.2%	3.6%

There are indeed very few other businesses in the country whose operations require two years or more between receipt of an order and delivery of goods, which are content with such a small margin of profit per dollar of sales!

As to criticism (2), the volatility of the business and the doubts as to assured earnings over a period of years: This criticism threads through the comments of many market analysts. It is justified on the basis of the performance of these companies over the past 10 years. There have been indeed too many changes of plans in Washington, cancellation of contracts, shifting from one type of plane to some new and better model, to be able to forecast with accuracy the long-term trend of the industry. The *quality* of our air craft making up the country's "first line of defense" rather than its *quantity* has been emphsized by the defense planners. It would be impertinent for a layman to criticize this. The recent Korean affair was an eloquent test of our superior quality planes against the Russian's. (In passing, be it said, that this policy of constant shifting of orders is the best answer to criticism (1) as to the aircraft makers' profit margin).

But it does seem foolish to the layman that our government should appear to blow hot and cold in the matter of national defense according to the changing attitude of the Russians. When they show us smiling faces, should we slow up our aircraft building program? Only to accelerate it when optimism proves unfounded? Perhaps it is not so much changes of policy in the higher circles in government, but newspaper stories about *what is apt to happen*, which gives this impression of starting and stopping and starting again.

President Eisenhower, himself, remarked recently that it is extremely costly for the government to be continually shifting its plans. Scrapping the manufacture of one plane to start another just off the drawing boards certainly must entail hundreds of millions of dol-

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What Automation Really Means

By ERIC A. WALKER*
Dean, College of Engineering and Architecture
The Pennsylvania State University

Dean Walker discusses the meaning and progress of automation, and ascribes its sudden new impetus to the invention and use of machines that have the power of decision. Points out the automatic machine comprises as major elements: (1) the sensing and measuring of some physical or chemical quantity; (2) a decision-making element which weights the readings of the sensing instruments in proper order and proper proportion; (3) a programming device which tells the machine what to do in accordance with the decision; and (4) a system of applying energy to accomplish useful work. Traces impact of automation on engineering and our economic system.

Automation in its most sophisticated form is a system of replacing a man by a machine. This has to start with the application of energy in accordance with a predetermined program to a process or procedure. In the early development of automation the predetermined program could not be changed except by the intervention of human intelligence and determination. Lately, more versatile programming has allowed for the automatic machine to make its own decisions. Let us first look at the development historically.


Eric A. Walker

We are told that in 1661 a worker in Danzig, Poland, whose name has been lost to posterity, designed for himself a ribbon loom which worked continuously day and night and which could make six warps at one time. The local government promptly banned the use of the machine, because it would put workers out of work. The workers themselves publicly drowned the inventor. Fortunately, or unfortunately, this did not stop the development, for by 1678 other inventors with the same or similar ideas also started to add special controls to hand weaving machines. By 1745, after many failures and some partial successes, a series of inventors including deGennes, Vaucanson, Bouchon, Falcon, Jacquard, Arkwright and Cartwright from England and France had produced a loom with centralized control. The controlling intelligence was stored in a set of heavy punched cards which determined which threads of the warp would be lifted for the passage of the bobbin and so determined the pattern on the cloth. This machine, eventually, was commercially successful. Knowing this history, it is fairly obvious that there is nothing really new when today one designs a machine for automatically filling milk bottles, for folding paper boxes, or for drilling the cylinder block of an automobile, especially if it is done in accordance with a predetermined program stored on punched cards.

The final form of any of these machines might be extremely complex, but in essence they embody only two things—a programming device, which tells the machine exactly what to do, and a system for feeding energy into the manufacturing process. It is almost parenthetical to add that this energy does not come from manpower. Usually, it is obtained from the burning of fossil fuels, is transmitted through the medium of electricity, and thus differs in price, availability and divisibility from the manpower or animal power which had been pressed into use in the past. Machines, such as we have been describing, have no intelligence; they have no minds of their own; they do as they are told to do; they are automatons.

Giving Machines the "Power of Decision"

What new element, then, has been added to provide this sudden new impetus to automation and automatic machinery? The answer is as simple as it is impressive—"We have found a way of giving these machines the power of decision." The factors entering into the decision may be very simple so that the decision can be reached by a single sampling element and an "on"-"off" switch. On the other hand, there may be many physical factors which are sampled and the reasoning leading to a decision may require an extensive computer. Among the simplest decision-making machines is the ordinary thermostat, by which one controls a domestic heating furnace. The thermostat has a limited power of decision. It comprises a thermostatic element which senses the temperature of a room and asks the question, "Is it too cold?" Note that it does not ask, "Is it too hot or too cold?"—It merely asks, "Is it too cold?", to which there is but a single choice of answers—"Yes" or "No." If the answer is "Yes," the furnace is turned on. If the answer is "No," nothing happens. One might build an instrument which could answer properly the question, "Is it too hot or too cold?" by providing for three possible answers—"Yes, it is too hot"; "No, it is neither too hot nor too cold"; or third, "Yes, it is too cold." To answer the "Too cold" is easy—one merely provides a switch to turn on the furnace. If it is neither too hot nor too cold, the machine does nothing. If it turns out to be "Too hot" and something is to be done about it, an entirely new machine, a cooling machine, is necessary to take the proper action.

Four Major Elements

Simple as this example is, it contains all the essence of modern automation, namely, the intelligence to make a decision and the power to do something about it. To summarize, the modern automatic machine comprises four major elements. First, a sensing instrument which determines or measures some physical or chemical quantity on which a decision may be based; second, a decision-making element which weights the readings of the sensing instruments in proper order and proper proportion; third, a programming device which tells the machine what to do in accordance with the decision; and fourth, a system of applying energy to accomplish useful work. Such combinations may be as simple as the furnace, or complicated like a guided missile. With the advent of modern computing machines many of the decision-making elements have become exceedingly complex and in their complexity, they begin to show some slight resemblance to the brain of man.

Let me digress a moment to point out that the most complex computers and decision-making elements are far below the intelligence of even an unintelligent man. John Von Nuemann, I believe it was, said, "The most complex computing machine has a brain which approaches in the number of neurons that of the earthworm." We all remember from our high school biology courses that the worm has one of the lowest forms of brains or nervous systems.

Let me sketch another example. The picture which we see on a television set is painted in a manner which is particularly applicable to treatment by modern computers or giant brains. The picture is made up of dots which form lines and lines which form a raster. These dots are either white or black, having a similarity to the "Yes" or "No" bits of information easily processed by computers. Now suppose, for instance, one picks up a very weak television signal from a distant station and the picture happens to be say, of a steepled church but with much noise or "snow" obliterating most of the detail. The signal to noise ratio at which a child can recognize the picture as a picture of a church is far, far below the signal to noise level that would permit recognition by any of the modern complex computing machines. Let us rest assured that the giant brains have a long way to go before they can displace even children and much less engineers, in the performance of their work.

Impact of Automation on Engineering

How is this related to engineering? Our concern is about the impact of automation on engineers and the engineering profession, as well as its further impact on the welfare of our country. Let us recall for a moment, the part played by the engineer in our industrial life, just what his work is, and how he is supposed to do it.

Some four years ago the Case Institute of Technology, in celebrating its 75th Anniversary, held a symposium on this general subject and with a very happy thought chose for its title, "Lifting the burdens from the backs of men." This, broadly speaking, is our task as engineers. We are to make work pleasant, to provide man with more leisure time for recreation and cultural pursuits and still provide him with all the material things he wants. How do we go about providing man with more leisure time and still find time to make more of the material things he wants? Can we say the job of the engineer is to take manpower and materials found on earth, add the energy provided by the sun, from the atom, or from fossil fuels, and to so combine them by ingenious ideas, engineering ideas, to provide the things people want? Isn't this almost synonymous with the newfound idea of automation? Isn't automation just another manifestation of engineering?

If we grant that automation, at least the first "we-tell-it-what-to-do-kind," has been in operation for the past 50 years it might be useful to take a look at the record of industry and engineers for that period. Perhaps from this we can predict something about the next 50 years by simple extrapolation. The problem as to whether that extrapolation is a linear one or whether we try to predict the shape of a more complex curve from the data of the past, or whether we put such data on an arbitrary logarithmic scale will greatly affect the results. We have little information on which to make a choice, but whichever solution we choose we will get some idea of the way things may be expected to go, barring, of course (and I am afraid we will always have to make this reservation), that there is not a major depression in the period we predict. Fortunately, even depressions tend to iron out and although they may temporarily delay our industrial growth, they do not seem to change materially the upward slope of the curves.

Automation and Steel Production

The production of steel is often considered one of the best indices of our performance, because steel is so widely used in our production machines. At the turn of the century our steel productive capacity was just over 10 million tons per year. Today, in 1955, it is over 100 million tons. Although the depressions of 1921, 1932, and 1937 are still evident, the long-term trend is upward, upward at a rate which is still increasing. To predict the steel capacity needed for the year 2000 should we assume that the increase of some 90 million tons in 50 years will be repeated or should we assume that the increase has been 10 fold and that it will be repeated in the next 50 years?

Steel is not the only recognized index of our productivity. The New York "Times" published a business index which, based on an arbitrary norm of 100, shows an almost linear increase starting in 1935 when the level was 80 until the present time when it is up to almost 200. This indicates an average increase in business activity of 6% per year and it should indicate that there is a steady increase in the material things available for public consumption.

Productivity studies can be put on a more scientific basis by using a measure known as the Gross National Product. In short, this is the dollar value of all the goods and services produced in the country throughout the year. It includes, then, the value of all the automobiles, factories, television sets, and food, as well as the value of the services of doctors, dentists, ministers, and military men. This index, known as the Gross National Product, has shown an almost steady rise from 1940 to 1955. The GNP was about $180 billion in 1940 and in 1954 it reached a peak of $365 billion, an average increase of about $12 billion per year. Some of the GNP, of course, goes into national defense, which obviously, although it protects us from our enemies, does not add to the goods and services of the average man. Still, it must be counted, for as we put more of our Gross National Product into defense, there is less remaining for civilian use. During World War II, under the pressure of the war with its additional workers and longer hours, the GNP reached a temporary peak of almost $300 billion. In 1945 almost half of our product went to feed the war machine. Since that time this percentage has decreased and although we are still diverting $50 billion a year into national defense, this is only about 15% of our total productive capacity.

What of the Future?

But our question is, "What of the future?" One might extrapo-

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*An address by Dean Walker before the Harvard Graduate School of Business, Boston, Mass.

Nuclear Fuel for the World Power Program

By JESSE C. JOHNSON*
Director, Division of Raw Materials
U. S. Atomic Energy Commission

Pointing out the world's energy resources in the form of nuclear fuels far exceed those of all other types of fuel, Atomic Energy Commission expert asserts the Western Nations which are cooperating in the development of uranium products have achieved notable success, and uranium can no longer be considered a rare metal. Looks for more efficient use of nuclear fuel through improved conversion, or "breeding," to offset higher uranium cost.

Power with which to drive machines has been the most important force in relieving man from physical drudgery and providing leisure for spiritual and mental development. Unfortunately, power expansion already is being limited in many parts of the world by the growing shortage of water resources and fossil fuels. But now, there is the prospect of a nuclear power era which may have as far-reaching influence as the Industrial Revolution.


Jesse C. Johnson

The nuclear power era will have abundant fuel resources. The problem will be the efficient and economic utilization of these nuclear fuels. The location of nuclear power plants will not be determined by the availability of a local fuel supply. Nuclear fuel can be transferred by air to any part of the world and transportation costs will have no measurable effect upon the cost of power.

The world's energy resources in the form of nuclear fuels far exceed those of all other types of fuel. There are adequate resources of uranium and thorium for a long range expanding world power program.

Uranium will be the important nuclear fuel for the foreseeable future according to the present pattern of development and planning. Most reactor programs to be discussed at this conference depend upon uranium as the source of fissionable material, although thorium also may be used.

Since uranium will be a primary source of fuel for nuclear power, it is appropriate for this conference to consider present and potential uranium resources, and the operations related to uranium production. Furthermore, in many countries a survey for radioactive minerals will be the first major project in their study of a nuclear power program.

Most information on uranium has been developed during the past seven years but because of its military importance, much of this information has been a guarded secret. Now the emphasis is on the peaceful uses of atomic energy. The information that may contribute to the development of these uses throughout the world is to be shared. The exchange of information and ideas at this conference should greatly accelerate already fast-moving developments in all phases of atomic energy.

The Western Nations which are cooperating in developing uranium production have achieved notable success. New sources of uranium have been found and brought into production. Former operations have been expanded and ore reserves extended. Information on uranium deposits and the nature of their occurrence has been greatly increased. Special instruments and techniques have been developed for use in exploring for radioactive minerals. New metallurgical processes for extracting uranium from ores have increased recoveries and reduced the cost of production. By-product uranium is being recovered commercially from very low grade materials.

In 1948 the uranium supply of the Western Nations was almost entirely the product of two mines, one in the Belgian Congo and the other in Northern Canada. In the past, there had been little general interest in uranium and throughout most of the world there had been no serious search for it. Even now vast areas, promising from a geological standpoint, are relatively unexplored.

Today there are major uranium operations in the Belgian Congo, Canada, South Africa and the United States. Australia, France and Portugal also are producing uranium with favorable prospects for substantially increased production.

Uranium Production Program

This uranium production program to a large extent has been carried out by private industry operating under the profit incentive system. However, government exploration and metallurgical research programs have played a major role in supporting private operations and speeding developments.

Expenditures by the United States for exploration and development of exploration methods have amounted to approximately $46 million, and for metallurgical research and pilot plant operations over $12 million. In 1948 the United States was considered by many to have relatively poor uranium prospects. Ore reserves are now increasing more rapidly than at any time since the program commenced.

One of the important conclusions to be drawn from the information gathered during the past seven years is that commercial uranium deposits of considerable size may be found in many areas and under a variety of geological conditions. It long has been known that in the earth's crust uranium is about as plentiful as lead or zinc, and is about 100 times more plentiful than silver. However, it was rather generally assumed that concentrations in commercial deposits might be rare. This has not proved to be the case.

Because active prospecting and exploration have been undertaken in only a few countries, and these countries are as yet only partially explored, we are not now in a position to estimate the uranium resources of the world. As the nuclear power program grows and the search for uranium is extended, more and more information will become available about the resources for the future. There is every reason to believe that these resources will be far larger than those we are considering today. However, the areas now producing or under active development assure an adequate supply of uranium for a long range power program.

On the basis of present developments and geological evidence, resources of the producing nations of the West are estimated to be between one and two million tons of uranium. This is uranium that can be produced at moderate cost, at an average of about $10 a pound for U_3O_8 in a high grade concentrate. Although the use of nuclear power is expected to expand rapidly once industrial scale operations prove it to be economical, it may be 1970, or even 1980, before there is a substantial uranium requirement for power purposes. In the meantime, the high production rate of the present program cannot be maintained unless there is a military demand or government stockpiling.

Other Nuclear Fuels

In the more distant future, the fuel requirements for the atomic age may come from the vast low grade uraniferous phosphate and shale deposits. Reserves of commercial phosphate rock in the United States alone are estimated at five billion tons and the uranium content at 600,000 tons. These reserves would be greatly increased by including low-grade phosphatic rock not presently considered commercial. The United States also has an estimated 85 billion tons of marine shale averaging slightly more than one-tenth of a pound uranium per ton. This represents a reserve of five to six million tons of uranium.

Known deposits of uraniferous phosphate rock and shale in other parts of the world equal or exceed those of the United States in grade and tonnage. For example, the phosphate deposits of Morocco, estimated at 20 billion tons, are uranium-bearing. The Scandinavian Peninsula and other Baltic territories contain very large deposits of uraniferous shale. Uranium-bearing coal and lignite also have been found in a number of countries.

The cost of extracting uranium as the primary product from phosphate and shales may be between $30 and $50 per pound. If valuable by-products can be recovered the cost may be reduced. Furthermore, uranium can be recovered at moderate cost as a by-product from some commercial phosphate fertilizer and chemical operations. This already is being done. Approximately 10,000,000 tons of commercial phosphate rock are mined annually in the United States. If all of this rock was processed to phosphoric acid, in excess of 1,000 tons of by-product uranium oxide might be recovered annually.

Between the commercial uranium deposits of today and the high cost uranium resources of the more distant future, there are deposits that could supply uranium at a cost of between $10 and $30 a pound. The resources in this economic class are not well known but they must be large, perhaps several million tons of uranium. These resources will include deposits of types now being mined but which are outside the economic limits prevailing today. We already know of some such large reserves but most of the information on resources in this category must come from future exploration. Experience gained from the present uranium program has demonstrated that higher prices will bring in new sources of production and increase available reserves.

The rapid expansion of uranium production within a very few years has been possible because

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*A paper presented by Mr. Johnson at the "Atoms-for-Peace" Conference, Geneva, Switzerland.

The Crop Situation

By ROGER W. BABSON

In reviewing the crop situation, Mr. Babson looks for a total U. S. crop output this year of near-record size. Says farmers should continue to do fairly well, but sees a real need for a long-term solution of farm prices.

Although prolonged drought and heat, together with hurricanes and floods, have sharply cut yields of corn, soybeans, grain sorghums, tobacco, vegetables, and other crops, I still look for a total U. S. crop outturn this year of near-record size.


Roger W. Babson

A number of summer crops already have been harvested, and the final official tallies probably will not differ materially from the published estimates. Although the total wheat crop of nearly 917,000,000 bushels is down 20% from the 1944-1953 average, total supplies for the current season are huge, since the carryover last July topped a billion bushels by a sizeable margin. Most of it, however, was in government hands. This fact, plus the government loan on the 1955 crop, may result in higher average wheat prices later in the season.

The barley crop is the second largest on record—some 386,000,000 bushels. This is enough to go around. Flaxseed also is in plentiful supply, with the crop the third largest on record. The record total hay crop—108,500,000 tons—should easily meet all requirements. Another record-breaker is oats, with an outturn of 1,636,000,000 bushels—and, incidentally, the highest-quality crop in years.

Outlook for Corn and Soybeans

The unfavorable weather conditions also harmed the country's corn crop this summer. But corn is sturdy and weathered these beatings well. Despite sharp losses, the indicated crop of 3,113,467,000 bushels is a little above the 10-year average. Total supplies for 1955-1956 will be unusually large, in view of the substantial carryover. This should keep prices from kicking over the traces, and make for favorable livestock feeding ratios. Efficient hog and cattle producers should benefit.

Soybeans—"Johnny-Come-Lately" wonder boy among U. S. grains—also took a drubbing from the elements this summer, but came through with flying colors. Barring further damage, a record crop of around 388,000,000 bushels is in the works; this would be 13% above the 1954 outturn and 62% over the 10-year average. Overall supplies of this versatile bean appear somewhat heavy to me, and I doubt that prices will make sustained progress on the upside, over the near term at least.

Cotton and Other Fall Crops

Despite record small plantings, the U. S. cotton crop may amount to 12,873,000 bales, which would be only moderately under the 10-year average. Including the Aug. 1 carryover of some 11,100,000 bales, total supplies for the current season are top-heavy. They, however, may not prove burdensome since the bulk of the carryover is in government hands. Free supplies will dwindle as the season works along and prices probably will average higher.

Dry beans promise to do well this year, with an indicated outturn of around 18,900,000 bags—9% above average. This means plenty of the Boston specialty for all hands! The U. S. rice crop may amount to about 48,700,000 bags—an amount easily sufficient for all requirements. The late potato crop (grown in 29 states) of 313,527,000 bushels is about average size, and should have no difficulty meeting late fall and winter needs. Prices should work higher later on.

Farmers Should Continue to Do Fairly Well

All this adds up to fairly good times for the American farmer, although prices of farm products for the first eight months of this year averaged about 5% lower than in the corresponding period of 1954. Efficient, well-managed farms are still making money, despite the fact that the cost of things the farmer buys is still relatively high. The going, of course, is tough, and always has been, for the small, inefficient farm; but, as I view the situation, American agriculture is doing well.

Since 1956 is a Presidential election year, the farmer's well-being will top the agenda when Congress reconvenes in January. Whether high, rigid supports will be restored, or the flexible system further extended, remains to be seen. I again forecast that the real need is for a long-term solution. Meanwhile, farmers should continue to work faithfully, serve their God, and vote in accordance with their basic convictions.

Now Proprietorship

(Special to THE FINANCIAL CHRONICLE)

DENVER, Colo.—Mona Rabinowitz is now sole proprietor of Frontier Securities Company, Boston Building.

With Marache Dofflemyre

(Special to THE FINANCIAL CHRONICLE)

LOS ANGELES, Calif. — Barry J. Walsh has joined the staff of Marache, Dofflemyre & Co., 634 South Spring Street, members of the Los Angeles Stock Exchange.

With Financial Inv.

(Special to THE FINANCIAL CHRONICLE)

SACRAMENTO, Calif.—Robert H. Root is now with Financial Investors Incorporated, 1716 Broadway.

Joins Mutual Fund Assoc.

(Special to THE FINANCIAL CHRONICLE)

SACRAMENTO, Calif.—Albert G. Yeager has become affiliated with Mutual Fund Associates, 2101 L Street.

Walston Adds to Staff

(Special to THE FINANCIAL CHRONICLE)

SAN DIEGO, Calif. — William H. Haskell has been added to the staff of Walston & Co., 625 Broadway.

The "New" New-Era

By MILLER H. PONTIUS
Vice-President, F. Eberstadt & Co., Inc.
New York City

Investment banker examines some of the "new era" reasonings regarding the continuation of the current business boom. Points out previous era of technological development following Napoleonic wars was followed by a long depression, and periods of rapid population increase in U. S. was accompanied by peacetime depressions. Calls attention also to a depression, under Federal Reserve money-control in the late 1920's, which were followed by a severe depression. Concludes the new "New-Era" is showing many symptoms of the old Major War Cycle.

Every long boom or violent liquidating period seems to develop new economic philosophers —who are apt to become very much impressed with the status quo. If a trend continues in one direction for several years, they begin to feel that it is more or less permanent.


Miller H. Pontius

Now that we are in the full flower of the Confidence Period of the usual World Wide boom that follows a major war—and as the world begins to think more peace and less war—there are a number of arguments being presented — by certain people — to prove we are not going to have any more depressions—or that we are in no danger of any great change in the price level within the next few years. The general idea (just as in the past) is that This is all DIFFERENT and we are again on some kind of a permanent high plateau of economic activities.

This writing is intended to be a brief but objective examination of some of this New Era reasoning.

The Engineers talk about the present great era of new technological developments — which should carry on for years and years.

At the end of the ten year boom following the Battle of Waterloo and the close of Napoleonic Wars, England had a long depression—right in the teeth of the development of Steam Power and the Industrial Revolution—which was of very great economic importance over a 25 to 50 year period.

The Statisticians dwell on population growth and resulting buying power.

This is very bullish over a 25 year period. Experience shows that it is only a modifying influence once we come to a period of saturation and over-expansion. For example, one of the worst peacetime depressions in the United States came in the middle 1890s at a time when we were having the largest percentage of growth in population in our history, through immigration from Europe. A boom period seems to have a way of getting ahead of the long term growth processes.

What the Money Economists Say

The Money Economists write about credit. People are now saying that this is the first time we have ever had controlled money by the Federal Reserve and that having brought ourselves out of the slight decline in 1953 we showed we are able to handle the boom situation and there need be no more depressions.

We certainly had money controls on the part of the Federal Reserve Board in the 1920s. Naturally the Board, as well as other Americans, are more experienced with the fluctuations and economic trends which surround a great war, than they were in the 1920s, and the money situation will probably be handled better now than it was then—partly because of new gadgets in the form of additional powers of the Board, but mainly because the experience of those days has given people more wisdom.

Insofar as the 1953 decline and subsequent recovery are concerned—that would scarcely be a test. The great postwar boom had not exhausted itself at that time, and it was probably a situation similar to that of 1927—relatively easy to bring about the resumption of industrial activity and the recovery of prices of stocks and bonds—through cheaper money.

We know that the present business boom is going on all over the world. Construction is extremely active in Europe, around the Mediterranean and in the Far East. Both in the United States and in other countries of the world the present business tempo has tremendous momentum and it certainly looks as if it would carry on for another year or two.

It would seem, however, that ultimately we must come to the point where heavy industry has to slow up—and that would probably be on the appearances of over-production in industry. As the over-production becomes more apparent in various industries around the world there will be gradual cessation of the building of additional productive capacity. This throws the heavy construction workers out of employment and starts a downward movement —which spreads to home building and commercial building — about the time of saturation in those fields.

1929 and Today

We know the differences between 1929 (the peak of prosperity) and 1932 (the bottom of depression) were generally as follows:

(1) Heavy industry was off about 80%.

(2) Consumers Goods were off about 20%.

(3) Service industries were off about 40%.

Historically the world never goes along at the same tempo all the time. After a long period of intense activity we reach a period when cheap money and artificial stimulation will not sustain the boom any longer. However, the momentum is on at the present time and could easily carry forward for some time.

At the present time it would seem that the two most vulnerable elements of the boom in the United States are the amount of Consumer credit outstanding and the debts upon Urban Real Estate. In both of these fields there are much heavier loans than ever before in our history. The Stock Market up to date has had relatively little debt in comparison with 1929. Of course all debt and the income of the country have to be considered in the light of the changed value of the dollar due to Roosevelt's devaluation, and to the enormously increased government debt.

Some people are now writing that the steel industry should no longer be considered as cyclical. This seems unrealistic—the large consumers of steel are still associated with Heavy Construction—Automobiles—and other Consumer Capital Goods. Since when have these segments of industry become non-cyclical?

Regarding real estate, others are writing about the absence of defaults—during the recent mild business declines of 1948-49 and 1953-54. The period of 1948-49 was relatively early in the postwar boom cycle, and certainly the adjustment of 1953-54 was of short duration and the boom obviously had some years more to run before complete saturation. It would seem that these episodes provide no test of the vulnerability of real estate.

What Tight Money Means

Usually about the time of a saturation point of a long boom, money becomes tight and expensive. In the United States we have had a long period of inordinately cheap money rates—due to the liquidation of the great depression, the devaluation of the dollar, the great supply of gold in the country, some of which came in as refuge from the war-torn world, and then because of government pressures and the necessities of financing a war on an inexpensive basis.

We are now at a point where there is continuously less fear of general war throughout the world —fluctuating exchange rates, confiscation, etc., and foreigners are gradually taking home their gold. It is variously estimated that they still have on balance here from $8 to $10 billion, and if this outward movement of gold became accentuated it could make for tighter credit in this country. These foreigners are apt to take their gold home faster as time goes on—as the situation in their own countries becomes more stable — and the movement is likely to become rapid, if as and when, economic conditions in the United States begin to look less attractive.

This process would become important in affecting credit during a period of general liquidation. It would be healthy for the world in the long run—but might bring about a temporarily acute credit situation here.

Some people argue that the organization of labor and its successful promotion of high wage scales will be a factor in preventing much of a decline in business. It would seem that the present labor wage scales are simply working out in line with the reduced value of the dollar. They have very little economic significance when people are thrown out of jobs because of reduced industrial activity.

The mere fact that there is wide subsidization of one kind or another of people for the purchase of consumers goods does not stave off a liquidating period. The Roosevelt administration tried for years to bring us out of the depression through this manner of stimulation, but it was only when World War II arrived and the demands of a great heavy construction period started that we really got back into boom times. High wages are a good thing for everybody, but are important only in relation to the opportunities for people to work—and get paid.

Based on economic history, the New New-Era seems to be showing many of the symptoms of the old Major War Cycle—consisting of a boom during the War—followed by a three year adjustment, beginning about one year after the end of War—and then a great long boom—to fill the backlogs of the war—and that has always been followed by a substantial adjustment period—about a decade after the close of hostilities.

Joins Merrill Lynch

(Special to THE FINANCIAL CHRONICLE)

ATLANTA, Ga.—Allen W. Wood has been added to the staff of Merrill Lynch, Pierce, Fenner & Beane, 23 Pryor Street, N. E.

Paul McDougal Adds

(Special to THE FINANCIAL CHRONICLE)

COLUMBUS, Ga. — Ralph C. Raiford is with Paul A. McDougal Company, Murrah Building.

With Slayton & Co.

(Special to THE FINANCIAL CHRONICLE)

ALTON, Ill.—Harry F. Miller is now associated with Slayton & Co., 207 East Broadway.

Walston Adds to Staff

(Special to THE FINANCIAL CHRONICLE)

SAN FRANCISCO, Cal.—Edwin Mir has become connected with Walston & Co., 265 Montgomery Street, members of the New York and San Francisco Stock Exchanges.

Joins Norman Dacey

(Special to THE FINANCIAL CHRONICLE)

BRIDGEPORT, Conn. — James D. Phelan is now with Norman F. Dacey & Associates, 114 State St.

Joins Robert Buell

(Special to THE FINANCIAL CHRONICLE)

HARTFORD, Conn.—Walter R. Hanford, Jr. is now with Robert C. Buell & Company, 36 Pearl St.

Charles Thenebe Adds

(Special to THE FINANCIAL CHRONICLE)

HARTFORD, Conn.—Mrs. Beatrice Palasay has joined the staff of Charles E. Thenebe & Associates, 36 Pearl Street.

First Calif. Adds

SAN FRANCISCO, Calif.—Jack T. Rose is now with First California Company, Inc., 300 Montgomery Street.

N. Y. Savings Banks Assn. Elects New Officers

Clarence G. Michalis, Chairman of Seamen's Bank for Savings, New York, named President, and Daniel T. Rowe, President of Kings Highway Savings Bank, Brooklyn, elected Vice-President

The delegates to the Savings Banks Association of New York on Oct. 5 at their convention held in Washington elected Clarence G. Michalis, Chairman of the Seamen's Bank for Savings, New York City, as the President of the Association for the coming year. He succeeds George M. Penney, President of the Oswego City Savings Bank.

As Vice-President of the Association for the 1955-1956 season, Daniel T. Rowe, President, Kings Highway Savings Bank, Brooklyn, was selected.

Mr. Michalis, in addition to his banking connection, is a trustee of the National Foundation for Infantile Paralysis and a director of the New York YMCA.

Mr. Rowe, the newly elected Vice-President, is Chairman of the American Red Cross' Brooklyn Chapter and also Chairman of the Greater New York Fund's Savings Banks Division.

THE MARKET . . . AND YOU

By WALLACE STREETE

The market reaction assumed the status of a full-scale correction this week when various resistance levels fell by the way as investors generally continued more in a mood to sell than to buy, even at bargain levels in some instances.

* * *

Some of the declines would have been of recent record proportions if the severe break of Sept. 26, and the nearly 32-point loss in the industrial average, hadn't overshadowed the subsequent selloffs. The 13 points lost in one session this week would have been the sharpest loss in a dozen years, exceeding even the 1950 dumping of stocks when the Korean War broke out. The 108 new lows posted in one session was second only to the 131 that reached new low ground in the late September break. The one-day loss in the rail average was the sharpest since the 1946 market break, except for the 11-point loss of Sept. 26.

* * *

The net effect of the persistent selling was to clip more than 50 points from the peak reading of the industrial average which reached 487 for a closing high-water mark. By comparison, in the 1929 break a total of nearly 69 points were sheared from the average in two successive days which illustrates the added shelter of this period of high margin requirements.

No Burden of Margin Calls

Liquidation has been persistent enough, and on the whole fairly orderly. But if there had been a heavy flood of margin calls on top of the continuing stop-loss and general selling, it could easily have been turned into a rout. The margins calls in the 1929 break accelerated the selloff to where in two and a half months some 90 points were trimmed from the average which set the stage for the even more precipitous decline running into 1932.

* * *

Over a period of two years the current advance had carried the industrials higher by some 230 points, virtually doubling the reading since a false bear market signal was given when there was a decline to a closing low of 255.49 in September, 1953, or 254.36 on an intra-day basis. The industrials seesawed immediately and began a spectacular rise that was troubled only with minor corrections ever since, many of them one-day affairs.

Technicians in Limelight

The scope of the present correction has been such that the market technicians are now back in the limelight, and pretty well shuffled to the background is consideration of individual issues in the search for indicators that will give some clue to where the correction will stop and when it will be completed. The tradition is that the retracement will cover from one-third to one-half of the advance, leaving a rather wide band for a new floor to be established. The figures that are being circulated most widely are from 385 to 410 as the likely area for the list to make a stand if it intends to do so.

* * *

The 450 area had been considered a sturdy support area and it was able to stem previous selling drives no less than three times, including the Sept. 26 panic drop and again a week later. But the third Blue Monday in a row this week wiped out that resistance level in a rush. Support had been expected at a level some 20 points beneath the violated line and did produce at least the semblance of a rally. It cheered the optimists who base their hopes that the correction won't reach traditional peak proportions on the fact that the extra dividend season is just getting underway. One of the lushest dividend crops in history, they reason, ought to make some of the yields too attractive for urgent selling to continue too much longer.

Some Standouts

Something of a standout in the midst of all this selling was Seiberling Rubber which not only appeared on the new highs list in the teeth of pressure but also was able to do it four days running. General Cigar did almost as well and it was able to run up a three-day string of consecutive appearances at a new peak. The two were the only common stocks at new highs as the average broke down through its crucial level.

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There has been some timid bidding among the tobacco issues at times, largely because they are one section of the market that has been well depressed what with all the recurrent beatings given the issues by all the medical controversy over cigarette smoking. For Seiberling, however, the achievement was more of a standout since other rubber issues have had their full measure of troubles with Firestone going in for some multi-point declines to join the fast-stepping company.

Aircrafts Best-Acting

Coppers, so recently the market pets, were recurrently prominent on the downturns until they finally made a stand in mid-week. For good group action the aircrafts probably were the best-acting around. The aluminum issues, after taking their beating in turn, were among the early issues that reached something of an oversold condition and also staged resistance to further trouncing.

* * *

As predicted for so long, the blue chips that led the way for so long uphill ran into some of the heavier weather with du Pont badly battered repeatedly to where it had reached a level in tune with the industrial average in that it was more than 50 points below the year's best price. This spelled a correction running in the nature of 20%. Bethlehem Steel, which was forced down some 20 points under its year's peak and General Motors, off around 15 points from its top, were roughly handled at times but were able to fight the downtrend with a bit more luck. General Motors, incidentally, took time out between a couple of the harder selling drives to nudge its best price a bit higher. Jersey Standard Oil was another of the bellwethers that was a selling target and it, too, was driven down better than 20 points from its 1955 best.

Siestas for the Oils

Oils generally were in something of a siesta, with occasional slips when the going was rough. The issues hadn't been in general demand for many months and when the retreat started there were few excesses demanding correction.

[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.]

Gov. Stratton to Talk On Forthcoming Issue Of Illinois Road Bonds

$415 million revenue obligations to be underwritten by Glore, Forgan-Halsey, Stuart syndicate.

Governor William I. Stratton of Illinois will be the principal speaker at an information meeting to be held today (Oct. 13) at the Great Hall of the Chamber of Commerce, 65 Liberty Street, New York City, concerning the offering of approximately $415,000,000 Illinois Toll Road bonds. The offering is scheduled to be made shortly thereafter by an underwriting syndicate of approximately 564 members headed by Glore, Forgan & Co. and Halsey, Stuart & Co. Inc. With Governor Stratton will be Edwin Rosenstone, State Director of Public Works and Buildings.

Commonwealth Corp. Formed in Florida

TALLAHASSEE, Fla. — The Commonwealth Corporation has been formed with offices in the Daffin Building to engage in a securities business. Officers are Lee A. Everhart, President; S. E. Teague, Jr., Chairman of the Board; Sidney W. Mendelson, J. Velma Keen, and Raymond K. Mason, Vice-Presidents; Bernard W. Shiell, Jr., Secretary; and Mrs. Nell W. Goodgame, Assistant Secretary and Treasurer. Mr. Everhart was previously with Harris, Upham & Co. and C. F. Cassell & Co.

J. A. Winston Co. Opens

J. A. Winston & Co., Inc., has been formed with offices at 320 Central Park West, New York City, to engage in a securities business. Officers are Joel A. Winston, President; Albert Bernstein, Vice-President, and Irving Bernstein, Secretary-Treasurer. All were formerly with Philip Gordon & Co.

De La Marre Co. Opens

VICTORIA, Tex.—De La Marre and Company, Ltd. has been formed with offices in the McFaddin Building to engage in a securities business. Partners are Jacques L. de la Marre, general partner, and Frank H. Crain, limited partner. Mr. de la Marre was formerly with Cobb & Co.

Governm't Personnel Secs. Formed in Washington

WASHINGTON, D. C. — Merle Thorpe, Jr. and Newton I. Steers, Jr. have formed Government Personnel Securities Co. with offices at 1033 Thirtieth Street, N. W. Both are partners in Atomic Development Securities Co.

Allstate Inv. Corp. Formed

DALLAS, Tex.—Allstate Investment Corporation has been formed with offices at 3505 South Versailles to engage in a securities business. Officers are Regis J. Goldbach, President; A. L. Goldbach, Secretary-Treasurer; and A. H. Mohr, Vice-President.

Morgan & Morgan Formed

DALLAS, Tex. — Jack Graham Morgan and Henry A. Morgan are conducting a securities business from offices in the Meadows Bldg.

Edward Edelman Joins Union Securities

Union Securities Corp., 65 Broadway, New York, have announced that Edwards Edelman has become associated with the firm in its Municipal Department, New York City, He will specialize in negotiating agreements with public bodies for fiscal agency and other types of contractual arrangements, with emphasis on public revenue bonds.

Edward Edelman

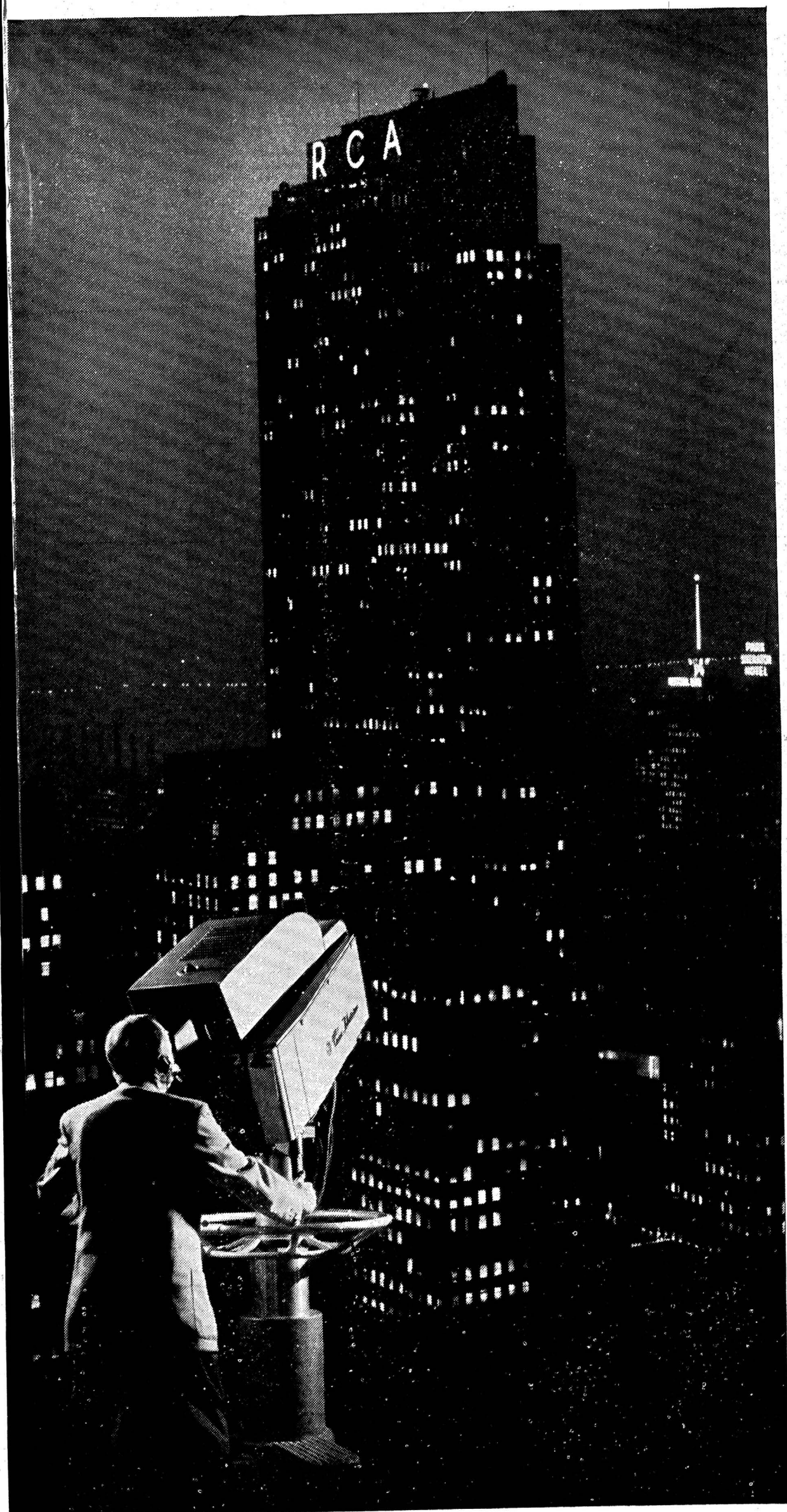
Mr. Edelman since 1952 had been with the Dallas, Tex. law firm of Locke, Locke & Purnell as its municipal bond counsel. In that capacity he recently worked on the Dallas-Fort Worth Turnpike revenue bond issue of the Texas Turnpike Authority, as well as on issues of other public bodies.

Previously he organized the Public Agency Legal Branch of the Reconstruction Finance Corporation at Washington, D. C. and was chief counsel of the branch for 14 years. He also was special bond counsel of the RFC. Mr. Edelman is a former member of the faculties of the University of Minnesota and Harvard University.

With Shearson, Hammill

(Special to THE FINANCIAL CHRONICLE)

LOS ANGELES, Calif. — James V. Priest and A. Irving Sherman are now with Shearson, Hammill & Co., 520 South Grand Avenue. Mr. Priest was previously with Gross, Rogers & Co.



NEWS ABOUT BANKS AND BANKERS

CONSOLIDATIONS
NEW BRANCHES
NEW OFFICERS, ETC.
REVISED CAPITALIZATIONS

James M. Trenary and Augustus J. Martin have been appointed Executive Vice-Presidents of the **United States Trust Company of New York,** it was announced on Oct. 6 by Benjamin Strong, President. Mr. Trenary joined the company in 1923; he has been a Vice-President since 1942. He was elected to the Board of Trustees in 1949 and in 1950 to the Executive Committee. He is in charge of administrative matters for the bank. Mr. Trenary is Chairman of the Committee on Trust Policies of the Trust Division of the American Bankers Association, the Banking Law Section of the New York State Bar Association, Director of the Putnam Trust Company of Greenwich, Conn., etc. Mr. Martin joined the company in 1928 and has been a Vice-President since 1946. He was elected to the Board of Trustees in 1953, and is in charge of all investment functions of the Trust Company. Mr. Martin is Chairman of the Joint Finance Committee of the Commercial Union Assurance Group, and Chairman of the Local Boards of the British Fire Insurance Companies; Commercial Union Assurance Company, Limited; etc.

James M. Trenary Augustus J. Martin

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FEDERATION BANK AND TRUST COMPANY, NEW YORK

	Sept. 30,'55	June 30,'55
Total resources	$94,211,193	$93,055,589
Deposits	85,371,872	84,246,565
Cash and due from banks	11,070,886	9,546,671
U. S. Govt. security holdings	32,300,554	38,353,704
Loans & discounts	41,051,403	36,754,882
Undivided profits	733,770	702,792

* * *

UNDERWRITERS TRUST COMPANY, NEW YORK

	Sept. 30,'55	June 30,'55
Total resources	$40,936,558	$42,020,646
Deposits	36,832,379	37,946,259
Cash and due from banks	7,129,163	7,693,293
U. S. Govt. security holdings	17,666,876	16,985,544
Loans & discounts	12,750,275	14,307,420
Undivided profits	1,384,765	1,366,047

* * *

CLINTON TRUST COMPANY, NEW YORK

	Sept. 30,'55	June 30,'55
Total resources	$34,766,025	$34,027,204
Deposits	32,007,154	31,309,685
Cash and due from banks	9,402,870	8,226,601
U. S. Govt. security holdings	11,348,485	11,332,656
Loans & discounts	11,123,945	11,867,359
Surplus and undivided profits	1,220,296	1,214,484

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Sixty-four new members were initiated into **The Hanover Bank Quarter Century Club, New York,** on Oct. 11 at the 15th annual dinner attended by more than 600 active and retired employees at the Hotel Commodore. The organization's roster now totals 783, including 135 honorary members. William S. Gray, Hanover Chairman, addressed the group. Claude Adamson was installed as the club's new President, and Charles Cramer headed the Dinner Committee.

The directors of the **Sterling National Bank & Trust Co. of New York,** announces the election of Edward H. Dunckelmann as Cashier. A veteran of 35 years experience in banking Mr. Dunckelmann resigned recently as Assistant Treasurer of **Bankers Trust Co.** Prior to the merger of Bankers Trust with **Public National Bank & Trust Co.,** he had been an Assistant Vice-President of Public National, in charge of operations of branch offices, duties he continued following the merger.

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THE STERLING NATIONAL BANK & TRUST COMPANY OF NEW YORK

	Sept. 30,'55 $	June 30,'55 $
Total resources	151,421,505	150,107,894
Deposits	132,587,237	138,305,541
Cash and due from banks	32,400,537	37,026,057
U. S. Govt. security holdings	33,947,691	34,315,425
Loans & discounts	81,430,452	69,428,022
Undivided profits	1,631,901	1,600,215

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John A. Elbe, Vice-President and Cashier of **The Lincoln Savings Bank of Brooklyn, N. Y.** since 1945, was honored on Oct. 11 by fellow members of the Bank's **Quarter Century Club,** and by President John W. Hooper, trustees and other bank officials, at a Testimonial Dinner at the Arion Club of Brooklyn, in recognition of his 40 years of service with The Lincoln.

Mr. Elbe began his banking career at the age of 15, when he joined The Lincoln Savings Bank, as Junior Clerk. At that time, bank personnel, including employees and officers, totaled 13. At the age of 18, during World War I, he was in charge of the sale of Liberty Loan Bonds and War Savings Stamps, etc. From 1924 to 1946 he was in charge of the Mortgage and Real Estate Department. For the past 23 years, Mr. Elbe has served on the Board of Governors of the American Institute of Banking—from which he was graduated in 1921. Recognition and honors have come to Mr. Elbe, often, in Savings Banks circles. He was President of the Officers Association, Group V, Savings Banks Association, 1931-1932; President of the American Institute of Banking, N. Y. Chapter, 1938-1939; President of the New York State Safe Deposit Association, in 1947 and 1948; Chairman of the Subcommittee on Promotional Activities, Savings Banks Association, in 1953 and 1954.

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Charles H. Diefendorf, President of the **Marine Trust Company of Western New York,** at **Buffalo, N. Y.,** has announced the election of William J. Murray as an Assistant Secretary in the Municipal Securities Department. Mr. Murray has been associated with the Marine Trust Company in the New York office for the past three years.

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A consolidation of the **First National Bank of New Bedford, Mass.,** with common stock of $660,000 and the **Safe Deposit National Bank of New Bedford,** with common stock of $350,000 became effective as of Sept. 21. The consolidation was effected under the charter of the First National Bank of New Bedford and under the title of the **First Safe Deposit National Bank of New Bedford.** The enlarged bank, at the effective date of the consolidation, had a capital of $1,220,000 in 244,000 shares of common stock, par $5 each, surplus of $1,220,000 and undivided profits of not less than $260,000.

* * *

The County Bank & Trust Company of Paterson, N. J., is offering holders of its stock of record Oct. 6, rights to purchase an aggregate of 45,000 additional shares of $10 par capital stock at $28 per share on the basis of one new share for each four shares held. The subscription offer, which is being underwritten by a group headed by Hayden, Stone & Co. expires on Oct. 26. Through the stock sale, the capital funds of the bank will be increased from $1,800,000 to $2,250,000 subject, however, to final approval of State regulating bank authorities. The additional capital funds, it is stated, will be used to meet the expanding demand for banking accommodations experienced in recent years. County Bank & Trust has principal offices in Paterson and Passaic and branches in the same two cities as well as in Little Falls, N. J. Total resources of the bank on Sept. 30, amounted to $107,632,000. The current annual dividend rate of the capital stock is $1.40 a share which is expected to be maintained on the increased number of shares, subject to continuation of satisfactory earnings. As noted in these columns Sept. 8, page 982, the Little Falls National Bank of Little Falls, N. J. was consolidated with the County Bank & Trust Co. of Paterson on Sept. 2.

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The First Camden National Bank & Trust Co. of Camden, N. J., according to the Philadelphia "Ledger," announced on Sept. 24 the appointment of four former officials of **Berlin National Bank of Berlin, N. J.** to posts in First Camden, which recently acquired the Berlin bank. The "Ledger" added that Dr. Leslie H. Ewing, formerly a director of Berlin National, was appointed a director of First Camden. J. Montague Evans, formerly Executive Vice-President and Cashier of Berlin National, was named Vice-President of First Camden and will be in charge of the new Berlin office. Woodruff J. Pierce, previously Assistant Cashier of Berlin National, was appointed Assistant Vice-President of First Camden and will assist Mr. Evans in the operation of the Berlin office. Alfred W. M. Childs, formerly Assistant Cashier of Berlin National, was named Assistant Cashier of the Berlin office.

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An increase of $100,000 in the capital of the **Security National Bank of Trenton, N. J.** became effective as of Sept. 30, when the sale of new stock to the amount indicated, raised the capital to $500,000 from $400,000.

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Charles G. Bauer, a retired Assistant Secretary and Treasurer of the **Fidelity Union Trust Co. of Newark, N. J.,** died on Sept. 18. Mr. Bauer, who began his banking career with the old **Merchants & Newark Trust Co.,** according to The Newark "Evening News", was associated with the former Clinton Trust Co. for 33 years. The paper quoted also said "he resigned as Vice-President and Trust Officer in 1946 to become Vice-President of the Irvington National Bank. When the Irvington National merged with Fidelity Union in 1949, he became Assistant Secretary and Treasurer and held that position until his retirement in 1952. Since that time he has been active in bank organization work in Garfield and Madison."

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Wm. R. Gerstnecker, Treasurer of the Pennsylvania Railroad has been elected a Director of **Tradesmen's Bank and Trust Company of Philadelphia.** A graduate of the University of Pennsylvania Evening School of Accounts and Finance and the Management Program of the Harvard Graduate School of Business Administration, Mr. Gerstnecker joined the Pennsylvania Railroad in 1932 as a Clerk in the Treasury Department, was made Assistant Treasurer in 1951 and Treasurer, April 1, 1955.

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The Bank of Virginia, at Richmond, Va., on Oct. 7 created the position of Senior Vice-President and named Herbert C. Moseley, of Richmond, to the assignment, by action of the directors at their regular October meeting. Mr. Moseley has been a Vice-President of the bank since Jan. 1, 1947 and has held the title of branch coordinator since Jan. 1, 1954. He went to Richmond from Roanoke where he was Vice-President in charge of The Bank of Virginia for five years. He began his banking career with the Campbell County Bank in 1928, working there until 1935. From 1935-37 he was with the Virginia State Banking Department, then returned to the Campbell County Bank. Joining The Bank of Virginia Jan. 1, 1945, Mr. Moseley was made an Assistant Vice-President and Cashier at the Petersburg bank. He became officer in charge of the Roanoke bank on Sept. 1, 1948, leaving there in September, 1953, to attend the Advanced Management Program at Harvard University School of Business Administration, and upon completion of that program, assumed the assignment of branch coordinator at the Bank of Virginia.

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Effective Sept. 29, the **National Bank of Commerce of Charleston, W. Va.,** increased its capital from $300,000 to $600,000 by a stock dividend of $300,000.

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The Drovers National Bank of Chicago, Ill., increased its capital, effective Sept. 23, from $1,500,000 to $1,800,000, the enlarged capital having been brought about by a stock dividend of $300,000.

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Thomas F. Stephens, who has been Manager of the real estate department of **First National Bank in St. Louis, Mo.,** has been elected Assistant Vice-President of the bank, according to William A. McDonnell, the bank's President. Mr. Stephens started his business career in 1910 with the **American Trust Company** which later became the **Franklin-American Trust Company.** He entered the service of the First National in December, 1931, and was named Manager of the real estate department in December, 1950.

Oren F. Miller, Jr., has been appointed Assistant Cashier of First National Bank in St. Louis, it was recently announced by President McDonnell. Mr. Miller began his banking career in 1953 with the **Northern Trust Company of Chicago,** following his discharge from the Army.

Joseph Fistere, President of the Mallinckrodt Chemical Works, has been elected a Director of **First National Bank in St. Louis,** it has been made known by Mr. McDonnell, the bank's President. Mr. Fistere joined Mallinckrodt in 1942, became Secretary in 1944, a Director in 1945, Vice-President in 1947 and President in 1949. Before joining the Mallinckrodt Chemical Works he was associated with Allied Chemical & Dye Corporation.

* * *

On Oct. 3 the **National Bank of Commerce** and **Louisiana Bank & Trust Company of New Orleans,** consolidated under the name of **The National Bank of Commerce in New Orleans.** The consolidation as noted in our issue of Sept. 22, page 1182, was approved by the shareholders of both banks on Sept. 15 and is the first bank merger in New Orleans in over 25 years. Based on the last published statements of both banks, the consolidated institution will have approximately $12 million of capital funds, $240 million of resources and 87,000 customers. Upon completion of a new building, for which ground is now being cleared, the bank will have eight branches in addition to its head office at Baronne and Common Streets. Dale Graham, President of The National Bank of Commerce, will continue as head of the institution and Percy H. Sitges, formerly President of Louisiana Bank and Trust Company, will become Chairman of the Executive Committee. John A. Oulliber and Eugene M. McCarroll will be Executive Vice-Presidents and all other officers and employees will continue in the positions they now occupy.

All branches of Louisiana Bank will continue in operation under the name of The National Bank of Commerce, with the same personnel. The combined trust departments will occupy the former executive offices of Louisiana Bank in the Maritime Building. Louisiana Bank & Trust Company opened for business Oct. 4, 1933. Charles Gussman was the first President and leader of the organization group, along with T. B. Sellers and the late T. M. McCarroll and Jos. Lautenschlaeger. Percy H. Sitges became President in 1938 following Mr. Gussman's death. The National Bank of Commerce was reorganized as a National bank on May 20, 1933, from the **Canal Bank and Trust Company.** Dale Graham, who was Cashier of the Canal Bank, became the first Cashier of The National Bank of Commerce and was elected President in January, 1950, succeeding Oliver G. Lucas. Mr. Lucas, the first President, became Chairman of the Board, but died in July of the same year.

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Following a meeting of the directors of **The National Bank of Commerce in New Orleans** on Sept. 27, Dale Graham, President, announced the promotion of Edward A. Amar to Vice-President, and of Frank J. Basile and Joseph J. Knecht to Assistant Vice-President. J. Kenneth Butler and M. J. Rousseau were named Assistant Cashiers and R. J. Emmer advanced from Assistant Trust Officer to Trust Officer. Francis C. Doyle remains as Vice-President in charge of the Trust Department.

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Stockholders of the **Republic National Bank of Dallas, Texas,** on Oct. 4 voted unanimous approval of a $10,437,500 increase in the bank's capital structure, it was announced by Karl Hoblitzelle, Chairman of the Board, and Fred F. Florence, President of the bank. The action occurred at a special meeting of the bank's stockholders. When completed following formal approval by the Comptroller of the Currency, the increase will bring Republic's capital and surplus to $70,000,000 and its total capitalization, including reserves, to approximately $82,000,000. In addition, a stock dividend of 112,500 shares will be distributed to shareholders without cost to them.

Along with completion of the increase, termed by Mr. Florence as "the largest capital increase ever undertaken by a bank in the Southwest," certain wholly-owned affiliates of Republic will pay a net cash dividend of $2,000,000 directly to the bank. Arrangements have been concluded with an underwriting group, including local and national investment bankers, to underwrite the proposed new stock issue. It is contemplated that Republic's current dividend rate of 14 cents per share per month, or $1.68 per share annually, applicable to all shares to be outstanding on completion of the increase, will continue, Mr. Florence pointed out. In addition to approval of the plans for increased capitalization, shareholders voted to change the date of the regular annual meet-

ing of shareholders, from the second to the third Tuesday in January of each year. Details of the proposals were given in our issue of Sept. 22, page 1182.

* * *

The Colorado Springs National Bank of Colorado Springs, Colo., increased its capital as of Sept. 21 from $300,000 to $500,000. Of the additional capital, $150,000 was realized by the sale of new stock, while the $50,000 additional resulted from a stock dividend.

* * *

As of Sept. 16, the capital of the **United States National Bank of San Diego, Calif.,** became $2,000,000, having been increased to that amount from $1,785,000 as a result of the sale of $215,000 of new stock.

* * *

First Western Bank & Trust Co. of San Francisco, has applied to the State Superintendent of Banks for permission to open an office in the Santa Barbara-Crenshaw Shopping Center, Los Angeles. This center is in the heart of a growing area in metropolitan Los Angeles. The First Western has no other office in that part of the city.

* * *

The Bank of California of San Francisco, will open a temporary **Oakland Office** Nov. 1 near its permanent building site, Elliott McAllister, President, announced on Oct. 3. Permission to open the temporary office has been received from supervisory authorities, he said. It will be located at 2031 Franklin Street. Robert H. Bolman, Vice-President, will be Manager of the Oakland Office. Mr. Bolman was formerly Vice-President and Director of an Oakland bank, and before that was Executive Vice-President of the Pasadena-First National Bank. Also to be assigned to the Oakland Office are George S. Pearce and James C. Percy, Assistant Cashiers; I. B. Coffin, who will manage the consumer credit department; and William T. McClean, in charge of the Real Estate Department.

* * *

The Harbor National Bank of Aberdeen, Wash., with common capital of $200,000 was absorbed, effective Sept. 19 by the **Seattle-First National Bank of Seattle, Wash.,** according to advices from the office of the Comptroller of the Currency in the weekly Bulletin of Oct. 3.

* * *

The Royal Bank of Canada (head office **Montreal**) has announced the appointment of H. M. Grindell, Manager of its **Havana Branch** since 1946, to be Supervisor of Branches in the **Dominican Republic, Haiti and Puerto Rico,** with headquarters in **Ciudad Trujillo, D. R.** This is a newly created post and the appointment serves to emphasize the increasing importance of the Royal Bank's business in these three countries. G. R. Conrad, formerly Resident Inspector at Ciudad Trujillo, D. R., becomes Manager of the bank's San Juan, Puerto Rico Branch, succeeding the late E. H. O. Thorne. P. H. Easton, formerly Manager at Havana, Vedado, 23rd & P. Branch, has been named Manager at Havana Branch. Mr. Grindell, joined the bank in 1920. After serving at several Canadian branches, he assumed his first assignment in Latin America in 1924. He has been Manager of the bank's main branch in Havana since 1946. Mr. Conrad is a native of the Province of Nova Scotia, Can., where he joined the bank in 1919. Mr. Easton joined the bank in the Province of Ontario, Can., in 1918.

Joins Reynolds Staff

(Special to THE FINANCIAL CHRONICLE)

SANTA ROSA, Calif.—Edward S. Fonda is now with Reynolds & Co., American Trust Building.

With Amos. C. Sudler

(Special to THE FINANCIAL CHRONICLE)

DENVER, Colo. — William H. Thorney, Jr. has become affiliated with Amos C. Sudler & Co., First National Bank Building. He was formerly with J. W. Hicks & Co.

Two With Reynolds

(Special to THE FINANCIAL CHRONICLE)

SAN FRANCISCO, Cal.—Jack D. Struble and Jerome A. Becker have become affiliated with Reynolds & Co., 425 Montgomery Street.

With Coburn Middlebrook

(Special to THE FINANCIAL CHRONICLE)

HARTFORD, Conn. — Ronald Miecznikowski and Albert Ringenbeck are now connected with Coburn & Middlebrook, Incorporated, 100 Trumbull Street.

Joins Scranton Staff

(Special to THE FINANCIAL CHRONICLE)

NEW HAVEN, Conn.—James J. Grady has joined the staff of Chas. W. Scranton & Co., 209 Church Street, members of the New York Stock Exchange.

Public Utility Securities

By OWEN ELY

Rochester Gas & Electric Corporation

The company supplies electricity, gas and steam to the City of Rochester and adjacent areas, including the fertile farming area in the Genesee River Valley and the fruit belt along Lake Ontario. Rochester, which is the home of Eastman Kodak and the third largest city in the state, has about 800 diversified manufacturing establishments. Since many of these produce light consumer rather than heavy capital goods, the business in this area is relatively stable. This is reflected in the favorable local employment situation, said to be the best in New York State. Rochester has an excellent supply of good water which has encouraged industries like Gerbers' Baby Foods to move into the area.

The City of Rochester is active in civic, industrial and commercial developments, and among the new developments now projected are a complete new civic center, an auditorium, inner and outer traffic loops and arterial highways, an expanding water system, and new hotels, schools, bridges, hospitals and churches. Home building has been extremely active, with new groups of homes under construction practically dotting the metropolitan area.

The area served is showing excellent growth. The population in the metropolitan Rochester area has increased about 8% since 1950 and now equals 527,000. While the city itself gained only about 3%, the suburban area increased 19%. Some 28 new manufacturing concerns have come into the company's territory since 1950, and 36 existing concerns have enlarged their plant facilities.

President Beebee recently stated: "If you study our operations along the Valley of the Genesee River, you will become convinced that we are providing all the good things that subsidized TVA purports to provide in its area, and in addition we are carrying our fair share of taxes. We have harnessed the Genesee River from its source to its mouth at Lake Ontario to the extent that can be economically justified. We have dams at the River headwaters that help in flood control and in the generation of hydro power. We provide engineering services to our farms, homes, stores and industries, so that they can use our services to their best interests. Our Home Service Department has just won the first place national award for outstanding service to our customers. Our 1954 Annual Report has just been awarded second place in its classification by 'Financial World'."

1954 revenues were about 60% electric, 33% gas and 7% steam. The gas division has converted to straight natural gas in the suburban areas, but in the City of Rochester reformed natural gas is supplied (about 47% of output last year was straight natural gas, 52% mixed natural gas, and 1% blue gas). Gas was purchased from New York State Natural Gas Corp., and there is an emergency connection with Tennessee Gas Transmission. Service and supply are so adequate that there is no danger of cut-offs in cold weather, and new industries are taking gas without "interruptible" contracts.

The capacity of electric generating stations is as follows:

	KW Nameplate	KW Capability
Steam plant at Greece	140,000	192,000
Rochester	142,000	112,000
Miscellaneous	11,000	6,000
Total	293,000	310,000
Hydro plants	49,000	19,000
Totals	342,000	329,000
Purchase capacity available		23,000
Total available capacity		352,000
Maximum annual load		286,000
Reserve margin		19%

Electric facilities are interconnected in the New York State Power Pool, which improves operating economies. The company's electric lines in Rochester are largely underground, which has proven a substantial advantage with recent hurricanes (Connie did only $60,000 damage). The hydro plants, now less important than formerly, have been handicapped receintly by record drought.

The company expects continued growth in the service area and is planning to spend over $100 million in a record construction program over the next five years (about $17 million is being spent this year). The program includes a fourth steam generating unit at Russell Station in Greece to be completed in the summer of 1957.

Employee *esprit de corps* is excellent as indicated during the hurricane emergencies.

The company has been able to reduce its operating ratio steadily from 60% to 55% in the past five years. Earnings per share, while showing some irregularity, have increased from $2.31 in 1945 to an estimated $3.30 this year (President Beebee is hopeful of bettering the budget figure or $3.28 slightly, especially if hydro conditions improve). Late this year or early next year the company proposes to issue common stock, but share earnings are expected to absorb this dilution quite substantially in 1956.

At the recent price around 46 (range this year about 48-42) and based on the current dividend rate of $2.24, the stock yields about 4.9%. Based on estimated 1955 earnings around $3.30, the price-earnings ratio is 14. These figures company with industry averages of about 4.9% and 15 times. The equity ratio is about 31%, but should improve to 35% with the new issue.

S-M Securities Opens

DALLAS, Texas—S-M Securities Corporation has been formed with offices at 2525 Carlisle to engage in a securities business. Officers are Russell T. Spears, Jr., President; Clark M. Matthews, Vice-President; Jean A. Steinberg, Secretary.

Morgan Co. of Ogden

OGDEN, Utah—Morgan & Company of Ogden has been formed with offices at 2536 Washington Boulevard to engage in a securities business. Partners are Lamber R. McGrath, John H. Morgan, Jr., J. Merrill Bean, and John C. Adamson.

Continued from first page

The Challenge of Prosperity

had carried our economy beyond the crest of the Korean War boom. The most comprehensive measure that we have of economic activity is the gross national product—that is, the dollar value of the nation's total output of commodities and services. In the second quarter of 1954 our national product was at an annual rate of $358 billion. A year later it was $385 billion, or about 7½% larger. At present it is $390 billion, if not higher. The level of activity in 1953, when the rate of output was $369 billion at its highest, is well behind us.

Another comprehensive measure of economic activity is civilian employment. In September 1953 about 62½ million men and women were at work. A year later employment was a little lower, but recent months have again brought a vigorous rise. Between September 1954 and September 1955 civilian employment increased by over 2½ million and is now substantially higher than at any time in 1953.

Still another comprehensive measure of economic activity is the amount of income disbursed by private industry and government. In the second quarter of 1953 incomes were being disbursed to individuals at an annual rate of slightly over $290 billion. A year later, despite the contraction of economic activity, personal incomes were a half billion higher. The recent expansion has brought income disbursements to an annual rate of $310 billion. And the increase in dollar income during the past two years has been genuine, since average prices in consumer markets have been steady while taxes have been lower.

Thus, whether we observe economic activity at the stage of production, or of employment, or of income disbursement, we find evidence of progress and prosperity. Employment is high. Profits are satisfactory. Investment is going forward at a good pace. Except in some scattered localities, unemployment is close to an irreducible minimum. Many factories, mines, and shops are working overtime. Indeed, overtime is even more extensive than it was in the summer of 1953.

Must Not Be Complacent

We must not, however, permit these favorable developments to lull us into a state of complacency. Though the domestic demand for farm products is high, not all branches of our diverse agriculture are enjoying a full measure of prosperity. Obstinate surpluses of several crops have tended to restrict or reduce growers' incomes. Droughts, freezes, and floods have wreaked havoc on crops in scattered sections. Pockets of relative poverty, urban as well as rural, are still to be found.

A period of general prosperity presents a challenge to an intelligent citizenry—how to develop conditions under which lagging industries and areas may join in the economic advance, how to extend the good times, and how to improve the quality of living. As everyone knows, the response to this challenge has often been inadequate in the past. Time and again, in our own country and other nations, monetary inflation or business depression have disrupted economic life and brought hardships to people.

Experience teaches that prosperity often stimulates practices which, unless corrective measures are taken in time, will eventually result in its discontinuance. As a nation approaches full employment of its resources, it becomes more difficult to expand production. Here and there, in a widening circle, shortages of materials and labor develop, and they cannot be remedied promptly. Wage rates, unit costs of production, and prices tend to rise. Since they do so unevenly, profits are squeezed, first in a few industries, then on a wider front. If businessmen and consumers, expecting the advance in prices to continue, rush to buy beyond their current requirements, this process is apt to be intensified. If financial institutions keep expanding loans on liberal terms in every direction, the imbalance between monetary demand and the physical supply of commodities and services will be accentuated. If a mounting optimism warps judgment to the point where the quality of credit is allowed to deteriorate, or where people borrow extensively to speculate in securities or real estate, the groundwork for later economic trouble is laid all the more securely.

The prevention of inflationary developments and their aftermath is to everyone's real interest and, therefore, in a sense is everyone's responsibility. But it is precisely because this responsibility is so widely diffused among business firms, trade unions, consumers, and financial institutions that the Federal Government must assume leadership.

Government Measures Unpopular

Governmental measures of monetary and fiscal restraint are too austere to be popular. The manufacturer who sees an opportunity to expand his activities by borrowing cannot always understand why his bank is so short of funds that he must put up with a smaller loan than he requested. Nor can the homebuilder or merchant or consumer. Nor, for that matter, can the banker. To each participant in the economic process a shortage of credit appears in the first instance as a restriction on his own opportunities. When the government has been restraining the growth of credit, it seems natural to blame the government for a failure to accomplish all that had been planned.

What individuals who reason in this fashion fail to realize is that the basic shortage under conditions of high prosperity is on the side of physical resources, not on the side of money or credit. If credit on easy terms were available to everyone at a time when the economy is already working close to capacity, the consequence would be a scramble for limited resources and a cumulative bidding up of prices. If taxes were simultaneously reduced and expenditures increased, this inflationary process would only be speeded up. A government that sought to prolong prosperity by such devices would be taking a road that all too often has ended in disaster.

This year we have met the challenge of prosperity by avoiding such illusory solutions. Once it became clear that the economy was approaching full employment and that speculative tendencies were emerging, the Federal Government began applying restraints, gradually and yet firmly enough to curb the excesses that so easily arise in a time of prosperity. A unified program, involving actions by numerous agencies, was put into effect, with a view to moderating the growth of private credit, protecting its quality, maintaining taxes, and bringing expenditures into better balance with revenues. Since the requirements of our national security put severe limits on reductions in Federal expenditure, a heavy emphasis of necessity fell on monetary policy.

Excesses Being Checked

Thanks to these measures, although we have not escaped entirely the excesses of prosperity during the past year, we have succeeded to a considerable degree in keeping them in check. Let me mention several salient facts. First, the widespread tendency toward increasingly liberal credit terms, which existed several months ago, has apparently run its course. Second, some improvement in the quality of new mortgage loans is now under way. The same is true of the consumer instalment loans being made by some important lenders, though by no means all. Third, the growth of brokers' loans has been moderate and in recent months has stopped. Fourth, although the total expansion of loans by commercial banks and other financial institutions has been continuing at a rapid rate, the loan funds are coming preponderantly from past and current savings, not from newly created money. Even allowing for seasonal factors, the sum of demand deposits and currency in the hands of the public increased only 2% between the first of this year and the beginning of September. Fifth, the average level of prices has continued to move within a narrow range. While the prices of some industrial materials have of late risen spectacularly, the average of industrial prices is merely 2 or 3% above a year ago. The average of all wholesale prices has risen still less and the average of consumer prices has remained almost perfectly steady.

These are significant signs of progress in the struggle to maintain conditions of sustained prosperity in our times. If they are not conclusive with respect to the immediate future, we also must attempt to see economic developments in a larger perspective.

Basis of Economic Strength

Across the years many factors have been quietly adding to the strength of our economy, and the current expansion is fundamentally an expression of their cumulating force. I need only mention the upsurge of population, the growth of scientific knowledge, the onrush of technology, the rapid obsolescence of what we used to regard as fixed capital, the development of investment budgets by industry, the improved control over inventories, the intensified pace of business competition, the broadening of the middle class, the insistent desire of people to earn more and live better, the development of mass markets to match mass production, the rebuilding of the Western World, the general recognition of government's responsibility in helping to maintain a stable prosperity, and the growing understanding of people that public policy must protect economic incentives if enterprise, innovation, and investment are to flourish. These factors are and will continue to be basic to our progress, but I think four elements of strength are especially noteworthy in the current situation.

In the first place, our recent expansion has been achieved predominantly through the activities of private citizens, not by extensive spending programs of the Federal Government. Between the second quarter of 1954 and the third quarter of this year the annual rate of Federal spending on goods and services was reduced by about $3 billion. In the meantime, the rate of consumer spending increased by $19 billion, the rate of private investment increased by nearly $15 billion, and the rate of State and local spending rose another $3 billion. If we go back to 1953, the reduced reliance of our economy on Federal expenditures becomes still clearer. Between the second quarter of that year and the third quarter of 1955, the annual rate of Federal spending on goods and services declined by over $15 billion, while spending by the rest of the economic community increased by $37 billion. Thus, in the short span of two years a substantial transformation of our economy has taken place.

On an increasing scale, Americans have taken the initiative to make jobs for one another, instead of relying on the Federal Government to do it for them.

The nation's expanding income is being shared widely among the people, and that is another pillar of our current prosperity. We are avoiding excessive concentrations of spending power. The earnings of urban workers have of late risen generally and appreciably. Farm proprietors on the whole have been less fortunate in their main pursuits, though many are sharing in the increase of employment opportunities off the farm. Labor income—that is, the sum of wages, salaries, social security benefits, and related payments—amounted to 75% of the total disbursement of personal incomes in the first quarter of 1954. Since then this fraction has risen to 76% and is now higher than it has ever been.

Inventories Not Excessive

Another factor of strength in the current situation is that, except for the agricultural commodities which have piled up in governmental warehouses, inventories generally bear a favorable relation to the nation's business. The recovery in production has been accompanied by an increase of manufacturers' inventories, but the preponderant part of the increase has been in goods locked up in the productive process. There is little evidence of speculative accumulation of inventories of raw materials or finished goods by either manufacturers or distributors. Although the nation's aggregate business is now significantly larger than at the peak of 1953, the inventory holdings are smaller. Even the new cars in the hands of automobile dealers, which a while ago seemed excessive, are now below a month's supply. The inventory position of the housing industry is also broadly favorable, despite the extensive boom in residential building. True, there has been overbuilding in a few local areas. But in the nation as a whole, the vacancies now available are only about 2.3% of the total stock of dwellings. This figure is somewhat higher than it has been in recent years, but nevertheless falls short of the reserve that people need to shift their housing accommodations without excessive trouble.

Still another favorable factor is that the current expansion has been occurring in an environment of growing production and trade in the Free World. Western Europe, in particular, has gained a level of economic well-being hitherto unknown on the Continent. Production and incomes have been rising rapidly. Unemployment has virtually disappeared in Great Britain, and is low everywhere except in Southern Italy. Barriers to dollar trade and currency movements have become fewer and less onerous. Private enterprise and competitive markets are again widely respected. These improvements in conditions abroad have been reinforcing our prosperity at home.

Must Act to Prevent Recession

We must recognize, however, that in an economy like ours, poised on a high plateau, neither the threat of inflation nor of recession can ever be very distant. We live in a world in which the sources of economic change, both domestic and foreign, are many. When both our political parties joined in the Congress to pass by an overwhelming majority the Employment Act of 1946, we in effect resolved as a people to travel henceforth the narrow road that separates the swamps of recession, on the one side, from the cliffs of inflation on the other. If we are to stay firmly on this narrow road, the Federal Government must pursue monetary, fiscal, and housekeeping policies with skill and circumspection. That means, among other things, that we must be alert to changes in economic conditions and be ready to adapt our policies promptly to them. A program of monetary and fiscal restraints could be carried too far, just as it could stop short of what is needed. Such policies are means to the attainment of a stable prosperity, not ends in themselves. The only rigidity that we can afford to admit to our minds is the principle that the best way to fight a recession is to prevent it from occurring in the first place. That principle has of late ruled, and it must continue to rule, our governmental policies.

I stated earlier that our gross national product has reached an annual rate of $390 billion or better. We have thus arrived at the threshold of a $400 billion economy. The challenge posed by today's prosperity is to cross this line and go well beyond it. We may be confident of doing so in the near future if public policies continue to encourage individual initiative and enterprise, if they continue to reckon with the humanitarian impulses of our age, and if private citizens together with their government continue to resist courageously any tendencies that may develop toward either recession or inflation.

Forms Ritter Inv. Co.

HOUSTON, Tex.—John R. Ritter is conducting a securities business from offices at 5012 Almeda under the firm name of Ritter Investment Co.

H. C. Schmidt Opens

PHILADELPHIA, Pa. — Henry C. Schmidt is conducting a securities business from offices at 1401 Walnut Street.

Will the British Government Save Sterling

By PAUL EINZIG

Dr. Einzig comments on the policies of the British Government to check inflation and protect the exchange value of sterling. Says, up to the present, there has been no indications that the government's measures have gone far enough to produce a result, without which inflation could not be halted. Holds immediate prospects of the London Stock Exchange appear to be "anything but favorable."

LONDON, Eng.—During recent months some of the best brains and many of the second best brains of Britain have been engaged in the task of urging the Government to make omelette without breaking any eggs. The need for a drastic deflation of the excessive purchasing power of consumers has been realized by everybody. Nevertheless, each time a proposal is put forward that is liable to be effective the mere idea arouses a storm of protest from some interested quarter. Many otherwise intelligent people really imagine that it would be possible to check inflation without causing a setback in the output of consumer goods or in capital expenditure. Few people dare to utter the word "unemployment" even though it is inconceivable to check inflation without a moderate dose of it. In theory, the consumer spending power could be materially reduced to a reduction of overtime. In practice, so long as full employment continues, the workers will have sufficient bargaining power to force their employers to compensate them for any loss of overtime earnings by a corresponding increase of their basic wage rates.

Paul Einzig

Up to now, there have been no indications that the Government's measures have gone far enough to produce the deplorable but necessary result without which inflation could not be halted. In his speech at the Mansion House on Oct. 4, and at the Conservative Party conference two days later, Mr. Butler reaffirmed the Government's determination to take all the necessary measures. The announcement of the measures was deferred, however, until the reassembly of Parliament on Oct. 25. This delay is open to some criticism. The urgency of the necessary steps and of their announcement should have prevailed over the political necessity for humoring a Parliament that is always jealous in the safeguarding of its privilege of being the first to be informed about major decisions. However, it is better late than never, and the announcement of the new series of measures on Oct. 25 is awaited with great interest. The nature and extent of these measures will be the supreme test that will determine the fate of sterling and of Mr. Butler himself.

Between now and the reassembly of Parliament the utmost pressure is likely to be brought to bear on the Government by the various interests to prevent it from adopting sufficiently drastic remedies that would affect their respective spheres. Mr. Butler foreshadowed substantial cuts in Government expenditure. The Opposition and the Trade Union Council are likely to move heaven and earth to ensure that social services are not affected. The delay in the announcement of the proposed cuts provides an opportunity for a sweeping nation-wide campaign against economies in social benefits.

Many industrial interests are likely to mobolize all their influence to prevent an accentuation of the credit squeeze. Each industry is producing an unanswerable case against interference with it, on the ground that they are dollar-earners or dollar savers; or that a contraction of their domestic market would deprive them of the benefit of lower costs through mass production; or that they are a new industry which is deprived of the chance to develop, etc. Taken in isolation, the case against interfering with any one industry is unanswerable. Yet, unless their production is cut down for the time being, inflation cannot be checked.

There will be, of course, strong temptation to take the line of least resistance by effecting the bulk of the cuts in defense expenditure. Even that is, of course, strongly opposed by the industries concerned. But the apparent relaxation of the international political tension makes it difficult for the Government to abstain from making drastic cuts. This in spite of the growing evidence that Moscow's actions contradict its conciliatory pronouncements.

The Government will find it difficult to scale down the over-ambitious capital development programs of the nationalized industries and of various Government departments. Strong opposition will be encountered against any attempt to reduce the amounts already promised for road building, reconstruction of the railways, school building, hospital building, etc. The Government now realizes that too much has been undertaken, and that some of these commitments have to be deferred in spite of the unpopularity of such decisions.

It remains to be seen whether the Government will take action to reinforce the present moral ban on dividend increases. On the face of it, the adoption of effective deflationary measures would obviate the necessity for dividend limitations, because profits are likely to fall in any case. Mr. Butler is too good a politician, however, not to want to claim credit for the Government for checking and reversal of the trend of dividend increases. It's true, even in the absence of any exhortation by the Chancellor of the Exchequer, most companies will have to abstain from raising their dividends, and many of them may have to cut their dividends. But it is a time-honored political game to go through the gestures of pushing open the door which is already ajar. The Government is not likely to overdo this by adopting legal limitation of dividends, but moral pressure will increase and in the changed circumstances it stands a better chance of being effective, so that Mr. Butler will be able to claim credit for the result.

Allowing for all these considerations, the prospects of the London Stock Exchange during the next few months appear to be anything but favorable. Mr. Butler and the Government cannot afford to abstain from taking effective deflationary measures. In so far as the measures prove to be effective they are bound to depress business and to cause a decline in Stock Exchange prices. Indeed, in many quarters the tendency of the Stock Exchange is regarded as an inverted barometer indicating the degree of success of the Government's anti-inflationary drive.

Copperweld Steel Co. Common Stock Offered

Dillon, Read & Co. Inc. and Riter & Co. headed an investment banking group which released an offering to the public at the close of the market on Oct. 10 of 240,000 shares of Copperweld Steel Co. common stock priced at $25 per share.

The proceeds from the sale of the common stock, together with retained earnings and privately borrowed funds of $5,500,000, will be used by Copperweld to finance a modernization and expansion program expected to cost about $12,000,000. This program is expected to bring its steel rolling facilities into better balance with its melting facilities, reduce manufacturing costs, increase yields and broaden the company's product base.

Copperweld Steel Co. is engaged principally in the manufacture of quality electric furnace alloy and carbon steel, copper-covered steel wire and alloy and carbon seamless steel tubing and carbon welded steel tubing. The company is one of the important producers of electric furnace steel.

Net sales of the company for the first six months ended June 30, 1955, amounted to $38,084,000 and net income to $1,223,000.

Among those associated with Dillon, Read & Co. Inc. and Riter & Co. in the financing are: Blyth & Co., Inc.; Eastman, Dillon & Co.; Hemphill, Noyes & Co.; Hornblower & Weeks; Paine, Webber, Jackson & Curtis; Reynolds & Co. Inc.; L. F. Rothschild & Co.; Bache & Co.; A. G. Becker & Co. Inc.; Eastbrook & Co.; Laurence M. Marks & Co.; McDonald & Co.; Schwabacher & Co.; Singer, Dean & Scribner; F. S. Smithers & Co.; Tucker, Anthony & Co.; and G. H. Walker & Co.

Science Funds Reports on Portfolio

Science & Nuclear Fund reported the addition of Lindsay Chemical Corporation to its portfolio in August. "In 10 years," the Fund commented, "Lindsay has emerged from a company in a semi-somnolent field supplying curiosity metals to the position of a concern with rare earths. A contract with the Atomic Energy Commission," the Fund continued, "to supply thorium highlights this change. Lindsay is the leading processor of thorium."

In August, the Fund said it had increased its common stock holdings in duPont, Taylor Instruments, American Cyanamid, Goodyear Tire & Rubber, Allied Chemical, Radio Corp., Sylvania Electric and Philco. After these purchases, the Fund was 95% invested with 64% of assets in companies carrying on nuclear activities and 31% in related scientific fields.

With A. G. Becker

(Special to THE FINANCIAL CHRONICLE)

CHICAGO, Ill. — Charles L. Straus is now with A. G. Becker & Co., Incorporated, 120 South La Salle Street, members of the New York and Midwest Stock Exchanges.

With Federated Secs.

(Special to THE FINANCIAL CHRONICLE)

BATON ROUGE, La.—Henry B. Nesom has been added to the staff of Federated Securities Corporation, Louisiana National Bank Building.

Farm Bureau Federation Head Scores Government's Agricultural Policies

Charles B. Shuman, President of the American Farm Bureau Federation, says less government interference in the pricing and production of farm products would improve farm income. Ascribes decline in farm prices to "political pricing."

The way to improve farm income is to reduce, not increase, government interference in the pricing and production of farm products. This is the opinion of Charles B. Shuman, President of the American Farm Bureau Federation, Chicago, who spoke at the Agricultural Breakfast of the American Bankers Association in The Conrad Hilton Hotel in Chicago, Sept. 27.

C. B. Shuman

"Political pricing" actions by Congress have been a large factor in the 24% decline in farm prices which has taken place during the last five years, Mr. Shuman said.

Rigid price supports at 90% of parity were established during the war period to encourage increased production, "but Congress failed to let the flexible price support plan go into effect after wartime demands were reduced," he said.

"This has been an important factor in the accumulation of surplus farm products which now prevent farmers from sharing in the present rising tide of economic prosperity.

"Farmers are squeezed between falling farm prices and rising costs of machinery, fertilizer, and other supplies.

"Again the government must accept some responsibility for this situation, as the recent increase in the minimum wage from 75 cents to $1 per hour was one of the things that led to the recent round of industrial wage increases.

"We in agriculture favor increases in wages based on increased productivity of labor. On the other hand, farmers resent the monopolistic pricing tactics used by certain labor groups and encouraged by government."

The future of agriculture is still bright, Mr. Shuman said, "if we reduce the role of government in agriculture and produce for the rapidly expanding consumer market rather than for government storage bins.

"We have lost much of our market both at home and abroad as a result of unwise fixing of prices at 90% of parity.

"The total agricultural plant is overexpanded," he said. "Any government program which encourages further expansion is not in the long-time best interests of farmers.

"High, rigid price supports, subsidy or income payments, and special government purchase programs all delay needed adjustments and in the long run will further reduce farm income."

Mr. Shuman called for emphasis on expanding domestic consumption and increasing "mutually advantageous" foreign trade.

"This," he said, "could soon eliminate the huge surplus accumulation that is forcing farm prices downward."

In spite of the cost-price squeeze, farmers are still good customers for banks, Mr. Shuman said.

"The efficient farmers are still making some money. They are still a good risk. Bankers generally can well afford to help finance improvements in agricultural efficiency," he declared.

"Production per man hour on U. S. farms has gone up 78% in the last 15 years. This has been due to larger units, better technology, more mechanization, greater use of fertilizers and insecticides—all of which require working capital.

"To be efficient today, a farmer has to have a business large enough to justify the capital investment required by modern farming methods. This does not mean we are moving away from the family farm. It simply means that the family farm is growing with the economy of this country."

Touching on farmers' credit needs, Mr. Shuman said, "A big problem is the need for more intermediate credit—loans for a year and a half to five years.

"These are the loans that finance machinery purchases, farm improvements, and certain soil-building practices which will pay out in time but not immediately."

The national farm leader pointed out that farmers have a vital interest in a stable general price level.

"We don't want inflation," he said. "In the present surplus situation, we know that if we had inflation, farm prices would not respond as fast as production costs.

"But farmers are also fearful that overzealous efforts to prevent inflation might touch off a serious recession. With our surpluses, we'd be much worse off if our economy were not operating at full steam.

"When business is bad, there is always a tendency for population to back up on the farm. This concerns us, because an essential part of the solution to the problem of low income in agriculture is opportunity for employment off the farm."

Joins William Blair

(Special to THE FINANCIAL CHRONICLE)

CHICAGO, Ill. — Stanford A. Madson has become connected with William Blair & Company, 135 South La Salle Street, members of the New York and Midwest Stock Exchanges. Mr. Madson was previously with Dean Witter & Co. and Harris, Hall & Company.

Russell, Long Adds

(Special to THE FINANCIAL CHRONICLE)

LEXINGTON, Ky. — Sara H. Blumberg has joined the staff of Russell, Long & Company, members of the Midwest Stock Exchange, 257 West Short Street. Miss Blumberg was formerly with Westheimer and Company in Cincinnati.

With Cosmopolitan Inv.

(Special to THE FINANCIAL CHRONICLE)

BATON ROUGE, La. — R. B. Hobdy is now with Cosmopolitan National Investment Corporation, 2907 Laurel Street.

D. N. Silverman Adds

(Special to THE FINANCIAL CHRONICLE)

NEW ORLEANS, La.—Paul E. Habace has been added to the staff of D. N. Silverman Co., Inc., Shell Building Arcade, members of the New Orleans Stock Exchange.

Joins Frank Keith Staff

(Special to THE FINANCIAL CHRONICLE)

SHREVEPORT, La. — Mrs. Madie Z. Sharp has joined the staff of Frank Keith & Co., Inc., Johnson Building.

Joins King Merritt

(Special to THE FINANCIAL CHRONICLE)

PORTLAND, Maine—Ralph H. Dengler is now with King Merritt & Co., Inc., of Casco Bank Building.

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The NASD: What It Is and Does

New York, Connecticut and almost all of New Jersey.

These committees are also assisted by a professional staff. The professional man in those districts is called a Secretary. If it is necessary, he in turn has a staff in his office to assist him in carrying out the work of the District Committee, which is purely executive and is designed to enforce in its area the policies which were laid down by the Board of Governors.

Rules of Fair Practice

We have two principal documents, which have been adopted by the Association in order to do the things which we have been required to do by the Act under which we were created. The first one is known as our *Rules of Fair Practice*. It contains some 28 rules in which we have laid down the principles upon which transactions shall take place with other securities dealers and members of the public.

We like to think of these rules as being inclusive, even though there are only 28 of them, and when you see those rules, I am sure you will agree with me.

There is also another document called "The National Uniform Practice Code," which contains 60 provisions, and is an attempt on the part of the Association to provide uniformity of practice among securities dealers in the Street.

That uniformity of practice is very essential. Before such a code came into existence, securities dealers generally were unable to determine the condition of the certificates which they had bought and paid for. In many cases they were receiving evidences of ownership of securities which were useless, because of the defects that existed in them. The Code has attempted to outline what a security should look like, how it should be delivered, how it should be paid for and what can be done about it if any of those principles are breached.

So you will see that, actually, we have something like 88 rules under which we operate. These are supplemented by rulings issued in response to requests made for them by members, and based upon specific circumstances.

We have a system by which we can impose discipline upon our members if any of them violate our rules. The first in the Rules of Fair Practice is known as our Just and Equitable Principles of Trade Rule, and says essentially that all of our members shall observe high standards of commercial honor and equitable principles of trade. It is a very broad rule.

Our Association tries to be fair in its interpretation of what is or is not just and equitable principles of trade. And I believe that, to date none of the members have had cause for complaint about the treatment received under that rule. The remaining 27 rules are much more specific, we need not dwell upon them here since copies of them are being made available to you, and you will have an opportunity to study them at your leisure.

Handling Trade Practice Complaints

There is also a code in our setup which is known as the Code of Procedure for Handling Trade Practice Complaints. That code, I believe, is worthy of a little explanation.

Any member of the public who feels that he has been aggrieved by a member of our Association can come to the District Office of the Association with his complaint. Up to the time when he does come into the office, it is most usually an oral complaint, the type of which we know as an informal one.

Many of those complaints have very little merit. Perhaps a securities dealer didn't deliver a security within three or four days after the date when it was purchased by the member of the public, and this person feels that he is being robbed because the evidence of ownership of the certificate which he bought is not properly produced.

Sometimes we are able to show that in the regular course of business delays occur. The complainant then feels that his problem has been explained away and leaves the office satisfied.

On the other hand, sometimes those complaints which start out without any apparent merit develop into situations in which our Association becomes very interested. In such cases a member of the public can bring in a complaint which we must accept if he chooses to go that far. Also the District Committee can initiate complaints against any of our members on its own initiative.

These complaints are all processed according to a regular set of rules which have been set down, so that the members of the public, the members of our Association and the District Committees all know where they stand when the complaints go through our offices.

Any person against whom a complaint has been leveled may defend himself and have counsel with him in order to assist him in his defense.

There are four kinds of penalties which we can impose upon members. If the offense is reasonably light, we may impose a penalty of censure, and the committee under those circumstances might feel that they have disciplined the member enough for his errors.

If the offense is a little more serious, we can impose fines, which sometimes hurt him more than anything else.

Further, we may impose suspensions for limited periods of time, and when I say "limited" periods of time I don't mean that they are limited to two or three days. The word "limited" merely means that the term of the suspension must be stated.

I have known of cases where suspensions have been leveled against a member of our Association for two years.

Finally, if the offense has become serious enough, we can expel a member from the Association. Although it doesn't necessarily put that member out of business merely because such an expulsion has taken place, it is very difficult for any securities dealer to operate a business profitably outside of the Association; providing, of course that they do

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The NASD: What It Is and Does

the kind of business which makes it necessary for them to be members. There are dealers in securities who limit their activities to transactions in the so-called "exempts." It is not necessary for them to be members of the Association, and we have no jurisdiction over the transactions which they make.

If a member of the Association has been penalized by any of the District Committees, and feels that he hasn't had a fair deal, he may appeal to the National Business Conduct Committee of our Association, which is an instrument of the Board of Governors. In other words, he is on his way up to the higher court. If the Board of Governors feels that the District Committee has erred in its decision, they may alter that decision. They may dismiss the complaint against the member, or if they feel the District Committee hasn't been severe enough, they may impose a heavier penalty. That has been done on occasion, too.

If the member of the Association feels that he has not received a fair treatment from the Board of Governors, he may appeal to the Securities and Exchange Commission, which will review the case and decide whether or not the Association as a whole has erred in its handling of this man's problems.

Sometimes the Securities and Exchange Commission feels that the Association has been too severe, and under the powers which are vested in them, they may request that the penalty be altered. On the other hand, there have been some instances wherein an appeal has been made to the Securities and Exchange Commission, and in the hearing which was subsequently held before the Commission it was decided that some things had occurred in which the Commission itself might take an active interest, whereupon the Secuirties and Exchange Commission may institute revocation proceedings of their own.

Thereafter, if the Securities and Exchange Commission has handled the case, and the securities dealer still wishes to proceed further, he may appeal to the courts. I know of three instances in which that has been done.

So you see that the National Association of Securities Dealers is charged with doing a job, has been given perhaps ample powers to do its work, and yet the interests of the public and the interests of the securities dealers themselves are well protected because they may, if they wish, get a review of any action which has been taken by the Association.

I don't believe that there is much more that I can say about the Association. We have attempted to do the work which we have been ordered to do. I believe that we have been very successful in doing it.

There is one natural sequence to all of the authority which has been vested in us. That is that if we have the right to discipline our members, by the same token our members have the right to come into us and ask us how they can abide by our rules. Although it wasn't originally planned that we were to run a service organization, a great part of the work of the Association today is just that.

Solving Securities Dealers Problems

Many of our members do come in to us with their problems. We attempt, if we can, to solve those problems with the idea that if we can keep them straight before they have committed any violations of our rules, it is a much better thing to do than to wait until they have breached them. We do not attempt to answer any questions which fall into the realm of the Securities and Exchange Commission. We try very hard to draw a clear line of demarcation between the authority which we have and the authority which has been vested with the Securities and Exchange Commission.

We also try to see the point of view of our members and those ideas which the public may have about many things. I guess it is a matter for the public to judge whether we are successful or not.

Our work is a permanent thing. There is never any time when we will be relieved of it. I doubt very much if there will ever be a time when the National Association of Securities Dealers will be an organization whose work is superfluous. As fast as problems are solved, new ones come up, and we are constantly faced with the necessity of changing our policies in the light of late developments. Some of these are very interesting.

The so-called 5% policy which came down in 1943 is one which I think could be mentioned, for the reason that the public and our own securities dealers insisted upon misinterpreting what the policy said. When the Association was in its early stages, we had many members say to us, "What is the amount of profit which I am able to take on securities which I have purchased for my own account, and in turn sold to a customer?"

As you know, every transaction in securities has certain characteristics which make it a unique transaction. It is an absolute impossibility to set down any firm yardstick by which the profits can be determined. Market conditions come into play. The price of the security, the size of the block of securities being dealt in, the amount of money involved—all these things become factors in determining whether or not a security has been sold at a fair price.

Nevertheless, the members of the Association themselves had been bringing great pressure to bear upon the Association to give them a yardstick.

At that time there was an examination program afoot, part of which called for a schedule of transactions which securities dealers had had during the prior four months to the time the examination was made.

The National Association of Securities Dealers at that time made an analysis of some 38,000 transactions which showed that 71% of those transactions were made at a profit of 5% or less, and I am a little vague on the other percentage. I think it was 46% at 3%, or less.

We said to the members, "Here is an analysis of what has happened among your colleagues, and which everybody seems to think is a reasonable thing to do." We also hedged that statement by saying that perhaps in the case of low-priced securities and in the case of very small lots of securities, 5% profit might not be sufficient even to cover the cost of the transaction, but on the other hand, there might be many instances wherein a 5% profit would be excessive. We left that idea with our members and have

been enforcing the so-called 5% philosophy which has developed from that memorandum. The enforcement has been based on what we see as a pattern of trading on the part of the members.

Policing Mutual Fund Transactions

There was a time subsequently when the investment company dealers became disturbed about what was happening in the country on Mutual Fund sales. As you know, the investment companies had moved into a position of prestige. There were several billion dollars of the funds issued to the public and they were all sold with certain representations. There is no question about the job that those Mutual Fund sponsors and the Mutual Funds themselves have done. It would be superfluous for me to go into that, but the sponsors of the funds, and the funds themselves were becoming disturbed about some of the representations which were being made by salesmen who presented Mutual Funds to the public.

It wasn't anything that they could put their hands on, particularly. Many of the statements were absolutely factual — but there were certain implications in some of them which could be misinterpreted if somebody wished to do so.

In order to preserve the prestige which they had acquired, the Mutual Fund sponsors asked the National Association of Securities Dealers to set up a group which would police advertising matter sent out by either the Mutual Fund sponsors or the dealers who were selling those shares to the public.

We agreed to do that, and now have a Committee which is operating out of our Executive office in Washington, and which carefully supervises the sales literature and advertising matter which is issued by our members, so that it will conform with the Securities and Exchange Commission statement of policy on this subject.

Finally, I know you have been treated to some gay stories about uranium stocks, and our Association has become concerned about the kind of advertising of many dealers who sell such stocks.

Naturally, we are not in a position to point a finger at any specific group. So we do not mention uranium securities as such, especially since we do not limit the application of our policy to them. We believe that all kinds of advertising can be flamboyant if the persons who use it choose to make it so.

We have recently promulgated another policy which states, in essence, that if members indulge in flamboyant statements or misrepresentations in any of their advertising matter, they can expect action from us, if we find that they have done so.

The Association has done many things with powers which have been vested in it, and I suppose that as conditions change, we shall do a great many more. At least we are in there trying, and as I said before, I am sure we shall continue to do so for years to come.

With H. C. Wainwright

(Special to THE FINANCIAL CHRONICLE)

BOSTON, Mass. — William A. Frate is now connected with H. C. Wainwright & Co., 60 State Street, members of the New York and Boston Stock Exchanges.

American Can Stock Offering Completed

A group of 110 investment firms headed by Morgan Stanley & Co. and Clark, Dodge & Co. on Oct. 7 offered to the public 392,000 shares of common stock (par $12.50) of American Can Co. at $42.75 per share. This offering was quickly oversubscribed.

The stock is being sold by two stockholders for tax purposes, 372,000 shares being from the Estate of Ada Small Moore and 20,000 shares from the holdings of Paul Moore, a director of the company. The company will receive none of the proceeds from the sale of such shares.

American Can Co. is the largest producer in the United States and Canada of light gauge metal containers and of composite containers made of fibre and metal for the packaging of many types of foods, beverages and other products. It manufactures containers at 59 plants located throughout the United States, in Canada, and in Hawaii. In the five and one-half year period 1950 through June 30, 1955, the company invested $200,300,000 in improvement and expansion of its plant facilities.

On Sept. 27 the directors increased the quarterly dividend from 35 cents a share to 50 cents a share, thereby putting the stock on a $2 annual dividend basis. Since the dividend is payable on Nov. 15 to stockholders of record Oct. 20, purchasers of the stock in this offering will receive the dividend. Commenting at the time of the dividend announcement, William C. Stolk, President, said that progress in the company's expansion program and more efficient use of existing facilities are important factors in the dividend increase.

An earnings report for the six months ended June 30, 1955, showed net sales of $307,840,000 and net income of $14,418,000, which is equivalent after preferred dividends, to $1.19 a common share up from $1.07 a share earned in the first half of 1954. For the year 1954 net sales were $652,391,000 and net income was $30,447,000, equal after preferred dividends to $2.53 per common share.

Hill Richards Adds

(Special to THE FINANCIAL CHRONICLE)

SAN DIEGO, Calif.—Simon D. Owens has joined the staff of Hill Richards & Co., Bank of America Building.

Joins Hooker & Fay

(Special to THE FINANCIAL CHRONICLE)

SAN FRANCISCO, Cal.—Hugh G. McLean has become affiliated with Hooker & Fay, 221 Montgomery Street, members of the New York and San Francisco Stock Exchanges.

With Haseltine Gilbert

(Special to THE FINANCIAL CHRONICLE)

MINNEAPOLIS, Minn. — S. Richard Silverness, Jr. and Stanley G. Stocking are now with Haseltine, Gilbert & Wilson, Inc., 108 Ninth Street, South.

With Atomic Funds Inv.

(Special to THE FINANCIAL CHRONICLE)

ST. CLOUD, Minn.—Herbert C. Sorenson is now with Atomic Funds Investors Service, 24 Fifteenth Avenue, South.

Two With G. H. Walker

(Special to THE FINANCIAL CHRONICLE)

ST. LOUIS, Mo. — Raleigh R. Heiligenstein and John B. Payne are now with G. H. Walker & Co., 503 Locust Street, members of the New York and Midwest Stock Exchanges.

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As We See It

or one people, may be heavily dependent upon another, and have often been in the past, even though politically each is wholly independent of the other. The dependence may be essentially economic in nature. Lack of essential capital in one and abundance of capital in another may result in such a situation. Want of certain basic material in one and abundance of it in a neighboring land may bring about much the same result. Various other combinations of relative economic situations can bring about the same result. Obviously, these basic facts are altered or modified with great difficulty by any type of political action.

Plainly, too, political independence will not bring economic millenniums to newly liberated countries. This seems self-evident to us, but a good deal of the propaganda of the times might well give contrary impressions to the unthinking. The poverty of millions of Arabs, the squalor to be found in much of India, the want in large sections of Africa, and similar states of affairs in many other underdeveloped areas are not the product of colonialism or of any other type of political relationships now or previously existing. They have their roots deep in other directions. Ignorance, superstition, lack of energy and resourcefulness, want of raw materials, contentment with their lot, and a host of other similar causes are the real culprits. If political independence is more highly prized in many such quarters, that is their affair and their right—and improvement in their economic status is fundamentally and in the first instance their own responsibility.

May Take Several Forms

Another fact of great importance is the circumstance that the conditions complained of as "colonialism" may take many forms and may continue after the historical form has long ceased to exist. The Kremlin is fond of insisting that it has no colonies, and is in point of fact an anticolonial nation. The fact of the matter is that the Soviet leaders have developed and made extensive use of techniques which give peoples and nations which they dominate the outward appearance of independence. This technique is not quite new, but it has never before been so fully developed and so systematically employed in the international scene.

This is not the place to compare at length the positions of the satellite nations about Russia with those of the various elements of the British Empire, past and present, but no informed person would for a moment doubt that Poland or Czechoslovakia, for example, are at least as much under the dominance of the Kremlin as any of the "colonies" of Britain ever were. The same, of course, is to be said of East Germany. It therefore obviously does not lie in the mouths of the Kremlin masters to criticize colonial powers, past or present. Information which might enable an observer to compare the economic and other effects of this foreign dominance by Russia on the one hand and Britain on the other is, of course, lacking, but he would be naive to feel any confidence that the interest of the Poles or the Hungarians weighs more heavily upon the minds and consciences of the Soviet leaders than the conditions among the peoples of, say, India, troubled the British authorities in the 19th or early decades of the 20th centuries. Colonialism may be on the way out, but the essence of imperialism is still present in many areas and finds its most ardent practitioners in the Kremlin.

But these facts are well known and understood by a good many who cry for the end of colonialism. They are not Communists, and they are as ready to condemn the Kremlin's imperialism as any one else. They, moreover, are not ready to settle for mere independence of those peoples who do not at the present time rule themselves. They, or many of them, are "do-gooders" or reformers at heart who dream of utopias, and suppose that we with our wealth can and should use our substance to lift hundreds of millions, not to say billions, of men and women up out of their poverty and squalor. Many seem not to bother about the whys and wherefores. They simply want to be great white fathers to suffering mankind in many parts of the world.

Others are somewhat more realistic. They know that overpopulated areas where peoples live in want make excellent fishing grounds for the Kremlin and other troublemakers. If it happens that such areas abound in important natural resources or present economic opportunities to outside interests, there is apparently no way to keep foreigners out. If Western powers simply evacuate, they often leave a trouble spot aggravated by their absence. Yet the world is in ferment, and a continuance of past practices seems out of the question.

The problem is a real one, but let us not suppose that it can be solved by pouring in our dollars.

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The Defense of Prosperity

extent the Administration's recovery program of 1953 and 1954 represented the clear, precise planning of a central intelligence and to what extent it represented the end product of conservative budget balancers pulling one way and progressive money managers pulling another, with Ike, the great middle of the roader, compromising between them.

What we do know is: It worked. It worked like a charm. Beginning in mid-1953 the economy sank slowly and imperturbably downward for nine months, moved sidewise for six months, and then recovered with an explosive rush that blew everybody's hat off.

It is, perhaps, a little early to appraise the significance of this whole episode; but I have a rather strong opinion that the recession of 1953-54 will prove of historic importance.

A Practical and Astonishing Successful Demonstration

For the first time we have had a practical and astonishingly successful demonstration of what can be done when government moves promptly and with coordinated efforts to combat a recession. If anything was needed to commit us completely to a continuous anti-cyclical policy, this was it. For millions of people this was the demonstration that it can be done.

At all events there can be little question any longer that we live in a managed economy and that we must reckon at all times with the continuous intervention of the fiscal and monetary authorities. They will be on the job, not now and then, but every day. They will be "leaning against the wind," throwing their weight against the trend of the moment in an effort to smooth out the business cycle and promote increased stability.

We have seen this illustrated in recent months. As far back as last September, when recovery had only just begun, the Federal Reserve System shifted from a policy of "active case" to a passive or neutral position.

By January a policy of restraint began to appear. Margin requirements were raised. In February the Treasury resumed long-term financing with an offer of 3% bonds in exchange for maturing issues.

By April the firm-money policy was under way with rediscount rates rising at the Federal Reserve banks and another hike in margins. The same month the Veterans' Administration joined in with a prohibition against including closing costs in guaranteed or insured mortgage — in short, the "no, no down payment mortgage" was out. In July the Treasury again sold long-term 3's. Meanwhile the Administration had beaten back decisively a Democratic move to reduce taxes.

In August the FHA and VA raised minimum down payments on mortgages and shortened maximum maturities from 30 to 25 years; the Federal Reserve banks began a round of rediscount rate increases that has since carried all 12 regional banks to 2½%.

Meantime, warnings were issued on the too liberal use of consumer credit; the Federal Reserve Bank of New York, alarmed by the wildfire spread of mortgage warehousing credit, called the big New York banks on the carpet and said: "Cut it out." The Director of Defense Mobilization clamped down on the issuance of certificates of necessity for accelerated amortization; and finally a few weeks ago — wonder of wonders!—the Federal Home Loan banks warned their Savings and Loan Association members that they would not be allowed henceforth to borrow money from the Home Loan Bank to make new mortgages. That facility, they were told, is supposed to be reserved for meeting withdrawals and strengthening the liquidity of members.

Brakes on the Boom

As a result of all these moves, money is tight—damned tight—more so than at anytime since early 1953. We have not yet seen much effect on consumer credit; but mortgage credit is tightening and housing starts next year will certainly be down. Similarly, some brake will certainly be put upon inventory accumulation by reason of higher interest costs and a more choosey attitude on the part of the commercial banks.

The screws are being tightened very slowly and delicately, but they are being tightened. Thus we are seeing the other essential half of a compensatory policy. It is easy to find the courage to combat a recession—easy money and tax reductions are popular. To crack down on a boom is something else again.

Yet this is, in fact, the crucial part of an anti-cyclical policy. Once recession has got under way, easy money is a frail reed. The old familiar metaphor is that trying to halt a recession by making credit easy is like pushing on a string. You can't always count on the spectacular results won in 1953-54. The best possible way to prevent a recession is to sit on the preceding boom. Here monetary policy can be very effective.

Because credit restraint can be so effective, it is a dangerous and tricky instrument to use. That is why the Federal Reserve is moving so slowly and carefully.

The Federal Reserve must move cautiously, yet it must also get results. Next year, willy-nilly, taxes will be cut. It is a national election year; the budget will be virtually in balance, thanks to increased revenues, and it will be politically impossible to deny relief to the long-suffering American taxpayer.

We saw how tax relief helped turn the tide in '53 and '54. Tax cuts superimposed upon the current boom might blow the lid off. So the Federal Reserve is sweating blood, trying to damp down the boom now, figuring on tax cuts to pick it up again next year and hoping thus to stretch out good times as long as possible.

It's a dramatic struggle, this fight to keep the boom from running away and ending in a crash and, at the same time, to avoid putting on so much pressure as to bring on a slump. It's a struggle in which the monetary authorities need all the help and encouragement business leaders can give.

Banks, of course, find themselves right in the middle of the anti-cyclical operation. Commercial banks have always been closely affected by central bank operations but now the savings banks are more deeply involved than ever before.

All of you recollect what has happened the last few years. Early in 1953 in response to the tight-money policy, you found yourselves with a depreciation in your government bond portfolio. That cramped your mortgage lending because you could no longer sell governments to raise funds for mortgage loans.

Then suddenly the whole picture changed: money became easy; governments rose; there was ample money for mortgages and home building soared. Now once again "governments" are down, money is getting scarcer, and mortgage terms are being tightened up on all sides.

We must expect these recurring rapid shifts in credit and learn to swing with them.

Increased Attention to Federal Reserve Policy

The wise savings bank executive, I think, will start to pay increased attention to Federal Reserve policy and will be especially alert to signs of a change in that policy. The direct connection between your operations and Federal Reserve policy may not be easy to see at once, but it's there. When the Fed starts making money really tight, it will mean, ultimately, a contraction in the money supply and that means, in turn, falling incomes and reduced savings and less savings bank deposits which, in turn, means tighter mortgage credit and fewer housing starts. When the Fed makes money easier by increasing the reserves available to the commercial banks, the whole process tends to be reversed. I say **tends** to be. You can always force deflation because you can always force the liquidation of loans and investments. You can't force inflation because you can't force people to borrow unless they want to, no matter how cheap you make money.

We are deeply committed to anti-cyclical policies. We have had one good experience; we are now engaged in a second important experiment, testing whether a boom can be stretched out by sitting on it as it nears its peak. Thus far, however, we have had no really critical test of our capacity to stabilize the business cycle.

What do the chances look like? Can we really hope to level out the business cycle? Can we achieve the ideal goal of a slowly expanding economy without either inflation on the one hand or recurring depressions on the other? I think there's a real chance it can be done.

Now before anybody gets the wrong idea, let me define what I mean—and what I don't mean.

First, I do not think we can abolish the business cycle.

Second, I do not think we can have an economy that simply goes up and up in a straight line without any dips.

Third, I don't think the government by itself can guarantee endless prosperity for everyone.

"We Can Moderate Swings of The Cycle"

I do believe we can moderate the swings of the cycle. I do believe we can prevent another Great Depression. It is sometimes forgotten that the Great Depression of the 1930's is unique. Never before was there a worldwide collapse of this magnitude.

There is no reason to believe we need ever again face the precise concentration of errors and disasters which produced that worldwide blight. As it was, the Great Depression, in my judgment, need never have attained the severity it did reach. The truth is we did all the wrong things. We were like old-time surgeons, trying to cure a wound by bleeding the patient.

We have learned some things. We may make other mistakes—maybe pretty bad ones—but we can't make all the same ones we made in the early 30s. Certainly we'll never again stand around with our mouths open and our hands hanging down like great

boobies and watch perfectly good banks fail—on a technicality.

Neither will we ever let millions of unemployed go unassisted except for what they can get on the bread lines. Neither will we finance people's homes on three-year mortgages and then refuse to renew the mortgage. Nor will we let foolish men and women gamble in the stock market on a 10-point margin. We won't sit quietly and let foreigners pull gold out of our country, forcing a credit squeeze upon us when we ought to be making credit easy. At the time, these things seemed right and moral and inescapable—like the boils Jehovah sent to pain poor Job. In the light of hindsight, they were madness. So you can start off by saying we won't make quite the same mistakes again.

Then there are the so-called built-in stabilizers we've all heard so much about. These include unemployment insurance, old age and survivors insurance, bank deposit insurance, farm crop insurance and price supports, mortgage insurance and, of course, the widespread private retirement systems that have grown so much in the past 25 years.

We have the influence of compensatory fiscal and monetary policies about which I have already talked so much.

We have, as we are currently seeing, the power of government to affect directly mortgage lending, making terms easier or more stringent as circumstances require.

Beyond these influences which can be rapidly brought to bear, there is the availability of public works as a stabilizing force in threatened hard times. The Eisenhower Administration has prepared an extensive shelf of necessary and desirable public works which could be launched if needed but can be held back at the height of the boom.

Finally, we have on the part of our people a monolithic determination that an expanding high-level economy must be maintained. We have, I observe, an extraordinarily widespread and intelligent interest in economic events and policies.

These Are Exciting Times

In spite of world wars, depression, Communists, and atom bombs, our generation has been fortunate. At least we have lived our lives in exciting times. There is no excuse for being bored.

Now we are in the midst of one of the most exciting experiments in human history—the effort to determine whether we can indeed control our economic destiny, can regulate our economic weather.

Perhaps we shall fail. In that event, the price of failure will be very severe. Perhaps we shall only partly succeed. Then we shall have learned more of what we need to know and may do better next time.

Perhaps we shall succeed. Perhaps we shall curb the current boom as gently and smoothly as we have just curbed the recent recession. Perhaps we shall really learn to flatten the waves of the business cycle into long gentle rollers that the Ship of State can ride smoothly over, untroubled by the hurricanes of economic depression.

If this is to be achieved, it will only be with the wholehearted and understanding cooperation of all our people and especially our business and financial leaders.

The savings bank business is devoted to the effort to help people, especially little people, protect themselves by thrift and foresight from the economic hazards of life. The encouragement of savings is a vital part of any national effort to stabilize the economy. Savings bankers have much to contribute to and much to gain from the success of the current effort to tame the business cycle. In the defense of prosperity we are all in the front line.

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Throwing a Curve

product found its way into the public press all over the country without cost to the company. It was news and read by millions.

Should the Commission's proposal become effective, what would the condition be?

Participants then would have to obtain approval of their every utterance. There would be no spontaneity. As to them, on the spot interviews would be useless. Stopping a participant as he got off a plane, or reaching him by telephone to get an interview would serve no purpose for it would be met with the observation "I must first get SEC approval." Sounds ridiculous, doesn't it? It is.

I may say what I wish about the President of the United States subject only to the laws of libel and slander, but this I may not do concerning the president of a corporation in which I am stockholder.

This applies to what a participant or a participating group may want to say to its co-owners of a corporation through the medium of advertising. Management is safeguarded by the fact that newspapers examine such advertising and will not publish it if there is libelous content, since on publication the newspaper would be just as responsible for damages as the author.

However, despite all safeguards the SEC would now make it mandatory that such proposed advertising be subject to its censorship.

Of course newspapers are not under SEC jurisdiction, but the Commission would do irreparable damage to the public interest by interfering with free speech and the communication thereof through the media of interviews, publication of news and advertising.

Let us suppose that an article did appear in the press which had a direct bearing upon the affairs of a corporation in which a proxy contest was progressing. This may have been read by millions. Let us further suppose that a participant in this contest wishes to send a reprint of this article to all his co-stockholders. What would be his position under the SEC proposal?

He would have to go hat in hand to the Commission for its approval before he could mail this very article which had already been seen by millions. What sense does it make?

Our Federal Securities Acts never contemplated that the SEC would administer our libel and slander laws, nor did they envisage that the Commission was empowered to amend our Constitution by abolishing, even in any limited sense, the rights to freedom of speech and of the press. This the SEC may not do.

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Administration's Home Credit Restriction Program Unwarranted

as a prime target in the general program to retard credit. We have seen the minimum down payments for FHA and GI loans increased, and a reduction in the permissive maturity for such loans to 25 years. We have seen the Home Loan Bank Board act to restrain borrowing by member savings and loan associations. And we have also seen an attempt by the Federal Reserve Bank of New York to curtail the mortgage warehousing operations of commercial banks.

These actions are designed to reduce the effective demand for housing and to restrict the flow of investment capital into home mortgage loans.

While not a body blow, these actions were certainly a jab at the home-building industry. In some areas of the country they could hurt the industry seriously.

In view of the incalculable effect of home building and home buying on the nation's economy, it appears that the Administration has failed to consider the chain reaction which this tightening of home credit can and might set off. Fewer people are able to buy homes. Consequently there is a slump in the purchase of home appliances. When home building is curtailed, it necessarily follows that the furniture industry, the textile industry, the innumerable gadget industries and the vast industry of electrical appliances are also curtailed.

And again to speak in human terms, the dreams of thousands of families, their plans for home ownership, are punctured.

Questions Restrictive Program

Frankly, I question the wisdom of taking these steps which may very well have a seriously disruptive effect on an industry which is now proceeding at a near record rate. Moreover, no one has made a convincing argument to me that the recent rate of home construction has reached unhealthy proportions. Recent figures indicate that household formation has not been lagging as far behind housing starts as many believe, and also that the number of housing units demolished each year is quite a bit higher than previously supposed. Also the latest data on vacancies certainly do not give any cause for alarm.

I can assure you that these actions taken by the present Administration will be one of the primary areas of study which my sub-committee on housing will undertake during the remainder of the 84th Congress.

Our study will embrace other subjects such as slum clearance and urban renewal, multi-family rental housing, the Voluntary Home Mortgage Credit Program and the Federal National Mortgage Association. I would like to assure you now that we shall be looking only for the facts. We are not going to brow-beat the home building and home finance industries. We are not going to pull any punches but our study will be conducted with a constructive approach. We want to know what your problems are, what the prospective home owner's problems are and in what respects Federal programs may be improved for the benefit of all.

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Housing Industry Stands At the Crossroads

date of commitment. As a result, many institutions, particularly in times of money uncertainty, are unwilling to commit this far in advance or do so only at extremely low prices.

Uncommitted Mortgage Warehousing

To aid the industry, the banks, therefore, developed uncommitted mortgage warehousing. Under this arrangement a commercial bank agrees to issue a firm commitment to buy these loans at a margin price that is generally well below the prevailing price. It further agrees to take these mortgages and to hold them for varying periods of months—that is, the mortgage actually remains the property of the mortgagee until the end of the agreed upon period, during which time the houses can be completed and sold and the builder and mortgagee have time to sell their mortgages to best advantage and in addition to have a package of mortgages available for immediate delivery. Mortgage investors normally are willing to pay a higher price for immediate delivery loans as against forward commitments. As a result, this type of warehousing makes it possible for builders and mortgagees to smooth out their construction year. It is not necessary to delay construction for a satisfactory mortgage market. It makes it possible for them to seek a wider field for their mortgages and avoid delays and stoppages during the year. All of this resulted in considerable saving in construction cost. The end result of these savings was more houses for the money for the home-buying public. Without uncommitted warehousing the builder is like the farmer who has to sell his crop before he plants the grain.

The second type of warehousing is known as committed warehousing and arises when a mortgagee does have a commitment from an investment institution with the specific delivery date at some time in the future. Many mortgage companies do not have the capital necessary to advance the money to the builder during construction, pay off the mortgages on completion of the house, and carry the loans until the delivery date. To fulfill this need the commercial banks of the country have accepted these firm commitments for mortgages as collateral and advanced the money during construction and to also pay the builders on completion of the house, and permit accumulation of the mortgages so that they may be delivered in one package on the due date of the commitment. Surely this is a normal function of commercial banks.

A Third Type of Warehousing

There is a third type of warehousing which we call the institutional type and usually involves an investment institution warehousing loans that are received from the mortgage companies on their due date and for which funds are not available, or even taking mortgages out of their own portfolio and using them as collateral for a commercial bank loan. It is traditional that banks will not borrow from one another. Therefore, they enter generally into repurchase and sale agreements in order to secure cash. This type of warehousing is generally a protective device by investment institutions, particularly necessary in the present monetary situation. The institution at the time it issues its commitment tries to set a delivery date for the mortgages at a time in which they will need this type of investment to take care of their funds. However, there are times when sudden unexpected withdrawals or scheduled payoffs of loans do not occur. Institutions have the obligation to accept loans and, therefore, warehouse them in a commercial bank where they will then pick them up as the funds are available. This serves a double purpose because without warehousing the institutions are forced into the sale of their long-term securities and treasury bonds, usually at a severe loss with a bad effect on the bond market and corresponding depressing effect on the mortgage market.

I believe that these three types of warehousing properly used are a normal function of commercial banking and vitally important to the housing industry. Warehousing makes it possible for the builder and mortgagee to have the same financing devices that are available to the farmer for his crops; to manufacturers for his inventory and to distributors for their products. The present restrictive actions by the Federal Reserve Board are just now beginning to be felt. Before this situation becomes drastic, the Federal Reserve Board should immediately and publicly recognize collateral loans on mortgages heretofore known as warehousing, as a normal function of commercial banking and if in their wisdom they wish to exercise some control, we in the industry have no objection—but to precipitate a crisis—a complete cutoff is something neither this industry nor any industry can stand. The large banks actively engaged in mortgage warehousing met the situation during the two previous unsettled periods of 1951 and 1953 by increasing their fees and margin requirements, effectively curtailing an over-use of the warehousing. We believe that the banks now engaged in this operation have adequate experience and knowledge so as to adjust their policy to meet new situations.

Lastly, it is impossible to maintain and secure the proper level of housing of all types unless a strong housing agency adequately staffed with career personnel is maintained in the government—an agency at a high enough level to ward off unjustified attacks and political pressure.

I feel very strongly and very seriously about all these matters and hope that your inquiries into our problems will lead to a correction.

With A. C. Allyn Co.

(Special to THE FINANCIAL CHRONICLE)

PORTLAND, Maine — Charles H. Carr has become associated with A. C. Allyn and Company, Incorporated, 415 Congress Street. Mr. Carr was previously with Walter J. Hood Company.

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What Automation Really Means

late this curve for the next 50 years the average of 12% rise per year as seen for the past decade or more. The figure so obtained is so astronomical that one doubts its validity. Few experts will make any prediction beyond the next five years. Arthur Burns, the economic advisor for the Administration, predicts a Gross National Product of $440 billion per year in 1960. But Keyserling, who at times has advised the CIO on economic matters, feels that we can without doubt reach a level of $500 billion by that time.

Measuring Productivity

Is it useful to interpret this in terms of the "average" man? If it is, the analysis is just simple arithmetic. If one takes the Gross National Product for any year and subtracts from it the amount which is diverted into military expenditures and divides the remainder by the total population, one has the amount available to the average man in civilian goods and services. Such a calculation, of course, takes into account changes in population which are also important. A curve of the per capita disposable income shows an increase from a low of about $400 per year in 1932 to something over $700 per year in 1954. These figures have been made more realistic by discounting the dollar inflation and using as a measure the somewhat firmer, though perhaps mythical, "dollars" of 1935.

This measure of our productivity increases about 16% per year. Discrepancies between this and previous curves are caused mostly by end effects of the depression and of the last few years, which lead to abnormal changes in population and in the value of the dollar. But whether the rate be 16% or 6% this is a commendable showing for our economic system and our productivity under the former era of non-intelligent automatic machines. If the simple application of energy and automatic controls brought this sort of increase, should we not expect the application of decision making machines to accelerate even this increase?

If a single word must be used to characterize our economy it must be "More"—we will need more materials, more energy, more manpower, and more engineers.

With this in mind, let us look at the materials problem again. There are those of us who have always regarded America as being a country richly endowed with an almost inexhaustible supply of raw materials—coal, iron ore, copper, oil, tin, etc. We are also aware, that as engineers and designers begin to create the more complex machines of the present age, they need more sophisticated materials — metals with a higher melting point; with a higher yield strength; which are corrosion resistant; plastics of unusually stable properties and crystals with properties which are designed into them. The essentials from which we get these construction materials can be divided into two kinds: those which are found stored in the earth and those which we grow.

Unfortunately, the ones stored in the earth are much like capital assets, for in general we can use them only once. Once they have been used they are gone and gone forever. They are not available for further use by us, by our children, or our children's children. Coal and oil clearly fall into this class, because we can burn them only once. To a large extent so do many of the primary metals, such as tin, lead, and zinc. Much of the tin we use as a thin protective coat on steel to be fashioned into "tin" cans. Usually, a tin can is used but once and it ends up on the city dump. Thus, the tin as well as the steel is unavailable for further use. It has been suggested that, as raw materials get more and more scarce, we may find future generations mining our city dumps.

Only raw materials from growing things can be considered as coming from an inexhaustible supply. Things we make from corn, cotton, palm oil, and latex, we can expect to have as long as we grow the plants and trees whence they originate. Such supplies are almost literally inexhaustible.

Rarely does our rate of use of raw materials decrease, and during the time of war the increase in use is precipitous. For instance, under the spur of the Korean War, our share of the consumption of the world supply of aluminum ore jumped from 37% in 1949 to 52% in 1951. Our consumption of tin for the same period jumped from 29% to 37% and of zinc 39% to 44%. The mines of none of these metals are inexhaustible. Already we are beginning to have difficulty in finding adequate supplies.

There are other metals which are in more plentiful supply but which are expensive to our economy for other reasons. Take, for instance, aluminum. There has been a steady rise in the capacity to produce this metal. In 1946 the United States capacity was about 425 thousand tons per year; by 1956 it will have reached about one and a half million tons. Our northern neighbor, Canada, is making even more spectacular advances. Increasing her production capacity from about 200,000 tons in 1946 to well over one million tons in 1956. Since bauxite, the raw material for aluminum, is quite plentiful, aluminum supplies will be adequate for many years to come if we can find the energy to make it. The reduction of one pound of aluminum takes about twelve kilowatt hours of electrical energy. This energy, like all others, if it comes from coal, oil, or gas, the fossil fuels, is a drain on one of our irreplaceable raw materials.

The use of magnesium rose at a spectacular rate during the Korean buildup. The supply of this metal is almost inexhaustible because we get it from sea water. There are about a million tons of magnesium in a cubic mile of sea water and there are lots of cubic miles in the ocean. All we have to do to get magnesium is to pay the price and the price again is about 12 kilowatt hours of energy per pound of metal.

Titanium—A Newcomer

Titanium is a newcomer to the wonder metals field, highly corrosion resistant, very tough and strong. It is in urgent demand, it can be produced from titanium-bearing sands which appear to be quite plentiful. Our production is rising at a spectacular rate —from a few hundred tons per year in 1950 to a projected level of over 10,000 tons in 1955. Unfortunately, however, with present processes we must use one pound of magnesium to reduce one pound of titanium. Thus, even titanium costs us a minimum of 12 kilowatt hours of energy per pound.

It is also painfully apparent that as we use up our own supplies of metals and raw materials, we become more and more dependent upon our neighbors. If by 1970 this country has a population of 200,000,000 people with a national income approaching $500 billion, we will be importing 99% of our chromite, 92% of our cobalt, 35% of our petroleum, 60% of the bauxite from which we make aluminum, 95% of our nickel and even 42% of our iron ore. Perhaps our only way out of this dilemma is to grow replaceable raw materials to make the synthetic materials of the future.

Our Use of Energy

Let us look more closely at our use of energy. This is one of the most spectacular evidences of the development of our industrial civilization, for by the simple kind of automation, we have gone far in applying energy to our productive processes. Around the turn of the century the average factory worker in the United States had at his command about one-sixth of a horsepower. One-sixth of a horsepower is roughly one manpower. Thus, in 1900 each factory worker had another worker who would do his bidding and help him get out the product. Today, the average factory worker has available about six horsepower or 36 other factory workers to do his bidding.

Most of this energy is produced, transported and utilized through the medium of electricity and this has led to a startling expansion of our electric productive capacity. Many figures are quoted on this phenomenon. One expert says that our capacity increases at the rate of 6% per year; another that our capacity doubles every 10 years. If properly plotted it is apparent that our capacity has been increasing logarithmically from some 30 billion kilowatt hours in 1916 to some 300 billion kilowatt hours in 1948, or a 10 fold increase in about 32 years. It is now predicted that we will reach the magic figure of one trillion kilowatt hours in 1962 and certainly long before the year 2000 we will need a capacity in excess of 10 trillion kilowatt hours. Unfortunately, an increasing percentage of this energy has to come from fossil fuels.

Electricity, however, is only a part of our fuel requirements. Even in 1950 only 10% of our total fuel expenditures went into electricity. This is not surprising when one thinks of automobiles, of space heating, of chemical processes and all the other systems which consume energy without the intervention of electricity. But, just as our use for electrical purposes will increase, so will our other uses, until by 1975, according to one estimate, we will use about 68,000 trillion BTU per year. This staggering amount is difficult to comprehend. Those who study world power requirements find it convenient to use another unit, a Q, which is one trillion billion or 10^{15} BTU. Thus, the United States power requirements in 1975 will be roughly 1/16Q per year. To give some idea of the amount of energy in a Q one may recall that it is the energy contained in about 34 billion tons of the best Pennsylvania coal.

Again, we can get some insight into the future by taking a look at the past. The story of energy use is fairly well documented. If we use the Q as the unit of energy, it now appears that from the beginning of time until now, civilization has used about 13Q's of energy. We know the rate of use is rising very fast. By 1947 the world was using a tenth of a Q per year. It is expected by the year 2000 that it will be using at least one Q per year. This estimate, then, at least gives us some measure of what will happen by the year 2000 for we can determine our position by estimating our energy capital assets.

The best estimates are that we have underground less than one Q in the form of oil and gas. We have some 68 Q of energy in the from of coal. Unfortunately all of this coal is not readily available for our use. As the mines get deeper, and the seams get thinner, more energy must be used to win a ton of coal. Obviously, when we reach the point where we must use the energy in a ton of coal to mine a ton of coal, we are playing a losing game. This situation already exists for some veins of coal. Expert opinion is that **by present methods of mining** the best we can do is to obtain eventually some six Q's of coal. At the year 2000 rate of one Q per year this will not last very long.

Therefore, if fossil fuels were our only source of energy supply we could expect that even within our lifetimes our fires might burn out, our generators might stop and our homes might grow cold. Under such conditions we would be thrown back to an entirely different system of life and automation would not be possible in even its simpler form. Fortunately, we have two other sources of energy. First, we know that by present standards of technology we have at least 100 Q of energy stored in the form of uranium, energy which seems to be available to our use. Second, we know that we can collect usable energy from the sun. The experts tell us that in three days the sun radiates on this earth sufficient energy to replace all of that stored in usable fossil fuels throughout the centuries past. Thus, we have only to advance our technology to the point where the sun will move our machines and our energy bottleneck for the foreseeable time has been conquered.

The Question of Manpower

So far we have seen that our material shortages will be aggravated by the demands of industrial expansion and that effect can be expected to become more acute with accelerated automation. The energy situation will be a difficult one, but it is not unsolvable. Now, what about manpower and, in particular, the kind of manpower of interest to engineers, designers, managers and scientists? The manpower situation is one on which it is difficult to generalize, first because one must discuss not only the quantity of manpower, but the quality, and the measure of quality has not yet been found. On quantity consideration alone we can foresee a shortage. We know it will be necessary to press into service non-employed women, the retired and the handicapped, especially if they have or can be trained to have the needed talent. This requirement is not always appreciated for the manpower situation is always a personal consideration to the individual concerned. To a carpenter out of work there is an over-supply of manpower, and to the manufacturer who needs three more electronics engineers and cannot get them, there is a shortage. We know now that there is a projected shortage of manpower which becomes more acute with the shorter working day and the shorter working week. We know now that we must upgrade people in their jobs and must use the handicapped, retired people, and women in jobs which normally have been reserved for men. We also know that there are men out of work. In this area economic friction is great, for laborers do not easily move from laboring to carpentering, or from plumbing to electronizing. Perhaps this was always so but the need to move into new occupations is a new phenomenon.

In the Middle Ages when population was stable, the son of a farm laborer became a farm laborer and the supply and demand for farm labor was leveled out by prosperity, and starvation, by disease and war. Sons of farm laborers did not aspire to be engineers, school teachers or entrepreneurs. The nobility alone supplied the manpower for the professions as they then existed, as well as for business and social leadership. Things remained in this pattern until the blossoming of the industrial revolution.

It was not really until the beginning of our own land-grant college era that the sons of artisans, farmers and laborers could aspire to become professional men and leaders in the world of art and business. Looking back we now see that the growth of trade in the 16th and early 17th centuries and the subsequent growth of automatic machinery in the textile industries, the demand for manpower, womanpower and even childpower to make the goods for trade became acute. Thus started the struggle, by the laborer and artisan, to get a proper share of the benefits of his work. This country in the 19th century and the early part of the 20th century saw a vast commercial expansion which created a heavy demand for low level labor. In part, this was satisfied by immigration from Europe, but as the demand continued to exceed the supply, it was inevitable that engineers and other ingenious men would begin to devise machines by which energy could be applied to the manufacturing process, to replace man, or at least to make him more productive.

One method of increasing productivity was a system of work simplification introduced by Taylor and others about 1900. Taylor himself said that the problem of unloading pig iron should be made so simple that a moron could do it. If the Taylor era tended to replace intelligent manpower by morons, then the present decision-making automation era intends to replace those morons by electronic devices. In all of these early industries the pattern has been the same. The Jacquard loom substituted horsepower for manpower. Our wonderful earth-moving machinery makes it possible today to move earth fill for 40c a yard, much cheaper than it was ever done by manpower and horse-drawn scrapers. Our mass production industries simplify processes and simplify jobs until automatons can do it. All of these merely substitute horsepower and predetermined operations for intelligent, hard-working manpower.

"Machines Simplified the Job"

In retrospect it now seems inevitable that as the machines simplified the job and replaced skilled artisans by those of lower skills—the machinist by the machine operator, for instance—that unions would spring up to support the sagging wage rates by bargaining and by the insistence of shorter hours and shorter work weeks. It is inevitable, also, as the cost of labor is further supported artificially by minimum wage laws, that manufacturers will turn to machines to eliminate the man altogether. The new slogan is not worth simplification but work elimination. "If there is a man in the system get rid of him." Sometimes, of course, it is not true that the machine eliminates the man it was intended to eliminate. There were cries of anguish when telephone engineers perfected the dial system. It was feared that every telephone operator in the country would be out of work. Nevertheless, the 1950 Federal census shows that the number of telephone operators in this country increased by 159,000 or 79% in the previous 10 years.

But let us suppose for the sake of argument that our newest automatic machinery, equipped with giant brains, the brains of the earthworm, are capable of eliminating some of the people at the more moronic end of a scale of industrial skills. What does it do to the upper end? The first clue, of course, comes from the complexity of modern machines, not only the machines which make machines but the machines we use

in everyday life. Compare, for instance, the modern television receiver as against the old-time crystal or one-tube regenerative radio set. I will wager that in this audience there are many who, in the early days of radio, took a cardboard tube, wound up the coil for a crystal set, built it and made it work. I am equally willing to wager that there are very few in this audience who have ever built a television set that worked. The reason is, of course, the complexity of the mechanism.

Look for a moment at the modern airplane. We are told that it takes seven years from the concept of the idea to get a modern fighter into production and use by the armed forces. Yet the Spirit of St. Louis, which Lindberg flew across the ocean, was conceived, built, tested and finished its epoch-making flight between Feb. 23 and May 21, 1927.

The pressure will always be towards more complex machines, which will require more highly trained manpower in their conception and design. There is a steady, relentless pressure placing a premium on higher skills. Over the years laborers will tend to become artisans, artisans to become engineers, engineers to become scientists, and the supply at the upper end of the scale will not and cannot meet the demand.

The Demand for Engineers

This year there is a demand for possibly 50,000 new graduates in the field of engineering. The colleges of America are graduating about 22,000. It is inevitable that every new graduate has several offers of jobs. The question is, "When will the supply equal the demand?" It is my belief that unless the upward progress of our economy badly stumbles, this will not be for many years.

There is some good evidence which points in this direction. For instance, in examining our graduates at the Pennsylvania State University in the field of civil engineering over the past few years, we find that we have not graduated one man who has had an I. Q. of less than 120. Thus, although an I. Q. of 120 is not a sufficient condition for graduation, at least tentatively, we can claim it as a necessary one. I am told that only 10% of the population scores this high. Therefore, if we can expect 1,600,000 male graduates of the high schools this year, only 160,000 of them are capable of meeting this necessary condition for graduation in civil engineering. I am further told that approximately one-half of the young men who graduate from high school never feel the need or are moved to go onto a college education, much less one in engineering. I am further told that only about half of the students who wish to go to college are financially able to do so. Therefore, by quick and admittedly approximate arithmetic, one finds that only 40,000 students per year have the necessary qualifications and means to obtain an engineering education. In this 40,000 we must expect to find our engineers and also our other professional people, the lawyers, doctors, ministers, etc. It is not surprising, then, that the engineering colleges are unable to produce the 50,000 graduates industry demands. One thing is certain and that is that industry must learn to use engineers, and technicians, and artisans at their highest possible skills for not for many years will they be able to obtain all the people needed at these higher levels.

It is my prediction, if I may be permitted the temerity to make one, that here is where the impact of automation will be felt most acutely. We will need highly trained men to carry out our program of automation and the program will be delayed because of the lack of such people. The materials problem is a pressing one; energy problems is solvable; but the manpower problem can never be completely solved, and it will always be the most vexing one.

Automation is here to stay and automatic machines with the power to make decisions are perhaps the greatest innovation of our industrial revolution. There will be many problems but the results can only be good. Automation is the mechanism by which engineers will lift the burdens from the backs of men.

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The "Warehousing" Of Mortgage Loans

purchase of the particular mortgage loan at the time the commercial bank accepts it as collateral for its loan, however, the amount loaned against such a mortgage is determined by the lending bank in its best judgment, having in mind a demand for investment, the mortgage market, and other factors, at the time the line is set up. Over a period of approximately five years, we have loaned against mortgages of this type in amounts varying from 90% of the principal amount of the mortgage to 97½%, and we have set up transaction fees or commitment fees ranging from ¾ of 1% to 1½%.

Again briefly, the method of operation is somewhat as follows: A builder approaches a mortgage originator and submits to him an overall plan of construction for a group of houses and arranges with the originator the financing of the project. This will involve several intermediate steps. First of all, the construction financing in such a case is usually arranged locally with a bank or other lender in that area. In order to induce that bank to loan construction funds, in practically every case, that particular bank wants to know and be satisfied that when the job is done, their construction loan will be paid off and the source of such payment.

Inasmuch as all this planning takes place, necessarily so, months in advance of the actual completion and sale of the house, and possibly at a time when the permanent investors in the field are temporarily out of the mortgage market for one reason or another, a facility of this kind is an absolute essential to the continuous orderly economic operation of creating homes.

As I have pointed out before, the amount which is loaned in this type of transaction is determined by the bank but one of the other conditions in the overall line of credit is that the house that is to be built is of a type which there would normally be a demand for in the area and that the purchaser of that property to whom the mortgage loan will be granted, can qualify credit-wise and show his ability to carry the charges on the mortgage as well as any other indebtedness he may have incurred.

Commercial Bank's Role in Inventory Loans

I would like to also point out to the Committee that it is my opinion that most of the commercial banks which have engaged in this type of financing have not accepted every application for a line of credit that was made to them but rather they determined first in their own opinion, whether there was a demand for housing in the area and an economic possibility that that demand would continue for a reasonable period of time. In other words, any bank making loans in this category has to realize that inasmuch as there is no commitment for the purchase of the mortgage in existence, they may become the permanent investor.

As a guide and purely as information for the Committee, in the years which we have been making this type of financing available, our experience has been that we have acquired less than ½ of 1% of the total commitments we have issued, which should point out the fact that this type of financing again has assisted and been responsible for the steady flow of permanent mortgage investment funds into the mortgage and home building market and has contributed in making and maintaining a steady progress of home building from the planning stage to the sale of the house and the placement of the mortgage in the hands of a permanent investor.

Forward Commitment Loans

Of recent vintage there has developed a third type of mortgage inventory loan and in this type of loan a permanent investor has determined that in a future period, usually two years, he will have a definite amount of dollars to invest in mortgage, arising out of normal amortization payments on his present portfolio during that period. He in turn issues forward commitments to his correspondents which enables the correspondent to maintain the volume of investment required without interruption, breakdown and cutoffs, which in turn enables the building industry to fulfill the housing needs in the areas in which there is a demand for housing. This type of financing differs from the other mentioned in that there is a definite commitment for the mortgage, the documents are examined in advance, the credit of the purchaser is approved and they are delivered to the permanent investor at which time that investor advises the commercial bank that a good delivery has been made. The commercial bank loans the originator against those mortgages and in turn gives the permanent investor the right at any time before the expiration of the commitment date, to pick up those mortgages from the commercial bank and in doing so, balances its portfolio at all times.

The facts and statements set forth above should clearly indicate the commercial bank's role in the mortgage and home building industry in this country in providing short term construction and mortgage inventory loans. It has filled a very definite need and purpose in that it has enabled the planning, construction, continuous employment of labor, creation of products that go into a house, sale and financing of homes throughout the country without the seasonal or economic stops and starts which have always existed prior to this time. The net result is that it has enabled the building industry to properly plan and take advantage of all the economies resulting from such planning, and to deliver to home owners a better quality house at a cost which is certainly below what could have been accomplished under any other method of building heretofore attempted.

Johnston Fund Reports

The Johnston Mutual Fund Inc. reports net assets on Sept. 30, 1955, of $4,352,148.07, equivalent to $20.92 per share. This compares with $3,092,833.47 on Sept. 30, 1954, and $17.81 per share adjusted for the 2-for-1 split of the Fund's shares on April 11, 1955.

Railroad Securities

Generous Rail Dividend Payments Expected

In October the parade of final dividend declarations for the year begins and this year it is generally expected that it will be a happy month for holders of railroad securities. Directors of **Atlantic Coast Line** and **Louisville & Nashville** meet shortly after the middle of the month and in these instances it is pretty well taken for granted that the established policy of declaring a year-end extra will be continued. Greater speculation surrounds the possible action of **New York Central** and **Pennsylvania.** While neither of these has been in the regular dividend paying column very long, both have scored substantial earnings gains in the current year and both are considered to have excellent earnings prospects for the coming year. Also, the managements of both roads have intimated that they intend to be as liberal with stockholders as earnings permit. Thus, extras are looked for at this time, with the Central distribution expected to be the larger of the two. There are some analysts who even speak of the possibility that the smaller **Lehigh Valley** will declare an extra this month.

Aside from these extras, which after all are of minor permanent investment importance, there are a number of roads where more clear cut evidence of optimism is looked for in the nature of increased regular dividend rates. **Chesapeake & Ohio** and **Illinois Central** are the major roads in this category. It is expected that the former will earn at least $7.00 a share this year, with prospects bright for further gains in 1956. Traditionally the $3.00 dividend is very low in relation to such earnings. Illinois Central, also paying $3.00 per annum at the present time, is expected to earn in the neighborhood of $9.00 this year. The road's cash needs may probably be considered relatively somewhat heavier than those of Chesapeake & Ohio but most analysts feel that a rise at least to $3.50 is in prospect to bring the stock back to the traditional annual payments that prevailed so long prior to the depression of the 1930s. This would mark the realization of the road's long march back which was spearheaded by one of the most comprehensive debt retirement programs undertaken by any road other than those that went through judicial reorganization.

Another meeting that is looked forward to with considerable interest is that of **Western Pacific.** Ever since it came out of reorganization the road has been paying $3.00 a share per annum. For a long time it was considered that payments were held to this level in the face of high earning power because of the participation feature of the preferred stock. With this preferred stock now eliminated, the heavy property rehabilitation program largely out of the way, and estimated earnings of at least $9.00 this year it is felt in many quarters that more liberal dividend policies will be instituted.

One other major railroad will act on its final 1955 dividend late this month. That is **Southern Railway.** This road has established a phenomenal record in recent years. The traffic trend has been strongly bolstered by growth characteristics of the territory served and operating efficiency has been improved substantially by dieselization, modernization of the important yards, mechanization of maintenance, etc. Also, the debt structure has been streamlined and finances are strong. Finally, earnings this year are expected to reach a new all time peak with share results perhaps $13.00, or more. The present regular rate is only $3.00 a share, with an extra of $1.00 paid early this year. While liberalization of the dividend is widely expected close followers of the road do not expect that such action will be taken at this time. They point out that Southern regularly establishes its dividend policy for the coming year at the first meeting of the year. They look for no change in this procedure, which would mean postponement of any action until January.

IDAC Sponsors Film On Secs Investments

TORONTO, Can.—The benefits of securities investment has been made the subject of a motion picture by the Investment Dealers' Association of Canada.

The film "A Matter of Importance," is written and produced by Crawley Films Limited and tells the story of a man who dreams of spending $500 on his sports car so that he can enter it in competition. However, tragedy strikes when his sister's husband dies suddenly. As executor, he is surprised to find that his brother-in-law, through the purchase of investment securities, has left his sister comfortably supported.

The unexpected legacy shows him money can grow through careful investment. He decides to forget the sports car competition and put his small stake to work, through counsel of an investment dealer. He has the satisfaction of knowing that every dollar he saves and invests brings him closer to the day when he and his family will attain a measure of financial independence.

"A Matter of Importance" is a 16mm., 16 minute film designed for showing to the general public. It is available from the Investment Dealers' Association of Canada, 170 Bay Street, Toronto. Producer is George Gorman who has produced several outstanding Canadian films.

Hill, Darlington Co. New NYSE Firm Forms

Hill, Darlington & Co., 41 East 42nd Street, New York City, will be formed as of Nov. 1. Partners in the firm, which will be a member of the New York Stock Exchange, will be Thomas W. Hill, Peter Darlington, Henry Darlington, Jr., who will hold the firm's Exchange membership, Ernest M. Fuller and Samuel B. Morse general partners, and Henry Darlington, limited partner. Peter Darlington and Thomas W. Hill were formerly partners in Cosgrove, Miller & Whitehead.

F. P. Ristine Branch

TOMS RIVER, N. J.—F. P. Ristine & Co. has opened a branch office at 16 Washington Street, under the management of Harry A. Isaacs, Jr.

Laidlaw Admits

Laidlaw & Co., 25 Broad Street, New York City, members of the New York Stock Exchange, on Nov. 1 will admit Ethel Colton Laidlaw to limited partnership.

Benjamin R. Nichols

Benjamin R. Nichols, member of the American Stock Exchange, passed away Oct. 4.

Bank and Insurance Stocks

By ARTHUR B. WALLACE

This Week—Bank Stocks

The wave of bank mergers shows no indication of slowing down, and probably will not unless some legislative bar is raised against them, or unless the factors giving impetus to the trend are altered by changing economic conditions; or, finally, until it no longer appears to be profitable to compete for the acquisition of other banks at prices so unrealistic when related to real book value.

Fundamentally, the trend is based on competition among banks, and on a willingness of many smaller institutions to sell out at inflated values, for a variety of reasons.

Competition enters into the situation because, with the great growth of industry, the banks must be geared to take care of its needs. Consider only one of a bank's services, to be sure one that may well be regarded as its most important facility: loans. Under Federal banking law a nationally chartered bank is permitted to lend to one borrower 10% of the bank's capital and surplus; under New York law a State-chartered bank may lend 10% of its capital, surplus and undivided profits.

Obviously, as industry takes on greater size and has need for greater borrowing, a bank, if it does not grow, too, in its capital account will not be able to meet its customer's needs. This factor has been one of the compelling forces behind some of the larger mergers.

Another has been the matter of personnel. Banking has long been a step-child and a whipping boy of the political radicals, probably because of the suspension of so many banks in the depression of the 1930's. Parenthetically we might ask why the Federal and State supervisory authorities allowed many of the country's banks to get into a shaky condition then. The banking field has not attracted enough younger personnel, which has resulted in a dearth of trained executives; and in not a few cases the desire to acquire both executive and other personnel has been an important consideration in mergers.

Costs of operation have often, indeed, almost always, been a strong motivation. An FDIC graph for 1954 shows that banks with deposits of $1 million or less in that year ran a 2.40% ratio of expenses to total assets. Banks with $500 million or more deposits showed a 1.50% ratio. As competition between the outlying branches of large banks and small institutions increases, this expense factor is sure to work to the disadvantage of the latter.

An accompaniment of the trend of mergers between banks of large size has been that of the metropolitan banks acquiring branch systems. Here the major bank is faced with a problem. It can either establish new branches in a large city's periphery, or it can endeavor to buy up smaller neighborhood banks. At today's costs of building new offices, the merger route is far better, for several reasons.

First, it is usually less costly, as it requires from five to ten years to get a brand-new branch on a profitable basis, whereas if an acquired going business is not already on a paying basis it can usually be made so. Secondly, merging an existing neighborhood bank largely disposes at once of the personnel headaches for the successor institution. Thirdly, the supervisory authorities who have jurisdiction are often loath to permit the opening of new branch offices, particularly if the area involved is already adequately served by existing banks.

The move to expand branch systems of banks to the "uptown" areas and the suburbs of course is practically forced on the banks by the movement of population and industry to the outlying sections of the big metropolises. Here such factors as car parking, better highways, more people operating more motor cars, etc., enter the picture. Probably the two strongest reasons for the growth of the suburbs are, first, the better economic status of most workers who aim at owning their own homes in the suburbs; secondly, the moves of industry to set up outlying branches; in other words, decentralizing. These two reasons are to some extent complementary as one reason why industry moves out of the congested centres is because that is a trend of a sizable portion of the population. What is probably a less important influence is the desire of both industry and the worker to get out of bombing range in case of war.

The large bank with a branch system has to take its facilities to the people, as the latter will do their business with the small neighborhood bank, rather than go a distance into the centre to do their banking under today's conditions of difficult traffic and parking.

The trend is set, and, unless legislation interfers it is likely to go further. The old unit banking system had to give way to the new, because of changing conditions. The banking system will be stronger; and it is better able to serve its customers than at any time in the past.

If legislation interfers, it will be on the basis of imagined monopoly or curtailment of competition. There can be no monopoly in the banking field. Competition in it is as keen as in any business we have. The borrower who cannot arrange a loan in one place, has only to lift the telephone to place it in another centre; if it is a bankable proposal he will find plenty of bankers avid to turn over their depositors' funds to obtain a profit. If it is not bankable it has no place on a bank's books. After all, the banker has the bank examiner to consider!

Continued from first page

Let's Curb Role of FHA and VA in the Mortgage Industry

provide a system of mutual mortgage insurance, and for other purposes." Bankers and other lenders were in the throes of a most distressing foreclosure experience growing out of loans purported to have represented 50% or 60% of value. Many holders of so-called "guaranteed" mortgages bearing the endorsement of corporate guarantors suffered severe disillusionment. Their securities and the guarantees often proved to be of little value. And yet, FHA provided at the outset for 80% loans to be insured by mortgage insurance premiums paid by borrowers into reserve funds!

No Statistical Experience

The project was proposed without the benefit of any statistical experience of the kind upon which insurance rates usually are based. It was undertaken in what had already been proven to be a very hazardous field of underwriting. Private capital was in no mood to tackle an underwriting venture of this kind. Therefore, it was necessary for the Federal Government to launch the enterprise and to establish the confidence of lenders through guarantees to the very limited extent of not to exceed $1,000,000,000 as was first stipulated!

The greatest unknown factor in the estimates of probable underwriting experience and ultimate outcome of the project arose out of the previous experience with extreme ups and downs of business activity. The National Housing Act consequently provided that the Federal Government guarantee principal and interest of debentures which FHA might be obliged to issue in exchange for properties acquired by approved mortgagees through foreclosure. Reliance was placed on the mortgage insurance premiums to indemnify as far as possible for estimated losses and the government assumed the unpredictable risk. Assumption of this risk by the government was clearly justified by the desirability of encouraging home ownership on the part of a greater number of people and the expectation that a loan pattern of this kind which made borrowing easier would in turn stimulate the building industry and assist in the recovery of business from depression depths.

Even though the FHA seemed extravagant and extreme at the time, 80% loans were only a beginning! The loan ratio on 1- to 4-family houses gradually was raised to 95%, and apartment house loans during the war fell into the well-known "windfall" status in which substantial profits were reported to have been extracted from the mortgage proceeds even after all land and construction costs had been met.

The guaranty of home loans made to veterans was provided by the so-called "GI Bill of Rights" enacted in 1944 to express in part the gratitude of a nation to its servicemen and women. The guaranty at first was limited to $2,000 and not to exceed 50% of the loan, and since has been increased by steps to $7,500 and not to exceed 60% of the loan. The VA guaranty is an outright endorsement of a portion of the loan by the Veterans Administration and the borrower makes no contribution to the guaranty as is the case with borrowers under FHA loans. Losses, if any, of course, will be sustained by the Federal Government without any contribution from the borrowers. Many of these people had been temporarily deprived of the privilege of home ownership as a result of war service, and Congress sought to make home ownership easy by loans equal even to 100% of the purchase price and encouraged lenders to make the loans by reducing the likelihood of loss through guaranty of a portion of the loan.

From its inception to May 31, 1955, FHA had insured $37,506,168,000 of loans, and the Veterans Administration had participated in $28,582,941,000 of home loans on which the guaranty was $15,548,168,000. As of May 31, 1955, outstanding FHA insurance totaled $18,637,697,000, and VA guaranties approximated $10,000,000,000. Out of mortgage loans on 1- to 4-family homes outstanding in the amount of $82,800,000,000 on June 30, 1955, approximately 43% had been underwritten directly by the FHA or VA, to say nothing about other activities of the Federal Government directly or indirectly in the mortgage field, such as Federal National Mortgage Association, Federal Savings and Loan Insurance Corporation, and similar organizations. Even though these figures illustrating the scope of government guarantees approach impressive proportions, all but a small portion of the money loaned came from private savings institutions.

The Monthly Mortgage Loan

Mortgage lending has come a long way since enactment of the National Housing Act in 1934, due in no small part to influence exercised by the Federal Housing Administration. During the past generation, we have watched the monthly amortized mortgage loan not only come into its own but reach the point at which it is taken for granted as standard mortgage operating procedure. The fully amortized loan did several things:

(1) Provided the borrower with a long-term loan with complete liquidation over the period, and elimination of the old-style, short-term loan, with the necessity of frequent and expensive renewals;

(2) Provided the borrower with a monthly debt payment which included principal, interest, and one-twelfth of insurance premiums and taxes, thus avoiding the accumulation of large obligations the borrower may have overlooked;

(3) Provided the borrower with a loan on which the payments, if properly set up, approximated what he would be paying for rent;

(4) Made it impossible for the borrower to become heavily delinquent without the lender being on notice and in a position to take remedial steps.

Introduction of the monthly payment loan a generation ago served to place home buying on practically the same basis as the purchase of refrigerators, automobiles, television sets, and other articles which have been made possible for consumers largely because of the extension of instalment buying. Home financing, in other words, has become a facsimile of the financing of consumers' durables, and if one is willing to consider a house as a durable good, then we are in exactly the same field except for a longer term.

The willingness to consider a house as a consumer's durable and to place the financing of a house in the same category as the financing of consumers' other durables suggests that before proceeding further we review the loss records of some of the finance companies, comparing this record with the loss record on mortgage loans during recent years. Apparently loss statistics for instalment financing as an industry are not readily available, but examination of the losses incurred by some of the major finance companies even during the depression years reveals that they never reached 1% of the receivables. During more prosperous years, the loss ratios of course have been much less, even almost insignificant. By way of comparison it is of interest to note that in no year since its inception to the end of 1953 had FHA foreclosures in process at the end of the year exceeded 18/100 of 1% of the insured mortgages outstanding. The loss record of the finance companies in the financing of consumers' durable goods has been impressively favorable because these companies adopted patterns and methods dictated by the nature of their business, and even though the FHA experience has taken place during a period of unusually prosperous business conditions, it appears that FHA's favorable foreclosure record also has resulted from the loan pattern and diligent pursuit of monthly payments as rapidly as they become due. The same may be said of GI and conventional home loans.

The financing of a home on a monthly payment basis, falling within the scope of instalment financing, necessitates that we must adopt in our business, methods very similar to those of the finance companies. This means a detailed following of every item and every instalment, sometimes almost with mechanical exactitude, but never failing to have at hand a generous supply of the milk of human kindness and the depth of human understanding.

Distinguish Between Mortgages

Thus far, the expression "mortgage lending" has been used in the broad sense of the word and has included FHA loans, GI loans and conventional loans, but further discussion of the question before us cannot avoid recognition of the unusual nature of FHA and VA loans. As a matter of fact, it is unfortunate that financial institutions have not recognized the unusual natures of these loans and adopted the practice of showing them in separate classifications in their statements instead of grouping them all under a general heading of "mortgage loans" as is so commonly the practice. For purposes of classification, mortgage loans today include conventional home loans, FHA loans, VA loans, industrial loans, commercial loans, and many other types if the classifications are sufficiently detailed. There are vast differences between conventional home loans and FHA loans and VA loans, even though they have the same basic type of security. Perhaps the time will come, and soon, when a mortgage loan portfolio will be broken down at least into the three major classifications of loans, that is, conventional, FHA and VA loans, just as bond accounts are broken down into various major types of bonds, such as governments, municipals, railroads, public utilities and industrials, and thus clearly portray the real nature of each mortgage loan portfolio.

When a lender buys an FHA loan or a GI loan, he is not buying a mortgage loan in the conventional or true sense of the word.

No lender in his right mind at this time would be likely to make a 90%, 95% or 100% loan without a substantial guarantee. When National Life first entered the field of FHA or GI loans, it represented a real departure for the Company just as it did for other lenders. It took more or less time for investors to orient themselves to this new pattern of investment and, as a matter of fact, some investors even a generation later remain unacclimated. But as time has gone on, some, if not many, lenders have become thoroughly convinced that they may rely almost, if not entirely, upon the FHA insurance and the VA guaranty, particularly when the latter represents more than 50% of the loan. The guarantee of principal and interest of debentures issued under the FHA contract of insurance and the VA loan guaranty are by specific terms of the law unconditional obligations of the United States Government. As unconditional obligations of the United States Government, they become for credit purposes, of equal binding effect with the obligation expressed in a government bond.

The Finance Committee of the company with which I am privileged to be associated, goes so far in its thinking that it is willing to buy FHA and GI loans solely on the guarantee, **provided** a borrower of good credit standing is obligated on the loan. This attitude reduces origination costs and increases the net return. Lending institutions have a great responsibility to make loans to the extent that they are guaranteed or insured when the Government of the United States has expressed its willingness to give its endorsement. Unless lenders are willing to accept this guarantee in good faith and at face value, it behooves them to be less critical of government inroads into the field of private finance. Because our Finance Committee is willing to rely upon FHA insurance and GI guaranties, by the same token we have been willing to make 100% loans, loans without cash down payments, and to go to 30 years on the term of the loan.

These statements may seem somewhat extravagant, but the fact that they may be made emphasizes the gravity of the problem stated by the question we are considering. To the extent that lenders rely on FHA insurance and VA guaranties, to the same extent we are departing from our traditional position as mortgage bankers. Instead of the latter, we become purchasers of government obligations merely going through the motions of making a mortgage loan. To the extent that we feel an obligation to accept this insurance and these guaranties at face value, we encourage their use and extension. By relying upon guarantees, we lose experience in mortgage making because reliance on a government guarantee requires little exercise of judgment. Lending institutions consequently fail to build competent staffs adequate to care for the business of mortgage lending even if the government were to retire from it. And the latter is wishful thinking.

Should We Encourage Government Mortgage Guaranty?

Now to answer our question or what in reality amounts to two questions. First, should we encourage government mortgage insurance and guaranty? The question calls for an answer strongly in the negative. As men striving to be reasonable, we must give credit to FHA and GI loans for the constructive work they have done. It must be pointed out, on the other hand, that FHA as it exists today has gone far beyond its original purposes and includes financing of slum clearance, defense housing, trailer parks, and other financing far removed from the original purposes of FHA. It even recently was proposed that FHA offer flood insurance! FHA, in other words, has evolved from an agency dedicated to 1- to 4-family home and large-scale apartment financing to a Federal agency engaged in a wide variety of social reforms. FHA loans and VA loans, furthermore, have encouraged credit expansion at times when restraints might have been desirable, and interest rates have been maintained at artificially low levels instead of recognizing the free play of interest rates, thus discouraging private lenders charged with the responsibilities of trusteeship and encouraging FNMA and VA direct lending activities with government funds and at possible ultimate expense to the taxpayer.

Mortgage bankers not only will be warranted in advocating that FHA and VA lending activities not be further expanded but also that they be kept on sound bases. This would include sound administration, with accurate appraisals, loan insurance operations conducted on as nearly as scientific basis as possible, a market interest rate on loans so that the insured and guaranteed loans are competitive with other available investments, and termination of the activities of the Federal National Mortgage Association and direct GI lending.

Now to confront the second part of the question, "Shall we seek to expand conventional lending?" Does anyone doubt the answer? Let's shout it from the housetops. "Yes! Yes! A thousand times, Yes!"

Government must be shown that the nation's great lending institutions such as the savings banks, life insurance companies, and other lenders can provide home financing to credit-worthy borrowers of the future and that government will avail nothing by intruding further and further into the business.

Centuries of history attest to the need for mortgage loans and the ability of private lending institutions to care for that need. Mortgage loans are said to have been made upon various kinds of securities, including real property, and mortgages were foreclosed in the ancient city of Ur, which was more ancient to the Romans than Rome is to us. In Greece where banking was highly developed, banks made loans secured by first mortgages on land, and each mortgaged field was marked with a stone in lieu of the recording of liens at a public office. In Roman times, the making of mortgage loans was a commonplace business transaction, and much of our present mortgage law is rooted in Roman practices. In medieval times, restrictions upon land ownership and usury restrained this type of credit, but after the re-establishment of private ownership of land, mortgage lending upon real property again became part of the capitalistic economy. Perhaps because of mortgage lending's long history, lenders have persisted in thinking of a mortgage loan as conforming to an unchanging pattern, but the purposes for which home mortgage debts are incurred by most people emphasize the need for taking a different approach and for thinking of them as instrumentalities for the enjoyment of a higher standard of living, again, the consumer-durable approach.

As mortgage bankers, we must not allow centuries of tradition to confine our activities or to restrict progress. From our long heritage let us extract the experience needed to move on to new frontiers of mortgage lending. Progress made in loan patterns during the past generation was cited earlier while appraising some of the effects of FHA loans, but in addition to these, the "packaged mortgage" loan and the "open-end" loan have reflected subsatntial progress in the field of mortgage financing. By adopting the "packaged mortgage" pattern, lenders particularly acknowledged the durable consumers' goods nature of home financing.

Voluntary Home Mortgage Credit Program

A very recent and highly impressive demonstration of what lending institutions can do to emphasize their ability to adapt to changing conditions and to eliminate alleged need for government lending rests in the activities of the Voluntary Home Mortgage Credit Program. Before lending institutions could organize for this program, Federal permissive legislation was necessary, but after this had been procured, the lending institutions compiled an outstanding record of providing mortgage credit to remote communities and minority groups.

Not yet have we arrived at the point, as have our industrial friends, where each year we offer a new model with streamlining, fluid drive, remote control, or electronic devices which ring a bell when we have reached the limit of safety on the size of debt the borrower should carry. And yet, it makes a lender feel proud to be able to say that mortgage financing offers, from time to time, and will continue to offer improved patterns of mortgage loans. It is challenging to know that, despite recent innovations, the end has not been reached. Every alert and responsible lender feels confidently that the loans we shall offer 10 years from now will present numerous improvements over the patterns of loans we now make available.

From what directions will this progress come in the future? Many, undoubtedly, but perhaps one of especial importance may be the loan ratio. In other words, might it not be possible that lending institutions safely can make higher-ratio loans without benefit of FHA insurance or VA guaranties? Already there is abundant evidence of legislative sanction of such loans. For example, in New Jersey, life insurance companies are permitted to make 75% loans provided a reserve equal to the amount by which the loan exceeds the unpaid balance of a 66⅔% loan is maintained. In Vermont, banks and life insurance companies may make 80% loans on a 1- to 2-family house provided their officers or directors sign a certificate of stipulation on certain details concerning the property. In New York, savings institutions are permitted to make loans not to exceed 80% of appraised value of improved property up to $15,000 and then 50% of value beyond $15,000 provided certain other conditions are fulfilled. Federal savings and loan associations under Federal law are permitted to make 80% loans provided the members of the individual associations authorize them.

The excellent experience of lending institutions with FHA and GI loans over recent years adds support to whatever case can be made for high-ratio loans. It must be recognized, of course, that the exceedingly favorable foreclosure experience of the past 10 or 20 years has resulted at least in part from the highly inflated economy in which we have lived. Had war not occurred and had more orthodox Federal fiscal policies been pursued, perhaps the foreclosure experience would have been less gratifying. On the other hand, if we give any credit to the pattern of monthly payment loans and if we concede that home financing really represents the financing of consumers' durables, then we might have expected a reasonably favorable foreclosure experience, even though business had been less prosperous. Furthermore, studies of foreclosure experience and its causes now in progress, such as that being conducted under the joint sponsorship of the Life Insurance Association of America and the American Life Convention, promise to provide better bases for formulating our foreclosure expectations and our lending policies.

In the meantime, even though there has been only a small amount of high-ratio lending, is there any good reason why lending institutions should not take further steps, even if only experimental, to determine the extent to which lending practices can further be liberalized within the bounds of practical safety? The question calls only for an affirmative answer, and a practical approach might be something like this:

A particular institution or group of lending institutions might express a willingness to make a given amount of 80% loans subject to the following basic conditions:

(1) Appraisal on the same basis as that used for loans of 65% or less;

(2) The same careful selection of borrowers that would be used on loans of 65% or less;

(3) An interest rate at least ½% higher than the rate quoted on 65% or lower-ratio loans.

The only additional risk assumed by the lender on this basis is that which results from the portion of the loan between 80% and 65% and the fact that the higher monthly payments may create a heavier debt service burden for the borrower. For example, let us assume a $20,000 house on which a 65% loan would be $13,000, and an 80% loan $16,000. The monthly payment of principal and interest on the former amount on a 20-year monthly payment loan at 4½% would be $82.29, and on the latter at 5% would be $105.60 plus one-twelfth of taxes and mortgage insurance in each case. In other words, the additional amount at risk is $3,000. If we further assume full payout over the life of the loan, the additional ½% would produce $1,048.80 more interest on the $16,000 at 5% than would have been the case at 4½%. Thus, $1,048.80 becomes available for reserve purposes on each loan completely paid out. Nor should it be overlooked that these loans will have an average life of only 10 or 12 years.

Let us assume that 100 of such 80% loans are made, or a total of $1,600,000. Let us also assume that 75 of these loans pay out completely over their 20-year terms and that 25 default immediately without ever making a payment. Excluding from this consideration any tax credits which might result from losses, the interest rate differential on the 75 non-defaulting loans would produce a reserve of $78,660 to absorb losses on the foreclosed cases. The greater exposure on the 25 $16,000 loans as compared with the exposure on the $13,000 loans equals 25 times $3,000, or $75,000, and this is less than the $78,660 produced by the ½% interest differential. Of course, it is impractical and unrealistic to assume that no payments would be made on 25 of these loans and that the entire amounts in excess of 65% would be completely lost. Furthermore, the extent to which losses occurred would depend in no small part on the extent to which the lender recognized that he was servicing a loan secured by durable consumers' goods and utilized the efficacy of diligent collection methods. And the extent to which the reserve is not used to offset losses means a higher yield to the investor!

The amount of funds utilized in an initial experiment of this kind in a particular institution need not and should not be large. In no case should such a proportion of the assets be involved that an unfavorable experience, if incurred, would impose a penalty on the institution. A more ambitious program would be for a group of institutions to enter a program of this sort on a collective basis. Each institution would have a proportionate limit imposed on the amount of loans it could enter in the program, for example, 3% of its assets. Each loan to be included would be registered with a central agency established for the purpose, the extra half of 1% loan interest would be paid to the agency, and claims for losses up to the amount of the loans in excess of 65% could be made against the fund. While details would have to be worked out with greater thoroughness than time now permits, an experiment of this kind would accomplish at least two results:

(1) Demonstrate further progressive thinking on the part of lending institutions;

(2) Provide experience which could be used to substantiate broadened activity in such lending or persuasively to demonstrate its undesirability.

In conclusion, and to summarize: Private mortgage institutions since the founding of this country have established a record which may be cited with warranted pride. Government agencies have been active in the mortgage market during the past generation, but with the exception of the activities of the Federal National Mortgage Association and direct lending by the Veterans Administration, the program to which FHA and VA point with pride has been accomplished with funds provided by the private savings institutions of this country. The greatest trap into which lenders can fall is to assume that we have reached the end of our ability in adapting the pattern of mortgage lending to the needs of our economy. An alert, progressive, thoughtful, and yet sound approach to the problems of mortgage lending is the best answer to the double-barrelled question with which we started.

Lone Star Cement Borrows $30,000,000

A $30,000,000 term loan of Lone Star Cement Corp. has been placed directly with institutional investors, according to an announcement by H. A. Sawyer, President. The loan is at the rate of 3¾% and matures in 1970. Hayden, Stone & Co. and Adamex Securities Corp., negotiated the placement.

The proceeds of the term loan will be used toward enlargements at three of the company's plants and construction of a new 2,000,000-barrel plant to be built near Lake Charles, La. The company's present expansion program is expected to cost a total of $57,000,000 and will add 10,200,000 barrels in cement capacity.

Chicago Inv. Women To Hold Dinner Meeting

CHICAGO, Ill.—Karl R. Bresee, Manager of the Chicago Studio of Bachrach, Inc., will address members of the Investment Women of Chicago at the next dinner meeting on Wednesday, Oct. 19, 1955, at the Chicago Bar Association. The subject of his talk will be "The Role of Portrait Photography in Today's Business."

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

With Franklin Secs.

(Special to THE FINANCIAL CHRONICLE)

ATLANTA, Ga.—E. E. Dill is now with Franklin Securities Co., Hedley Building.

Continued from page 12

The Electric Industry Looks Ahead to the Atomic Age

conducted from time-to-time, and assignments are made close to the employees' homes so that they will be able to locate major faults quickly, which is the first step in restoring service during an emergency.

We believe this program will provide effective safeguards against the inevitable loss of service due to weather and other conditions beyond our control.

Engineering Our Systems

In engineering our systems, the record is one of which the industry can be justly proud. Still, much remains to be done in all three major areas of electric utility service—generation, transmission and distribution.

In the field of electric generation, which is the most dramatic of the three, and accordingly has received the most attention in the public eye, the art has already made spectacular advances. Generating units now being built will establish new records in the efficient use of fuel; at the same time, we are making a vigorous start on atomic power, with several of our Pennsylvania utilities engaged in the program in one way or another. And yet, there remains many unsolved problems; for example, metallurgical questions, one of the most baffling in dealing with new high-pressure, high-temperature units in conventional steam plants. . . Then there is the field of nuclear power which has a galaxy of unsolved problems, such as metallurgy, handling of radioactive components, and disposal of radioactive by-products and waste,—all of which, I most humbly admit is far over my head.

The art of transmission is also well advanced, with long records of successful experience at 220,000 and 287,000 volts, and a few more recent lines at 330,000 volts. But here too, much remains to be done. Only five years ago, circuit breakers capable of interrupting 5 million kilovolt-amperes of electrical energy were considered outstanding. Today we have switch gear which can interrupt 25 million kilovolt-amperes. But still larger units will be required to control the huge loads now in prospect. To assure dependability of service in case of serious outages, we must be able to shift large blocks of power at a moment's notice with no fluctuation in the consumer's service.

As we look ahead to improving our service reliability, our most challenging problems are in the distribution field, which accounts for nearly half of our total investment in electric plant. The design of our distribution systems must be such as to minimize service interruptions due to storm or other abnormal conditions. We are also faced with the question of adequate supply capacity and voltage regulation, as our residential and small commercial customers increase their demands.

The use of cable, underground or overhead, is a partial solution to both sets of problems. But here we face the obstacle of great additional costs in the present state of the art. Somewhere in our progress we must define more clearly where aerial distribution disappears and underground takes its place.

Other approaches include the raising of distribution voltages, the greater use of unit substations to meet local load increases pending the installation of large multi-circuit substations, and the gradual transformation of radial and loop systems into grid systems.

All of these are standard approaches among distribution engineers. They have been reasonably satisfactory for the loads experienced in the past, but may be wholly inadequate in preparing for the kind of load growth and service requirements in prospect 15 to 25 years ahead.

In my opinion, the area where we must concentrate our efforts is between the substation and the transformer, rather than between the transformer and the customer. It is in the former area that the opportunity lies for the greatest benefit to the largest number of customers, and at the lowest cost per customer.

I certainly am in no position to say how our own distribution system should be designed 25 years from now, and am much less so with respect to any other system. But on considering the possibilities that lie ahead, I am inclined to recommend this broad approach:

(1) That we study our individual distribution centers in terms of the loads that they may well be called on to supply within 25 years,—which is within the life span of much equipment now being installed, and formulate basic principles of design that we would adopt if we were building for those loads today.

(2) That we engage in further extended research as an industry group, in collaboration with manufacturers, looking towards:

(a) Satisfactory and less costly methods of cable construction;

(b) Greater flexibility in installing, removing and reusing various items of distribution and consumer service equipment.

(c) Design standards which will increase flexibility in changing distribution voltages as load conditions warrant.

When we consider that Pennsylvania utilities will spend several hundred million dollars for distribution plant alone in the next two or three decades, such research seems a modest price to pay to assure the maximum economic return in conjunction with the high service standards that are our goal.

Technical Manpower

Closely related to all of these problems is the matter of assuring a continuous flow of competent technical personnel into the industry.

We must somehow find a way to overcome the all-too-frequent apathy of many educators to the electric utility industry. The feeling seems to be widespread among engineering institutions today that the glamour has gone from our industry, and that the opportunities in it for young graduates are limited.

I for one, after many years in the industry, firmly believe that just the opposite is true. New fields are opening up within the industry constantly, and the opportunities for properly qualified young men are virtually unlimited. In my opinion, it is our job to sell our industry to faculty advisors and to the undergraduates themselves. Only by so doing can we assure ourselves of the engineering "know how" that will be so essential to our industry in the adventuresome and challenging days ahead.

Personalized Service

Finally, there are the human relations aspects that loom so large in all that we do.

By the very nature of our services, we are and will be regarded by the general public as "big business." Even the smaller utility companies are big by ordinary standards. Thus, we must never fail to administer our responsibilities for service with a keen appreciation of a very simple truism—that an understanding public holds the key to most of the hurdles we are likely to encounter. And personalized service—or close attention to the human relations element at every point of our activities and services—is the surest way to win that understanding.

We earn the good opinion of the public by deeds—not words. As we build for the future, our cornerstones must be courteous and considerate treatment, reliable service, fair and reasonable rates, and the day-to-day application of the fundamentals of sound human relations.

This basis of operation brings results that cannot be excelled, and is the best guarantee of safe, sound and economic expansion.

As we take a look ahead at this conference, I would urge that we keep four precepts in mind:

First, the need for steadily improving the dependability of our service—even in times of catastrophes—in recognition of the growing dependence of the public upon these services;

Second, the need for imaginative engineering in all phases of system design to improve the economy and flexibility with which we expand our plant to meet the large load increases that lie ahead;

Third, the need for trained manpower to solve the engineering and operating problems of the future; and

Finally, the need for building into our operations an increasing awareness of sound human relationships, and the importance of considerate personalized service in building the strongest possible bulwark of good will.

If we shape our future course around these basic principles, we have every reason to expect a bright and rewarding future for the industry, for the investors in these great undertakings, and for the men and women who comprise its personnel.

Continued from page 5

Our Economic Pattern and Its Influence on World Affairs

in the Far East I will comment particularly on our relations with the non-communist countries of **Asia** — 16 in all — which range from Afghanistan to Indonesia and North to the Philippines and Japan. They occupy more than five million square miles, are inhabited by 800 million people—almost a third of the world's population—with a combined income of $70 to $80 billion dollars—one-twelfth of the world total. Their major goal is more rapid economic development.

Most of the Asian countries only recently attained their sovereignty. Accordingly, they lack trained and experienced personnel both for industry and government; and they are short of capital.

Causes of Our Difficulties in Asia

Our difficulties in Asia arise out of a number of things.

Many Asians think the we are too impulsive and fear that we may precipitate a war and that Asia will be involved. They dislike our emphasis on armaments and military alliances and stubbornly refuse to recognize the danger of Communist aggression.

Some Asians also confuse capitalism with colonialism and hence discourage new foreign investments or even the continuation of existing enterprises. They are easy marks for socialism and do not appreciate how American private enterprise has increased the standard of living of individuals.

Additional hurdles to mutual understanding grow out of our own concern about membership in the United Nations for Communist China; our restrictions on visits of Asians because of immigration laws; our tariff and custom regulations; and they are convinced that we symphathize more with our Western allies than with Asian nationalism—although we have traditionally favored self-determination for colonial countries.

On the other hand, it is not easy for us to overlook the failure of Asian leaders to see the world struggle in fair perspective. They condone Communist (Soviet and Chinese) imperialism while suspicious of Western countries. Their "neutralism"—against us—is hard to swallow. Their leaders seem unable to distinguish between communism as preached and communism as practiced.

Furthermore, in spite of official statements to the contrary, American businessmen feel that their investments are not wanted in Asia. They experience many obstacles to private enterprise and justifiably fear expropriation and competition from business subsidized by local governments.

It would be silly to underestimate the seriousness of these mutual misunderstandings. Having been ruled so long by others, Asians are determined to assert their independence and equality no matter how much it hurts. They are overly sensitive and suspicious.

But however great the difficulties, it is to the practical long-term advantage of the Western World and of non-Communist Asia to solve them.

I will not bore you with a lot of statistics because it is common knowledge that they supply us with important raw materials — many of them strategic in character.

And on the other side of the ledger it can be noted that the exports of the non-Communist countries to the West provide them with more than 50% of their total foreign exchange — with which they buy the greater part of their essential imports from the West.

The United States in recent years has aided Asia by making available technical assistance and considerable capital equipment. I feel, after my latest visit to the Far East, that we will be smart to stick to the program on a selective basis and even expand it in some areas. But to be fully effective the Government will be wise, in addition to its own efforts, to encourage private investment in those countries where it is welcome.

In carrying out these ventures we have to proceed with tact and understanding; with firmness without arrogance; and finally, we must do what is hardest of all for Americans, exercise patience and lots of it. This may be made easier for us if we just remember that it was many years after our own independence before we began to observe the amenities in our international relations.

TWA — and indirectly Kansas City—has a real interest in the economic development of the Far East. Since 1946 TWA has been operating overseas through three European gateways, London, Paris and Lisbon, from which we fly eastwards as far as Ceylon. Political troubles in the Far East have prevented us from serving our original certificated route to Shanghai and, I regret to say, our Government has not yet seen fit to grant our request to serve a temporary alternate route to Tokyo. However, we now have an application on file to fly from Colombo to Manila by way of Bangkok which we hope will be approved.

Although, as I have pointed out, much of the great area lying east of India is economically undeveloped, its potentialities (in human and natural resources) are tremendous and TWA should be permitted to share in the growth which is bound to take place. In any event, we will keep trying until our cause is won.

Impact of U. S. Foreign Policy

Because the United States is the leading industrial nation, it follows that our foreign economic policies have tremendous impact everywhere.

In the international **trade** field the most vexatious and controversial subject is our tariff. The plain fact is that our the past 25 years we have retreated considerably from our high duty position, and our traditional protectionist policies. I think it is fair to say that we have done more than any nation to liberalize foreign commerce. Even so, we seem to have difficulty in being either completely objective or completely consistent. We announce high-sounding programs and then all too frequently forsake them to yield to small unimportant pressure groups.

The recent irritants in our trade policy are Dutch cheese, Swiss watches, the Buy American generators and the latest ruling on foreign bicycles.

I will be the first to admit that dairy farmers seem to require special treatment in all communities; and that no one can object to the protection of skills **really** vital of national defense; or that replacement of parts to complicated electrical machinery can pose serious problems. But I have more difficulty in understanding why the rate of duty on light weight bicycles (of which we make very few) should be raised from 7½% to 11½%.

Actually the higher rate will probably not keep out any bicycles—so it doesn't protect any market.

You may ask then: "Why worry?" since our manufacturers get what they apparently want and the foreigners still sell us their bicycles.

My answer is that it is poor psychology and poor foreign relations. We spend several hundred million dollars overseas each year on off-shore procurement in part, at least, to foster good relations, and we lose much of the good effect of this by actions which can only be described as petty, besides violating our professed principles.

The whole world is on the threshold of vastly increased industrialization — and our own stake in export markets is tremendous. Therefore, we will be wise to base our trade policies not on sectional or special interests but on what is in the overall **national** interest.

Our Domestic Economic Policies And the Foreign Situation

The domestic economic policies of our government also have a great influence on the foreign situation.

One of the pet beliefs or hopes of the Soviet hierarchy is that the capitalist system—by which they mean the United States—will fall because of a major economic depression so severe as to destroy our will to survive as a democracy. It is just possible that the Russians look at conditions in America today as a prelude to another depression of the type we suffered 25 years ago.

Superficially, there are many

factors of life today that may remind us to the lush twenties. The steady rise of the stock market, the high level of business activity and the general spirit of optimism are obvious parallels between now and then. And for those who find magic in numbers I should add that by 1956, 11 years will have elapsed since the end of World War II, and that the same number of years separated 1929 and World War I.

I am sure there are few people here who have not asked themselves a question or two about the soundness of our current economy and whether we may not be headed for another severe decline in business activity.

There isn't time to go into much detail but because I think the whole world—including the Russians — is watching the United States economy—it is worth while briefly to analyze our situation.

First I will state my conclusion, which is that within the foreseeable future we are not going to have any depression comparable to that of 1929.

And now my reasons.

(1) Instead of the world-wide recession which was beginning in 1929—the major countries in the Free World are better off today than they were before World War II. This is due in large measure to the beneficial impact of the Marshall Plan. The stage was all set in 1948 for a repetition of the mistakes of the late twenties —when something new was tried, namely, the granting of foreign aid on a scale great enough to reverse the downward plunge of many foreign economies.

(2) Today there are built-in buffers against adversity that did not exist 25 years ago. We are inclined to think primarily of humanitarian objectives in connection with unemployment insurance, retirement plans and layoff payments. Actually they have a double aspect because they represent a continuance of purchasing power that helps keep the wheels of industry turning.

(3) The Government has at its command important controls which are useful in maintaining business on a steady course. These include the regulation of credit, the rate of taxes, expenditures for public works and farm price supports.

(4) Large expenditures are being made by American corporations for expansion programs which are reflected in increased employment and an upturn in business.

In the quarter ending Sept. 30 industry will have invested in new plants and equipment at an annual rate of over $29 billion; and in the fourth quarter such outlays will be even greater.

(5) There is a growing interest in international affairs and an increasing appreciation by Americans generally that they have a stake in the improvement of the economies of other countries.

Regardless of the political party in power in Washington, I expect that there will be further easing of trade barriers; and that foreign aid—on a selective basis—will continue for some time.

(6) The harnessing of atomic energy and the development of the science of electronics have already started a second Industrial Revolution — the proportions of which are just beginning to be realized.

We are informed on good authority that there is 20 times as much energy in known sources of uranium and thorium in this country as in all the coal, petroleum and natural gas combined.

We have, therefore, both the raw materials and the knowledge to exploit this new source of power. Technology will not only multiply many times the effectiveness of our industries — and raise our living standards; but can contribute substantially to the productivity and well-being of peoples less fortunate than ourselves.

Since we are all Americans I have said a good deal about American problems and American responsibilities. That does not mean that I think we are the only country with a duty to work for the preservation of peace, the advancement of democratic principles and the expansion of international trade. This, of course, is the job of all free nations and their citizens.

* * *

The International Chamber of Commerce is dedicated to these same objectives and for that reason I am happy to have the opportunity to serve as President for the next two years.

The Chamber is a private organization made up of businessmen from more than 50 countries following the free enterprise system. Its members believe that private enterprise and the freest possible circulation of men, goods, services and capital between countries is the way to advance economic progress and higher living standards. They believe, too, that this will result in the best use of the world's human and natural resources.

These are principles to which we can all subscribe. Their attainment requires not only consistent and far-sighted — perhaps courageous—policies by our Government but the understanding and cooperation of its citizens, which means every one of us.

Joins Hooker & Fay

(Special to THE FINANCIAL CHRONICLE)

SAN FRANCISCO, Calif.—Joseph B. Scannell has become associated with Hooker & Fay, 221 Montgomery Street, members of the New York and San Francisco Stock Exchanges. Mr. Scannell was formerly with E. F. Hutton & Company and Harris, Upham & Co.

Two With Schwabacher

(Special to THE FINANCIAL CHRONICLE)

SAN FRANCISCO, Calif. — George C. Dyer and Harold I. McGrath are now with Schwabacher & Co., 100 Montgomery Street, members of the New York and San Francisco Stock Exchanges.

Joins W. G. Houston

(Special to THE FINANCIAL CHRONICLE)

QUINCY, Mass. — Gordon H. Williams has become associated with W. G. Houston & Co., Mercantile Building, members of the Midwest Stock Exchange. Mr. Williams was formerly Municipal Manager for Hess Investment Co.

Two With R. A. Harrison

(Special to THE FINANCIAL CHRONICLE)

SACRAMENTO, Calif.—Roy A. Lynne and Raymond Parker have become associated with Richard A. Harrison, 2200 Sixteenth Street. Mr. Lynne has recently been with King Merritt & Co., Inc. and in the past was with Franklin Wulff & Co., Inc.

With Howard, Weil

(Special to THE FINANCIAL CHRONICLE)

NEW ORLEANS, La.—John S. Watters is now connected with Howard, Weil, Labouisse, Friedrichs & Company, 222 Carondelet Street, members of the New Orleans Stock Exchange.

With Renyx, Field

(Special to THE FINANCIAL CHRONICLE)

NEW ORLEANS, La.—James P. Amaro, Charles Dupuy and Willis H. Eams have become affiliated with Renyx, Field & Co., Inc.

C. P. Wagner Opens

(Special to THE FINANCIAL CHRONICLE)

DENVER, Colo.—C. Philip Wagner is engaging in a securities business from offices in the U. S National Bank Building.

Our Reporter on Governments

By JOHN T. CHIPPENDALE, JR.

Money market conditions show no significant changes, in spite of the favorable reception which was given to the 2¼% tax anticipation notes which the Treasury offered for new money. Demand for loanable funds is as heavy as ever, and for the seventh time this year bankers' acceptance rates were raised. Even though the pressure is still on the money market, and there are no indications yet of any let-up, the attitude towards the Government bond market appears to be a bit more constructive. Certainly up to now there has been none of the defeatist attitude which was so prevalent in 1953 when the money market was also under pressure.

The short-term market is operating under competition from the recently offered eight months 2¼% tax anticipation notes as well as the Federal Home Loan Bank financing. On the other hand, the intermediate and longer term Governments have been acting quite well, with the ability to move ahead to the upper limits of recently established trading range considered to be an encouraging indication.

Corporations and Banks Favor New Notes

The rate of 2¼% which the Treasury used on the recent offering of tax anticipation notes was moderately higher than that which was used on the two previous issues put out in July, when the coupons were 2% and 1⅞%. The sizeable demand for the 2¼% tax notes was in line with the ideas of most money market specialists. Allotments of 32% above $100,000, as finally confirmed by the Treasury, were very close to earlier estimates that were being heard in the financial district.

Corporations reportedly were the largest buyers of the 2¼% tax notes because this kind of near-term paper meets their needs very nicely. Commercial banks were likewise attracted to the new issue, because it can be used not only for tax purposes, but also to improve the short-term holdings of these institutions which in some cases have dwindled to rather insignificant proportions. Also, payment for these subscriptions is to be made through the tax and loan account, which is not an unfavorable development as far as these institutions are concerned.

Savings Banks Continue Heavy Mortgage Business

Despite reports to the effect that the various measures taken by the Government agencies have tended to slow down somewhat the demand for mortgage money, it is rather evident that the savings banks of the nation have not yet reported any slowing down of the expansion which is taking place in their mortgage portfolios. August of this year showed the mortgage increases to be one of the three largest ever registered by these banks. It is also indicated that deposit gains of these institutions for the month of August fell far short of meeting the requirements for mortgage money. Additional funds to be used in mortgage financing was obtained in part through the sale of corporate, Government and municipal securities according to reports.

Tax Loss Operations Remain Heavy

Tax operations, according to advices, have not slowed to any extent in spite of the reportedly large number of institutions which have been making these exchanges. It is evident that earnings of most institutions are going to be good enough in 1955, so that tax losses will not be exactly unwelcome.

Some of those that have made exchanges for tax purposes have already sold out the issues which they bought as replacements, because of the recent strength in prices of Government obligations. The fact that the market for Treasury issues has been able to display greater rallying ability, at times, appears to indicate that the technical position of these securities has been improved. Also, the set-backs have not been quite as sharp or as severe as they have been in the past, because it seems as though traders and dealers have shown more of a tendency to make modest commitments when quotations ease off.

What appears to be a better attitude towards Government securities has not been brought about through any change in monetary policy as the pressure is about as strong as it ever has been. To be sure some minor relief was given to the money markets recently by the powers that be, supposedly for the purpose of aiding the Treasury in its new money raising operation.

Deposit Banks Acquiring Long Treasuries

Even though the inflationary pressures have not lessened, and the demand for funds is as sizeable as ever, which means there is not likely to be any immediate change in the money tightening, credit limiting policy of the monetary authorities, it is reported that the demand for selected intermediate and longer term Government obligations has improved. Deposit institutions, which have not been in the market for anything in government securities except the shortest ones for a long time, have been making commitments in certain of the middle maturities. These same banks with heavier savings deposits are reportedly stepping up purchases of some of the most distant Treasury obligations.

With Schirmer, Atherton

(Special to THE FINANCIAL CHRONICLE)

BOSTON, Mass.—Danforth Beal has become connected with Schirmer, Atherton & Co., 50 Congress Street. He was formerly with F. S. Moseley & Co.

With Palmer, Pollacchi

(Special to THE FINANCIAL CHRONICLE)

BOSTON, Mass.—Earl F. Bryan has become affiliated with Palmer, Pollacchi & Co., 84 State Street.

Joins Chas. A. Day

(Special to THE FINANCIAL CHRONICLE)

BOSTON, Mass.—Carl D. Lawton has joined the staff of Chas. A. Day & Co., Inc., Washington at Court Street, members of the Boston Stock Exchange.

With B. C. Morton

(Special to THE FINANCIAL CHRONICLE)

BOSTON, Mass.—James D. McHale is now with B. C. Morton & Co., 131 State Street.

Henry Montor Assoc. NYSE Firm Forming

As of Oct. 13, Henry Montor Associates, Inc. will be formed with offices at 32 East 57th Street, New York City. Officers of the firm, which will hold membership on the New York Stock Exchange, will be Henry Montor, President; Harold Eliasberg, member of the Exchange, Seymour Fishman, Lawrence G. Lasky, David R. Uchill, Vice-Presidents; Samuel A. Genel, Secretary; Charles J. Rosenbloom, Treasurer. Mr. Eliasberg was formerly a partner in Dammes & Koerner.

Phila. Inv. Women

PHILADELPHIA, Pa.—The Investment Women's Club of Philadelphia will hold its first educational meeting of the 1955-56 series on Tuesday, Oct. 18, 1955 at 5:20 p.m., in the board room of the Fidelity Philadelphia Trust Company. The speaker will be Samuel H. Ballam, Jr., Assistant Trust Investment Officer of the Fidelity Philadelphia Trust Company. Mr. Ballam's subject will be "Money—Something New Has Been Added."

Chicago Analysts Field Trip

CHICAGO, Ill. — The Investment Analysts Society of Chicago will have a field trip to the South Chicago Works of Republic Steel Corporation on Oct. 20. Buses will leave from in front of the Midland Hotel at 9 a.m. C. M. White, President, and T. F. Patton, Assistant President will speak at a management conference following luncheon at the plant.

With Fairman, Harris

(Special to THE FINANCIAL CHRONICLE)

CHICAGO, Ill.—Robert Spicer has become associated with Fairman, Harris & Company, Inc., 209 South La Salle Street, members of the New York and Midwest Stock Exchanges. Mr. Spicer was previously with Continental Illinois National Bank & Trust Co.

Two With King Merritt

(Special to THE FINANCIAL CHRONICLE)

LOS ANGELES, Calif.—Joel K. Hamamoto and W. L. Jenkins are now with King Merritt & Company, Inc., 1151 South Broadway.

Leonard Schneider Adds

(Special to THE FINANCIAL CHRONICLE)

LOS ANGELES, Calif.—Etienne S. D'Artois and Barbara G. Reel have joined the staff of Leonard B. Schneider, 5909 Melrose Ave.

Mutual Funds

By ROBERT R. RICH

Among the highlights of the recent report to its members by the National Association of Investment Companies, 61 Broadway, New York 6, N. Y., is the record of achievement chalked up by the Investment Legislation Committee under the Chairmanship of Robert L. Osgood. The objective of this group, of course, is to effect passage of legislation in the various States to include shares of investment shares on the list of securities eligible for investment by trustees or fiduciaries. When the predecessor group, the Prudent Man Committee, was organized in 1950, a large majority of the States rigidly restricted "legal" investments to lists which either did not include common stocks or severely restricted their purchase. In 1953 the N.A.I.C., through its Investment Legislation Committee, assumed direct responsibility of the desired objective. The record of progress to date is amply documented in the N.A.I.C. report, to wit:

"In late 1954, Kentucky amended its statute to include specific reference to investment company shares. In 1955, Arkansas adopted the Prudent Man Rule with specific mention of such shares, and Michigan amended its Prudent Man statute to include them by definition. Wyoming, by statute, has added investment company securities to its legal list for trust investments, and South Dakota, which had no legislation formerly, has enacted a Prudent Man rule. West Virginia enacted a partial Prudent Man bill with specific reference to investment company shares; however, because of apparently inconsistent provisions in the bill, a clarifying ruling will be requested from the state's Attorney General.

"Efforts in the District of Columbia, New York, and other jurisdictions—unsuccessful so far—will be continued. The complete list of states and where they stand on investments by fiduciaries, in the absence of specific provision in the governing instrument, is as follows:

"Legal Investments for Trustees or Fiduciaries
"(48 States and District of Columbia)

"36 STATES WITH PRUDENT MAN LAWS"

Arkansas*	Massachusetts**	Oklahoma***
California	Michigan	Oregon
Colorado*	Minnesota	Pennsylvania*
Connecticut	Missouri	Rhode Island
Delaware	Nevada	South Carolina*
Florida	New Hampshire*	South Dakota
Idaho	New Jersey*	Tennessee*
Illinois	New Mexico*	Texas
Kansas*	New York****	Utah
Kentucky*	North Carolina	Vermont
Maine*	North Dakota*	Washington*
Maryland	Ohio*	West Virginia*

* The Prudent Man Rule statute in these states makes specific reference to investment company securities.
** Massachusetts, by an opinion of the probate judges, permits fiduciaries, within the provisions of the rule, to invest in investment company securities.
*** Oklahoma, by decision of the State Supreme Court, permits fiduciaries, within the provisions of the rule, to invest in investment company securities.
**** New York permits fiduciaries to buy only listed common stocks.

"SEVEN LEGAL & PARTIAL LIST JURISDICTIONS"

Alabama	Iowa
District of Columbia	Louisiana
Georgia	Virginia
Indiana	

"Nebraska, Wisconsin and Wyoming permit purchases of investment company securities by fiduciaries subject to the limitations of the statutes.

"Arizona, Mississippi and Montana have no pertinent legislation.

"In addition, within various limitations, New Hampshire and Rhode Island permit purchases of investment company shares by savings banks, and New Hampshire permits purchases by trustees of public funds.

"The above information is not guaranteed, but is believed to be substantially accurate. The laws of the States vary in their language and in their application to different types of fiduciaries or institutional investors. Some have 'limited' prudent man rules or 'partial' legal list requirements, etc."

Fund Sales Rise Despite Market Break

Despite one of the severest market reactions following news of President Eisenhower's illness, the **National Securities Series** of mutual investment funds recorded the largest September sales in history at $4,576,995, a rise of 37% over September sales a year ago, according to figures released by E. Waln Hare, Vice-President of National Securities & Research Corporation, sponsors and managers of the fund.

During the period of "shakeout" on Sept. 26 and 27, National's sales of shares exceeded repurchases by approximately 2½ to 1, a factor which contributed greatly to the large monthly sales figures, Mr. Hare said. Sales for the first nine months this year set a new record at $43,074,329, or 7.2% more than the previous record for this same period established last year.

* * *

An equally impressive record was noted by the four funds managed by E. W. Axe & Co., which reported that subscription for **Axe-Houghton Fund B** shares on the Monday following President Eisenhower's heart attack ran more than 3 to 1 ahead of redemptions.

Figures for Sept. 26, the day of the big break, also show that the four funds actually made security purchases totaling $95,390 — while sales from portfolio amounted to only $23,120, nearly all of it odd lot evening up.

Axe-Houghton Fund B subscriptions on the 26th came to $19,378 and redemptions to $5,715. For the three days, Sept. 26-28, total subscriptions for the fund's shares were $268,837 while shareholders turned in only $33,662 for redemption.

In the same three-day period, subscriptions for shares of Axe-Houghton Fund A, Axe-Hougnton Fund B and Axe-Houghton Stock Fund totaled $373,168 against $194,694 in redemptions. Figures for the fourth member of the Axe-Houghton mutual fund family, the Axe Science & Electronics Corp., were not complete as its shares are largely traded on the American Stock Exchange.

The figures also show that total assets of all four funds were $127,519,874 at the close of business Friday, Sept. 23, the day before the President's attack. They had dropped to $122,196,739 at the close of business Monday and were back to $124,382,807 at the end of September.

Commenting on these results, Emerson W. Axe, President of E. W. Axe & Co., Inc., said that the margin of subscriptions over redemptions clearly demonstrates the average investor's faith in mutual investment companies and their future.

"At the same time the insignificant portfolio sales by the funds in the midst of a plunging market are an effective answer to those who put the blame on fund selling whenever there is a sharp break in security prices," he said.

* * *

Gross sales of **Delaware Fund** shares in September, the first nine months and the third quarter of 1955 broke all previous records, W. Linton Nelson, President, reported.

Mr. Nelson said gross sales in September, 1955, totaled $1,226,361 —largest for any September in the fund's 17-year history and up 194% over sales of $416,758 in the corresponding month of 1954. Last month's redemptions—which the mutual fund executive described as "unusually low"—amounted to only $112,190, or 9.14% of sales and 51% less than liquidations of $230,825 in September, a year ago.

For the first nine months of 1955, gross sales were $9,724,168—an increase of 171% over sales of $3,590,046 in the corresponding period last year.

Gross sales in the quarter just ended totaled $4,531,109 as compared with $1,316,148 in the third quarter of 1954—a gain of 244%.

"It is especially interesting to note," Mr. Nelson pointed out, "that during the recent uncertainty in the market Delaware Fund sales continued at high levels. On Sept. 26, 27 and 28," he said, "28,736 shares were sold with a dollar value of $334,032, while only 24 shares valued at $2,395 were presented to us for repurchase."

SCIENCE & NUCLEAR FUND'S investments in September included the common stocks of Burroughs Corp., Canadian Industries (1954) Ltd., and duPont of Canada, according to Robert D. Hedberg, Vice-President.

During the month the Fund increased its common stock investments in Aluminium Ltd., Beryllium Corp., Corning Glass, International Business Machines, and Zenith. Gunnar Mines bonds with warrants were eliminated from the portfolio for what Mr. Hedberg called "technical market reasons."

After these changes the Fund was 95% invested with 60% of assets in companies carrying on nuclear activities and 35% in companies in related scientific fields.

Science & Nuclear Fund began business last May with assets of $118,000 in cash, and closed September with assets of $712,000.

INVESTMENT POLICY—"Policy and Management" is the title of a new three-color pamphlet just published by Science & Nuclear Distributors, Inc., sponsors of the recently organized Science & Nuclear Fund.

The pamphlet deals with the Fund's approach to the problem of investing in those companies actively engaged in the develop-

ment of nuclear and other related sciences. Two distinct areas of investment opportunities exist in the field of nuclear science, according to the pamphlet, which describes both briefly.

Copies may be obtained from Science & Nuclear Distributors, Inc., 1500 Walnut Street, Philadelphia 2, Pa.

Group Securities Sales Up 33.5%

Group Securities, Inc. reports 9-month sales through Sept. 30, of $17,498,709, an average of $1,944,301 per month, according to Herbert R. Anderson, President of the $100,000,000 mutual fund. This represents an increase of 33.5% over 1954 figures for the same period.

Shares outstanding rose 28.3% to 12,641,072 since Sept. 30, 1954, and total shareholders increased 20.1% to 35,050.

PERSONAL PROGRESS

Appointment of Eugene R. Casey, former Steve Hannagan account executive and Carl Byoir associate, as director of public relations of Tri-Continental, Broad Street Investing and National Investors Corporations, and Whitehall Fund, Inc., was announced Oct. 11 by Francis F. Randolph, Chairman of the Board and President of the investment companies.

The investment companies have assets of about $400,000,000. Tri-Continental, with $263,000,000, is the largest diversified closed-end investment company in the United States. The other three companies, all mutual funds, make the group one of the larger and more diversified in the country.

Mr. Casey will serve also as public relations director of Union Service Corporation, jointly operated to furnish investment research and administrative services to the investment companies at a cost among the lowest in the industry, and of Union Securities Corporation, Tri-Continental's wholly-owned securities underwriting and distributing subsidiary. A Boston newspaperman and magazine writer for more than 20 years, Mr. Casey was recently connected in a management capacity with S. Richard Stern Associates.

Two With Cantor Fitzgerald

(Special to THE FINANCIAL CHRONICLE)

LOS ANGELES, Calif.—Stuart A. Fine and Mark W. Kosterman have joined the staff of Cantor, Fitzgerald & Co., Inc., 232 North Canon Drive. Mr. Kosterman was previously with J. A. Hogle & Co.

Sale of Chemical And Oil Shares Cited by Lehman

Net asset value of The Lehman Corporation on Sept. 30, the end of the first fiscal quarter of 1955, was $219,059,386, equal to $47.35 per share of capital stock, Robert Lehman, President, and Monroe C. Gutman, Chairman of the Executive Committee, reported in the Interim Report to Stockholders. This compares with a net asset value of $39.94 per share at the same time last year and $48.47 per share at the end of the previous quarter.

During the three months period, the Corporation purchased securities, other than U. S. Government obligations, at a cost of $4,262,975 and realized $5,586,063 as the proceeds from securities sold. Common stocks constituted 90.1% of net asset value at the end of this period, as against 91% three months earlier. U. S. Government obligations, net cash and receivables amounted to $18,218,056, or 8.3% of net assets on Sept. 30, 1955, as against $16,784,575, or 7.5% of net assets on June 30, 1955.

On Sept. 14, a change was made in the policy of distributing dividends quarterly when the Board of Directors declared a dividend of 22½c per share as against 15c per share distributed heretofore. The payment of the 22½c dividend for each of the first three quarters of the fiscal year will provide a more evenly-spaced distribution of income to stockholders. The final ordinary dividend is accompanied by the simultaneous distribution of such net capital gains as may have been realized during the fiscal year.

New additions to the portfolio were 10,000 shares The Coca Cola Company; 13,500 shares Capital Airlines, Inc.; 10,000 shares Hudson's Bay Company; 2,500 shares National Life and Accident Insurance Company; 25,000 shares Consolidated Gold Fields of South Africa, Limited.

Chief increases were 6,230 shares of American Natural Gas Company; 3,225 shares Powell River Company Limited; 5,000 shares Dominion Stores Limited; 300 shares Connecticut General Life Insurance Company; 3,500 shares of McMillan & Bloedel, Ltd. "B."

Among the sales were 10,000 shares Food Machinery and Chemical Corporation, leaving 25,000 shares in the portfolio; 9,700 shares Smith, Kline & French Laboratories, leaving 23,000 shares in the portfolio; 4,000 shares Amerada Petroleum Corporation, leaving 144,000 shares in the portfolio; 6,700 shares Barber Oil Corporation, leaving 21,300 shares in the portfolio; 8,000 shares Ohio Oil Company, leaving 4,000 shares in the portfolio; 6,000 shares of Chas. Pfizer & Co., Inc., leaving 19,000 shares in the portfolio; 10,000 shares The Chicago Corporation, leaving 10,000 shares in the portfolio, and 4,000 shares American Metal Company, Limited, leaving 18,000 shares in the portfolio. Eliminated from the portfolio were 10,500 shares common stock of American Cyanamid Company and 10,000 shares Philco Corporation; 6,300 shares Admiral Corporation.

Joins York Staff

(Special to THE FINANCIAL CHRONICLE)

SAN FRANCISCO, Calif.—John C. Smith is now affiliated with York & Co., 235 Montgomery St., members of the San Francisco Stock Exchange.

With B. C. Morton

(Special to THE FINANCIAL CHRONICLE)

SAN JOSE, Calif.—John P. Carney is now with B. C. Morton & Co.

$50 Million N. Y. State Thruway Bonds Offered

The Chase Manhattan Bank and associates are offering $50,000,000 New York State Thruway Authority State Guaranteed Thruway bonds (third issue) maturing Jan. 1, 1985 to July 1, 1995. The bonds are priced to yield from 2.35% to 2.50%, according to maturity, and are subject to redemption after Oct. 1, 1963 at receding prices from 103½%.

Other members of the offering group include: Kuhn, Loeb & Co.; Chemical Corn Exchange Bank; Blyth & Co., Inc.; C. J. Devine & Co.; Manufacturers Trust Company; The Marine Trust Company of Western New York; Harris Trust and Savings Bank; The Northern Trust Company; Hallgarten & Co.; Kidder, Peabody & Co.; Ladenburg, Thalmann & Co.; R. W. Pressprich & Co.; Salomon Bros. & Hutzler; Barr Brothers & Co.; Blair & Co. Incorporated; The Philadelphia National Bank; Bear, Stearns & Co.; Equitable Securities Corporation; Estabrook & Co.; Hemphill, Noyes & Co.; Kean, Taylor & Co.; Manufacturers and Traders Trust Company, Buffalo; Mercantile Trust Company, St. Louis; Stone & Webster Securities Corporation; White, Weld & Co.; A. C. Allyn and Company Incorporated; F. S. Moseley & Co.; B. J. Van Ingen & Co. Inc.; L. F. Rothschild & Co.; Geo. B. Gibbons & Company Incorporated; Reynolds & Co.; Schoellkopf, Hutton & Pomeroy, Inc.; Adams, McEntee & Co., Inc.; Bache & Co.; Carl M. Loeb, Rhoades & Co.; W. H. Morton & Co. Incorporated; A. G. Becker & Co. Incorporated; First of Michigan Corporation; Laurence M. Marks & Co.

Joins B. I. Barnes

(Special to THE FINANCIAL CHRONICLE)

BOULDER, Colo. — Walter J. Layland has joined the staff of B. I. Barnes, 2007 13th Street.

Emory Reece Adds

(Special to THE FINANCIAL CHRONICLE)

COLORADO SPRINGS, Colo.—J. Paul Watson has become affiliated with Emory Reece, 3750 North Nevada Avenue.

Now With Robert Connell

(Special to THE FINANCIAL CHRONICLE)

DENVER, Colo.—Ted M. Johnson has become associated with Robert K. Connell, Inc., First National Bank Building. Mr. Johnson was formerly with Brereton, Rice & Co.

Joins Denver Secs.

(Special to THE FINANCIAL CHRONICLE)

DENVER, Colo.—John D. Marks has become connected with Denver Securities, Inc., 711 17th Street.

With F I F Management

(Special to THE FINANCIAL CHRONICLE)

DENVER, Colo. — Moyer Q. Quaintance is now with F I F Management Corporation, 444 Sherman Street.

With Hamilton Managem't

(Special to THE FINANCIAL CHRONICLE)

DENVER, Colo. — Richard R. Payne is now with Hamilton Management Corporation, 445 Grant Street.

Mt. States Secs. Adds

(Special to THE FINANCIAL CHRONICLE)

DENVER, Colo. — Edwin A. King is now with Mountain States Securities Co., Denver Club Building.

With Shelley, Roberts

(Special to THE FINANCIAL CHRONICLE)

DENVER, Colo. — Charles W. Marion, Jr. has become associated with Shelley, Roberts & Co., First National Bank Building.

Securities Salesman's Corner

By JOHN DUTTON

A Strong Case for Canadian Securities

Well known, of course, is the continuing growing appreciation on the part of American investors in the splendid investment opportunities which abound in Canada. Not so apparent to many, however, are the reasons for the degree of their popularity.

Accordingly, it is fitting that attention is called to the informative article published in the "Chronicle" of Sept. 29. This article included tables showing the large number of Canadian listed stocks on which consecutive cash dividends have been paid from five to 127 years. Dividends, yields, and recent market price were given as well as the number of years consecutive dividends have been paid. The Article was entitled "Canada's Industrial, Mineral and Financial Growth." The article, together with the list of consecutive dividend payers, is being made available by the "Chronicle" in pamphlet form to fit into a number 10 envelope at the following prices: 1 to 199 copies at 15c each; 200 or more copies at 12c each. "Compliments of" and the dealer's name in the line below is imprinted in the space provided for this purpose when 100 copies or more are ordered. These reprints could be used very effectively to stimulate qualified leads for your sales organization.

A Suggested Advertisement

Using a double return card, or a newspaper advertisement, copy along this line might be productive of interested inquiries.

Growing Canada — An Investor's Opportunity!

Send for a free list of sound, growing Canadian companies whose common stocks have paid cash dividends consecutively for 5 to 127 years. A free booklet, *"Canada's Industrial, Mineral and Financial Growth,"* will be sent you on request—no obligation, of course.

BLANK & CO.

Telephone ---------- or mail coupon below for your free copy

Blank & Co.,
Main Street, Anytown.

Without cost or obligation please mail me a copy of your pamphlet entitled "Canada's Industrial, Mineral and Financial Growth" containing data on listed stocks that have paid consecutive cash dividends from 5 to 127 years.

Name----------

Address----------

The reason I am writing about this article which is available in reprint form is two-fold. First, I believe that the subject of Canadian investments is one that bears thorough consideration. The second is that I feel certain that one of the most profitable types of advertising any firm can do is to offer high grade investment literature that is informative and educational. If you will re-read this Sept. 29th article in the "Chronicle" I think you will agree that it measures up on both counts.

Keep the Leads Coming

Think this out. Put a qualified salesman to work on a list of prospects that can buy, and who have the willingness to listen, and you are going to make money on that salesman's work and so will it be with him. But even the best and most conscientious salesman can waste time and energy calling on people who don't have the money, are not interested in securities, or who cannot be interviewed at a favorable time and place. Money spent on advertising that brings in leads gives your salesmen a dignified and proper reason to make a call. I don't believe in cold canvass, although some men and some firms say it works out—it is much better to have a "bridge over" or contact point with your prospects. This type of advertising will help your salesmen meet qualified people.

Don't Forget

Good salesmen follow leads—by telephone, by letter, by personal call. They don't waste their firm's money by allowing leads to grow cold. Every lead should be followed within the week it is received at THE LATEST.

Joins Hannold Staff

(Special to THE FINANCIAL CHRONICLE)

DENVER, Colo. — Joseph W. Zimmerman has become associated with Honnold and Company, Inc., 524 17th Street. In the past Mr. Zimmerman was with E. I. Shelley Company.

With White & Co.

(Special to THE FINANCIAL CHRONICLE)

ST. LOUIS, Mo.—James A. Alsup has joined the staff of White & Company, Mississippi Valley Building, members of the Midwest Stock Exchange.

Continued from page 5

The State of Trade and Industry

with expectations of the most prolific Rambler production in history.

Steel Output Scheduled to Rise to 97.4% of Capacity This Week

Most of 1956 model cars are face lift jobs—new in appearance, with few mechanical improvements—but 1957 will bring completely new cars, "Steel" magazine currently forecasts.

Work on 1957 models is already under way, the metalworking magazine pointed out. It takes 20 months of lead time to design an automobile and tool it.

Keen industry competition, states this trade paper, is forcing automakers to change the basic body shell and major sheet metal every two years, with a major face lifting in between. The postwar pattern has been three years. This means upwards of $1,000,000,000 for tooling every two years, according to "Steel."

This new policy could almost double the cost of each new model introduced year by year. To offset this, stylists and tool engineers are working together to anticipate styling changes and provide for them in the original tooling. This may result in new concepts for diemaking and materials handling. Plastic tooling may be introduced.

Completely new lines every year aren't too feasible, "Steel" pointed out. It takes too long to design and tool a new car, and a yardstick of public acceptance is needed to guard against a market miss.

Normally, a period of low consumption of steel accompanies model change-overs. This year the automobile industry has continued to take in steel, expecting to use it on 1956 models. Demand for autos is strong enough that dealers appear to be able to dispose of 1955 models by the time 1956 models arrive.

This strong use of steel lends support to the feeling that steel production in 1956 will approximate the 1955 output, with the tendency to be on the downside if there is any change, continues this trade journal.

This year's production appears headed for a new record of between 115,000,000 and 116,000,000 tons. The record, 111,609,719 tons, was set in 1953. If production hits 116,000,000 tons, the industry will have operated at an average of 92% of capacity this year. Last year's average was only 71%.

Heavy demand for steel and favorable conditions for production pushed steel ingot output up one point in the week ended Oct. 9 to 97% of capacity, highest rate since the last week of June.

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 97.4% of capacity for the week beginning Oct. 10, 1955, equivalent to 2,350,000 tons of ingots and steel for castings as compared with 96.7% of capacity and 2,334,000 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 95.7% and production 2,309,000 tons. A year ago the actual weekly production was placed at 1,735,000 tons or 72.8%. 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 Registers a Mild Increase in the Latest Week

The amount of electric energy distributed by the electric light and power industry for the week ended Saturday, Oct. 8, 1955, was estimated at 10,639,000,000 kwh., according to the Edison Electric Institute.

This week's output increased 12,000,000 kwh. above that of the previous week, when the actual output stood at 10,627,000,000 kwh.; it increased 1,446,000,000 kwh., or 15.7% above the comparable 1954 week and 2,332,000,000 kwh. over the like week in 1953.

Car Loadings Turn Mildly Upward In the Period Ended Oct. 1

Loadings of revenue freight for the week ended Oct. 1, 1955, increased 1,287 cars or 0.2% above the preceding week, according to the Association of American Railroads.

Loadings for the week ended Oct. 1, 1955, totaled 820,312 cars, an increase of 98,669 cars, or 13.7% above the corresponding 1954 week, and an increase of 7,778 cars, or 1% above the corresponding week in 1953.

U. S. Car Scheduling Declined Further Last Week

Output in the automotive industry for the latest week, ended Oct. 7, 1955, according to "Ward's Automotive Reports," continued to decline below that of the week preceding by 27.2%.

Last week the industry assembled an estimated 84,196 cars, compared with 115,723 (revised) in the previous week. The past week's production total of cars and trucks amounted to 100,951 units, or a decrease below the preceding week's output to 37,830 units, states "Ward's."

Last week's car output declined below that of the previous week by 31,527 cars, while truck output decreased by 6,303 vehicles during the week. In the corresponding week last year 63,925 cars and 15,183 trucks were assembled.

Last week the agency reported there were 16,755 trucks made in the United States. This compared with 23,058 in the previous week and 15,183 a year ago.

Canadian output last week was placed at 5,320 cars and 1,155 trucks. In the previous week Dominion plants built 4,942 cars and 811 trucks, and for the comparable 1954 week 1,639 cars and 863 trucks.

Business Failures Moved Slightly Higher

Commercial and industrial failures rose to 207 in the week ended Oct. 6 from 186 in the preceding week, Dun & Bradstreet, Inc., stated. Despite this upturn, failures were below a year ago when 230 occurred, although they remained slightly above the 186 in the similar week of 1953. Continuing below the prewar level, the toll was off 26% from the 279 recorded in 1939.

Failures with liabilities of $5,000 or more rose to 163 from 155 but remained below the 187 a year ago. Small failures under $5,000, edged up to 44 from 31 in the previous week and 43 in the comparable week of 1954. Eight businesses failed with liabilities in excess of $100,000 as against 16 a week ago.

Wholesale Food Price Index Reacted to a Sharply Lower Level the Past Week

Following a mild upturn the week before, the wholesale food price index, compiled by Dun & Bradstreet, Inc., dipped sharply below the previous figure of $6.28, to stand at $6.17 on Oct. 4, the lowest level since Aug. 30, and only slightly above the 1955 low of $6.15 recorded on that date. The latest index reflects a drop of 7.8% from $6.69 a year ago.

Price changes last week included advances for barley, hams, butter, sugar, milk and currants. Lower in wholesale cost were flour, wheat, corn, rye, oats, bellies, lard, coffee, cottonseed oil, cocoa, beans, eggs, potatoes, prunes, 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 Last Week Registered Sharpest Weekly Loss in Some Time

Following irregular movements early in the week, the daily wholesale commodity price index, compiled by Dun & Bradstreet, Inc., turned sharply lower to register the sharpest weekly loss in some time. The index closed at 278.20 on Oct. 4, as against 279.45 a week earlier and 275.76 on the same date last year.

Grain markets were unsettled and generally lower for the week, particularly the feed grains.

A wave of liquidation and selling in the latter part of the week brought sharp declines in grain and soybean futures, following a heavy buying movement on Monday of last week, influenced by the news of President Eisenhower's illness and the improved prospects for a return to high and rigid price supports for farm products.

Cash wheat markets showed a slightly firmer trend despite recent ample rains which relieved the dry situation in the Southwest and made for an excellent seed bed for 1956 hard Winter wheat. Corn picking, however, has made only a fair start due to the rainy weather. Sales of grain and soybean futures on the Chicago Board of Trade last week reached the highest volume in some time. Daily average purchases totaled about 70,300,000 bushels, against 65,500,000 the previous week and 42,600,000 last year.

Trading in cocoa was fairly active with prices moving in a narrow range. Warehouse stocks of cocoa continued to decline and totaled 212,358 bags, against 218,026 a week previous. At this time last year they stood at 113,393 bags. Lard was under pressure and prices reacted downward in sympathy with the drop in grains. Hog values declined in late trading under the influence of heavy market receipts and lower prices for some wholesale pork cuts. Current prices of hogs were said to be at the lowest level touched since June 1946.

Cotton prices trended downward most of the week and at the close suffered the sharpest losses in more than five years.

The decline was sparked by sharply higher estimates of crop production this year, coupled with the continued lag in exports, relative cheapness of foreign growths and the contemplated sale of CCC stocks at competitive prices after the turn of the year.

CCC loan entries continued to rise and totaled 92,600 bales in the week ended Sept. 23, against 53,400 the week previous. Entries for the season through that date were 216,900 bales, compared with 167,400 bales a year ago. Sales of cotton in the 14 markets last week were reported at 290,300 bales, against 293,300 a week earlier and 524,500 last year.

Trade Volume Stimulated by Good Weather and Sales Promotions Rose Sharply Above Like Week of 1954

Retail trade was stimulated last week by favorable weather and sales promotions. Moderate increases in sales volume were reported, and the dollar volume considerably exceeded last year's level.

The dollar volume of retail trade in the period ended on Wednesday of last week was 4 to 8% 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 and South +1 to +5; East and Southwest +4 to +8; Midwest and Northwest +5 to +9 and Pacific Coast +6 to +10%.

The dollar volume of wholesale orders remained at a high level this week.

A moderate gain over the level of the corresponding week in 1954 was maintained.

In some lines wholesale inventories were reduced and deliveries were prompt the past week.

Department store sales on a country-wide basis as taken from the Federal Reserve Board's index for the week ended Oct. 1, 1955, advanced 15% from the like period last year. In the preceding week, Sept. 24, 1955, a rise of 3% was registered above that of the similar period of 1954, while for the four weeks ended Oct. 1, 1955, an increase of 8% was reported. For the period Jan. 1, 1955 to Oct. 1, 1955, a gain of 7% was registered above that of 1954.

Retail trade in New York City last week showed little if any change in sales volume from that of the like week a year ago. In the preceding week a gain of 6% in volume was reported.

According to the Federal Reserve Board's index, department store sales in New York City for the weekly period ended Oct. 1, 1955, rose 10% above that of the like period of last year. In the preceding week, Sept. 24, 1955, a decrease of 4% was recorded. For the four weeks ending Oct. 1, 1955, an increase of 3% occurred. For the period Jan. 1, 1955 to Oct. 1, 1955, the index recorded a rise of 2% from that of the corresponding period of 1954.

Sutro Bros. Exhibit At Women's Exposition

Sutro Bros. & Co., one of the larger New York brokerage firms, disclosed plans to participate in the 32nd Annual Women's International Exposition, to be held Nov. 7 through 13 at the 71st Regiment Armory, Park Avenue and 34th Street, New York City.

Some 100,000 women are expected to attend the giant Exposition which features every facet of women's endeavor from handcrafts to philanthropy. Its sponsor, the Women's National Institute of 480 Lexington Avenue, New York City, said many commercial and industrial firms also will exhibit.

Speaking for Sutro Bros. & Co. Miss Jeannette Levine has said: "We feel that the women of America are today performing an ever-increasing role in our country's life. For example, they control 65% of the private wealth, including 62% of savings accounts in the savings and loan associations.

"It may be hard to imagine 'Mother' as a captain of industry, but the fact is that she owns 53% of all privately-owned stock: 32% of all share-owners are housewives. Nevertheless, we have found that many women are puzzled by—and even suspicious of the fundamentals of finance, a keystone of our free American economy.

"It is, therefore, the purpose of Sutro Bros. & Co. in entering the Women's International Exposition to acquaint the thousands of ladies who will attend with the basic facts about stocks, bonds, exchanges, brokerage houses, etc. We hope to perform an educational public service by lifting the mantle of mystery from finance."

Sutro's booth at the Exposition, Miss Levine disclosed, will be manned by experts from its own staff who will talk to visitors, answer their questions and present demonstrations of the workings of finance. Although no sales of stock will be made at the show, she added, a share of industrial or utility stock will be given away free each day.

With Merrill Lynch

(Special to THE FINANCIAL CHRONICLE)

KANSAS CITY, Mo.—Oscar A. Von Mayrhauser is now with Merrill Lynch, Pierce, Fenner & Beane, 1003 Walnut Street.

Joins Merrill Lynch

(Special to THE FINANCIAL CHRONICLE)

ST. LOUIS, Mo. — Jarvis W. Lambert is affiliated with Merrill Lynch, Pierce, Fenner & Beane, 511 Locust Street.

Daniel D. Weston Adds

(Special to THE FINANCIAL CHRONICLE)

BEVERLY HILLS, Calif. — Nancy L. Weston has joined the staff of Daniel D. Weston & Co., 140 South Beverly Drive.

Two With Calif. Investors

(Special to THE FINANCIAL CHRONICLE)

LOS ANGELES, Calif.—Walter F. McClintock and John A. Traver have become affiliated with California Investors, 3924 Wilshire Boulevard.

With Lester, Ryons

(Special to THE FINANCIAL CHRONICLE)

LOS ANGELES, Calif.—Harlan C. Cottrell is now with Lester, Ryons & Co., 623 South Hope St., members of the New York and San Francisco Stock Exchanges. He was formerly with Hill Richards & Co.

Joins Leonard Schneider

(Special to THE FINANCIAL CHRONICLE)

LOS ANGELES, Calif.—John V. Bennes and Beatrice P. D'Artois have joined the staff of Leonard B. Schneider, 5909 Melrose Ave.

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. 16	§97.4	*96.7	95.7	72.8
Equivalent to—					
Steel ingots and castings (net tons)	Oct. 16	§2,350,000	*2,334,000	2,309,000	1,735,000
AMERICAN PETROLEUM INSTITUTE:					
Crude oil and condensate output—daily average (bbls. of 42 gallons each)	Sept. 30	6,660,600	*6,671,300	6,661,876	6,144,650
Crude runs to stills—daily average (bbls.)	Sept. 30	¶7,462,000	7,404,000	7,642,000	6,979,000
Gasoline output (bbls.)	Sept. 30	25,448,000	25,426,000	26,183,000	24,371,000
Kerosene output (bbls.)	Sept. 30	2,012,000	2,061,000	1,979,000	2,167,000
Distillate fuel oil output (bbls.)	Sept. 30	10,843,000	11,131,000	11,567,000	10,429,000
Residual fuel oil output (bbls.)	Sept. 30	7,430,000	8,066,000	7,482,000	7,908,000
Stocks at refineries, bulk terminals, in transit, in pipe lines—					
Finished and unfinished gasoline (bbls.) at	Sept. 30	151,266,000	151,805,000	153,292,000	152,118,000
Kerosene (bbls.) at	Sept. 30	36,413,000	36,254,000	34,945,000	38,390,000
Distillate fuel oil (bbls.) at	Sept. 30	143,722,000	142,814,000	133,365,000	127,836,000
Residual fuel oil (bbls.) at	Sept. 30	46,754,000	46,932,000	46,587,000	56,365,000
ASSOCIATION OF AMERICAN RAILROADS:					
Revenue freight loaded (number of cars)	Oct. 1	820,312	819,025	794,192	721,643
Revenue freight received from connections (no. of cars)	Oct. 1	686,029	681,043	673,760	614,047
CIVIL ENGINEERING CONSTRUCTION — ENGINEERING NEWS-RECORD:					
Total U. S. construction	Oct. 6	$464,569,000	$266,042,000	$375,714,000	$192,931,000
Private construction	Oct. 6	330,197,000	154,320,000	289,809,000	92,655,000
Public construction	Oct. 6	134,372,000	111,722,000	85,905,000	100,276,000
State and municipal	Oct. 6	122,092,000	74,646,000	78,897,000	70,143,000
Federal	Oct. 6	12,280,000	37,076,000	7,008,000	30,133,000
COAL OUTPUT (U. S. BUREAU OF MINES):					
Bituminous coal and lignite (tons)	Oct. 1	9,580,000	*9,570,000	9,520,000	8,116,000
Pennsylvania anthracite (tons)	Oct. 1	577,000	602,000	444,000	550,000
DEPARTMENT STORE SALES INDEX—FEDERAL RESERVE SYSTEM—1947-49 AVERAGE = 100	Oct. 1	126	121	125	110
EDISON ELECTRIC INSTITUTE:					
Electric output (in 000 kwh.)	Oct. 8	10,639,000	10,627,000	10,155,000	9,193,000
FAILURES (COMMERCIAL AND INDUSTRIAL) — DUN & BRADSTREET, INC.	Oct. 6	207	186	205	230
IRON AGE COMPOSITE PRICES:					
Finished steel (per lb.)	Oct. 4	5.174c	5.174c	5.174c	4.801c
Pig iron (per gross ton)	Oct. 4	$59.00	$59.09	$59.09	$56.59
Scrap steel (per gross ton)	Oct. 4	$44.83	$44.83	$43.83	$32.00
METAL PRICES (E. & M. J. QUOTATIONS):					
Electrolytic copper—					
Domestic refinery at	Oct. 5	43.850c	44.175c	44.375c	29.700c
Export refinery at	Oct. 5	43.475c	44.950c	44.425c	32.350c
Straits tin (New York) at	Oct. 5	96.125c	96.750c	95.375c	94.750c
Lead (New York) at	Oct. 5	15.500c	15.500c	15.000c	14.850c
Lead (St. Louis) at	Oct. 5	15.300c	15.300c	14.800c	14.550c
Zinc (East St. Louis) at	Oct. 5	13.000c	13.000c	12.500c	11.500c
MOODY'S BOND PRICES DAILY AVERAGES:					
U. S. Government Bonds	Oct. 11	95.98	95.45	95.03	100.00
Average corporate	Oct. 11	107.62	107.62	107.27	110.52
Aaa	Oct. 11	111.07	110.88	110.52	115.43
Aa	Oct. 11	109.60	109.42	108.88	112.19
A	Oct. 11	107.80	107.80	107.44	110.52
Baa	Oct. 11	102.63	102.63	102.63	104.66
Railroad Group	Oct. 11	106.21	106.21	105.86	108.88
Public Utilities Group	Oct. 11	108.16	107.98	107.80	110.88
Industrials Group	Oct. 11	108.70	108.52	108.34	112.00
MOODY'S BOND YIELD DAILY AVERAGES:					
U. S. Government Bonds	Oct. 11	2.80	2.84	2.87	2.50
Average corporate	Oct. 11	3.30	3.30	3.32	3.14
Aaa	Oct. 11	3.11	3.12	3.14	2.88
Aa	Oct. 11	3.19	3.20	3.23	3.05
A	Oct. 11	3.29	3.29	3.31	3.14
Baa	Oct. 11	3.59	3.59	3.59	3.47
Railroad Group	Oct. 11	3.38	3.38	3.40	3.23
Public Utilities Group	Oct. 11	3.27	3.28	3.29	3.12
Industrials Group	Oct. 11	3.24	3.25	3.26	3.06
MOODY'S COMMODITY INDEX	Oct. 11	404.5	406.9	409.5	404.8
NATIONAL PAPERBOARD ASSOCIATION:					
Orders received (tons)	Oct. 1	294,523	256,104	382,847	321,548
Production (tons)	Oct. 1	292,654	293,667	291,453	260,584
Percentage of activity	Oct. 1	102	102	101	95
Unfilled orders (tons) at end of period	Oct. 1	585,740	585,767	665,766	428,796
OIL, PAINT AND DRUG REPORTER PRICE INDEX—1949 AVERAGE = 100	Oct. 7	107.04	107.09	106.39	106.06
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. 17	1,307,513	1,019,676	854,453	900,018
Dollar value	Sept. 17	$74,950,287	$58,281,736	$47,603,905	$44,330,803
Odd-lot purchases by dealers (customers' sales)—					
Number of orders—Customers' total sales	Sept. 17	1,124,494	857,024	675,607	969,947
Customers' short sales	Sept. 17	4,990	4,288	5,338	11,580
Customers' other sales	Sept. 17	1,119,504	852,736	670,269	958,367
Dollar value	Sept. 17	$58,635,672	$44,083,755	$34,452,337	$43,710,337
Round-lot sales by dealers—					
Number of shares—Total sales	Sept. 17	308,890	222,880	177,600	313,590
Short sales	Sept. 17	------	------	------	------
Other sales	Sept. 17	308,890	222,880	177,600	313,590
Round-lot purchases by dealers—					
Number of shares	Sept. 17	499,110	416,080	367,840	278,380
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. 17	569,710	464,230	436,530	403,810
Other sales	Sept. 17	13,462,750	10,045,810	7,152,220	10,353,830
Total sales	Sept. 17	14,032,460	10,510,040	7,588,750	10,757,640
ROUND-LOT TRANSACTIONS FOR ACCOUNT OF MEMBERS, EXCEPT ODD-LOT DEALERS AND SPECIALISTS:					
Transactions of specialists in stocks in which registered—					
Total purchases	Sept. 17	1,655,230	1,287,840	875,060	1,207,550
Short sales	Sept. 17	266,640	217,460	188,380	202,350
Other sales	Sept. 17	1,369,890	1,069,280	682,650	1,031,530
Total sales	Sept. 17	1,636,530	1,286,740	871,030	1,233,880
Other transactions initiated on the floor—					
Total purchases	Sept. 17	390,220	255,550	183,010	397,250
Short sales	Sept. 17	32,850	26,650	19,000	26,650
Other sales	Sept. 17	354,080	283,650	158,630	361,290
Total sales	Sept. 17	386,930	310,300	177,630	387,940
Other transactions initiated off the floor—					
Total purchases	Sept. 17	295,231	450,725	345,345	444,575
Short sales	Sept. 17	157,612	130,150	115,100	53,180
Other sales	Sept. 17	756,980	763,834	427,485	458,550
Total sales	Sept. 17	914,592	893,984	542,585	511,730
Total round-lot transactions for account of members—					
Total purchases	Sept. 17	2,640,681	1,994,115	1,403,415	2,049,375
Short sales	Sept. 17	457,102	374,260	322,480	282,180
Other sales	Sept. 17	2,480,950	2,116,764	1,268,765	1,851,370
Total sales	Sept. 17	2,938,052	2,491,024	1,591,245	2,133,550
WHOLESALE PRICES, NEW SERIES — U. S. DEPT. OF LABOR — (1947-49 = 100):					
Commodity Group—					
All commodities	Oct. 4	111.1	*111.4	111.1	109.6
Farm products	Oct. 4	87.9	89.0	88.3	92.2
Processed foods	Oct. 4	101.0	*101.8	101.8	103.3
Meats	Oct. 4	80.9	83.9	84.2	84.6
All commodities other than farm and foods	Oct. 4	118.0	118.0	117.8	114.6

*Revised figure. ¶Includes 874,000 barrels of foreign crude runs. §Based on new annual capacity of 125,828,310 tons as of Jan. 1, 1955, as against Jan. 1, 1954 basis of 124,330,410 tons.
†Number of orders not reported since introduction of Monthly Investment Plan.

	Latest Month	Previous Month	Year Ago
AMERICAN GAS ASSOCIATION—For month of August:			
Total gas (M therms)	4,219,316	4,123,537	3,955,900
Natural gas sales (M therms)	4,046,943	3,930,526	3,785,100
Manufactured gas sales (M therms)	20,233	24,076	29,000
Mixed gas sales (M therms)	152,140	168,935	141,800
AMERICAN PETROLEUM INSTITUTE—Month of July:			
Total domestic production (barrels of 42 gallons each)	226,683,000	218,596,000	213,983,000
Domestic crude oil output (barrels)	205,600,000	198,389,000	194,037,000
Natural gasoline output (barrels)	21,053,000	20,167,000	19,905,000
Benzol output (barrels)	30,000	40,000	45,000
Crude oil imports (barrels)	25,788,000	22,934,000	22,448,000
Refined products imports (barrels)	9,050,000	11,840,000	9,208,000
Indicated consumption domestic and export (barrels)	245,332,000	251,722,000	231,469,000
Increase all stock (barrels)	16,189,000	1,648,000	14,170,000
AMERICAN ZINC INSTITUTE INC.—Month of September:			
Slab zinc smelter output all grades (tons of 2,000 pounds)	83,448	*84,874	60,137
Shipments (tons of 2,000 pounds)	87,365	90,080	77,885
Stocks at end of period (tons)	42,167	*46,084	175,505
Unfilled orders at end of period (tons)	52,278	73,632	48,818
COAL OUTPUT (BUREAU OF MINES)—Month of September:			
Bituminous coal and lignite (net tons)	41,000,000	43,430,000	34,471,000
Pennsylvania anthracite (net tons)	2,323,000	*1,812,000	2,253,000
DEPARTMENT STORE SALES—FEDERAL RESERVE SYSTEM — 1947-49 Average=100—Month of September:			
Adjusted for seasonal variations	119	*119	111
Without seasonal adjustment	121	*105	113
EDISON ELECTRIC INSTITUTE:			
Kilowatt-hour sales to ultimate consumers—Month of July (000's omitted)	39,557,320	38,850,790	33,894,024
Revenue from ultimate customers—month of July	$661,284,000	$647,704,000	$604,006,000
Number of ultimate customers at July 31	51,981,145	51,875,232	50,617,033
FABRICATED STRUCTURAL STEEL (AMERICAN INSTITUTE OF STEEL CONSTRUCTION)—Month of August:			
Contracts closed (tonnage)—estimated	311,453	*369,414	193,081
Shipments (tonnage)—estimated	266,715	*219,444	272,479
FACTORY EARNINGS AND HOURS—WEEKLY AVERAGE ESTIMATE—U. S. DEPT. OF LABOR—Month of August:			
Weekly Earnings—			
All manufacturing	$77.11	*$76.36	$71.06
Durable goods	83.83	*82.21	76.59
Non-durable goods	67.83	*67.89	64.68
Hours—			
All manufacturing	40.8	*40.4	39.7
Durable goods	41.5	*40.9	40.1
Non-durable goods	39.9	39.7	39.2
Hourly Earnings—			
All manufacturing	$1.89	*$1.89	$1.79
Durable goods	2.02	*2.01	1.91
Non-durable goods	1.70	1.71	1.65
METAL PRICES (E. & M. J. QUOTATIONS)—Average for month of September:			
Copper (per pound)—			
Electrolytic domestic refinery	44.052c	38.150c	29.700c
Electrolytic export refinery	44.339c	40.009c	30.066c
Lead—			
Common, New York (per pound)	15.100c	15.000c	14.598c
Common, St. Louis (per pound)	14.940c	14.800c	14.400c
‡‡Prompt, London (per long ton)	£107.568	£106.494	£101.347
††Three months, London (per long ton)	£107.293	£105.920	£99.239
¶Antimony, New York Boxed	36.470c	34.137c	31.970c
Antimony (per pound) bulk, Laredo	33.000c	30.667c	28.500c
Antimony (per pound) Laredo	33.500c	31.167c	29.000c
Platinum refined (per ounce)	$92.780	$84.000	$84.000
Zinc (per pound)—East St. Louis	12.928c	12.500c	11.408c
††Zinc, London, prompt (per long ton)	£91.886	£89.710	£80.614
††Zinc, London, three months (per long ton)	£91.480	£89.716	£80.454
†Cadmium, refined (per pound)	$1.70000	$1.70000	$1.70000
‡Cadmium (per pound)	$1.70000	$1.70000	$1.70000
§Cadmium (per pound)	$1.70000	$1.70000	$1.70000
Cobalt, 97	$2.60000	$2.60000	$2.60000
Silver and Sterling Exchange—			
Silver, New York (per ounce)	90.804c	90.750c	85.250c
Silver, London (pence per ounce)	79.483	79.119	73.239
Sterling Exchange (Check)	$2.78583	$2.78665	$2.80080
Tin, New York straits	96.245c	96.458c	93.535c
§§New York, 99% min.	95.245c	95.458c	92.535c
Gold (per ounce, U. S. price)	$35.000	$35.000	$35.000
Quicksilver (per flask of 76 pounds)	$263.400	$253.889	$311.000
Aluminum, 99% plus ingot (per pound)	24.400c	24.333c	22.200c
Magnesium ingot (per pound)	32.500c	30.574c	27.000c
**Nickel	64.500c	64.500c	60.000c
Bismuth (per pound)	$2.25	$2.25	$2.25
MOTOR VEHICLE FACTORY SALES FROM PLANTS IN U. S.—AUTOMOTIVE MANUFACTURERS' ASSN.—Month of August:			
Total number of vehicles	716,163	768,621	521,450
Number of passenger cars	620,610	658,736	445,306
Number of motor trucks	95,119	109,589	75,835
Number of buses	434	296	309
PORTLAND CEMENT (BUREAU OF MINES)—Month of July:			
Production (barrels)	27,332,000	26,783,000	25,482,000
Shipments from mills (barrels)	29,124,000	31,260,000	27,702,000
Stocks (at end of month—barrels)	16,720,000	18,828,000	17,524,000
Capacity used	107	111	102
RAILROAD EARNINGS CLASS I ROADS (ASSOCIATION OF AMERICAN RRs.)—Month of August:			
Total operating revenues	$905,142,066	$849,559,590	$804,816,760
Total operating expenses	669,747,436	644,827,920	623,326,478
Operating ratio	73.99	75.90	77.45
Taxes	$105,557,844	$90,034,664	$74,494,483
Net railway operating income before charges	109,723,193	92,612,113	84,122,360
Net income after charges (estimated)	93,000,000	72,000,000	65,000,000

*Revised figure. †Based on the producers' quotation. ‡Based on the average of the producers' and platers' quotations. §Average of quotation on special shares to plater. ¶Domestic five tons or more but less than carload lot, boxed. §§Price for tin contained. **F.o.b. Port Colburne, U. S. duty included. ‡‡Average of daily mean of bid and ask quotation at morning session of London Metal Exchange. ††Delivered where freight from East St. Louis exceeds 0.5c.

Cites Potential Weak Spots Along With Elements of Strength in the Business Outlook

October "Monthly Review of Credit and Business Conditions" of Federal Reserve Bank of New York, in surveying business activity during past year, points to saturation in new car sales and increasing volume of residential construction as potential weak spots in economy's armor, but adds, because of significant broadening of recovery, the over-all picture contains many elements of current and prospective strength.

In an article entitled "A Year of Expansion" in the October issue of the "Review of Credit and Business Conditions," monthly publication of the Federal Reserve Bank of New York, attention is called to both potential weak spots and the contrasting elements of strength in the outlook for the national economy.

According to the "Monthly Review":

"As the recovery has matured into an expansion that has topped previous records of production and economic activity, business analysts have pointed to several areas in which developments might interfere with the economy's course of generally balanced growth. Earlier in the year, for example, the market for automobiles was frequently singled out as one that might weaken during the second half, with possible unsettling effects for the entire economy. Retail sales of automobiles and accessories during the first half of the year were larger than in any previous six-month period and 18% greater than during the first half of 1954, accounting for a substantial part of the rise in retail sales. Sales of new cars alone totaled 3,850,000, as against 2,825,000 a year earlier, an increase of 36%. The increase was supported by a record half-year growth in outstanding automobile instalment credit of $2.2 billion, which accounted for most of the 2.4 billion rise in total instalment credit outstanding during the first half of the year. Of particular concern to some observers was the evidence of easier credit terms—especially a considerable lengthening of maturities — on automobile loans, since this supported the view that there might be 'borrowing' from future sales. In addition, production of new cars was much greater than sales and record inventories built up in dealers' hands during the spring.

"New car sales continued very high during the third quarter, and inventories were reduced somewhat in August and more substantially during September as production was cut back to permit retooling for new models. Sales during the summer months also have ben financed to a large extent by instalment credit, and have been fostered by intensely competitive selling. These factors, as well as the indications that model changes are not so great as last year and that prices may be higher, have led a number of analysts to question whether next year's sales will match the high rate achieved this year.

"The increasing volume of residential construction earlier in the year also received special attention as a potential weak spot in the economy's armor. Some observers had felt that certainly the rate of increase and perhaps even the current level of building were not sustainable. Encouraged by a ready availability of mortgage commitments early this year and a marked easing of maturity and downpayment terms, particularly for loans guaranteed or insured by the Federal Government, outlays for residential construction rose to record levels during the first half of the year, surpassing the like period of 1954 by 31%. The rising trend in expenditures leveled off and seasonally adjusted housing starts declined slightly during the spring, as the initial stimulus of the easy borrowing terms then available wore off. There appeared to be a further decline in the rate of new housing starts during the third quarter, although August showed an increase over July.

"At the end of July, the Federal Housing Administration and the Veterans Administration acted to tighten slightly the maturity and downpayment terms on loans that they insure or guarantee; meanwhile, the availability of funds for mortgage commitments has been reduced somewhat, owing to the large volume already committed and the competing demands on the long-term capital market from other borrowers. Since early August, a number of the Federal Home Loan Banks have raised their interest charges for loans to member savings and loan associations, and last month the Loan Banks cautioned member associations against acquiring mortgages at a faster rate than the increase in their available funds. These developments have caused many observers to expect some declines in residential construction, at least in the short run.

Elements of Strength

"The areas of potential weakness in the economy that have been noted above have received a great deal of attention, particularly because those factors had made such important contributions to the earlier stages of recovery. Nevertheless, because of the significant broadening of recovery, the overall picture contains many elements of current and prospective strength. This strength is manifested, for example, by the plans for an increased rate of investment in plant and equipment during the final quarter of this year, as indicated by the recent Department of Commerce and SEC survey refered to earlier. According to this survey, businessmen are planning fourth-quarter expenditures at an adjusted annual rate of $29.7 billion, or 0.7 billion higher than the record rate indicated for the third quarter. Capital outlay by State and local governments is another area where increases are anticipated, especially if a comprehensive highway program can be agreed upon. But perhaps the most impressive indications of underlying strength are given by the continued rising trends in personal income, employment, and retail sales, and by the surveys that show consumer and business confidence to be at high levels. To be sure, some concern has been expressed over the fact that consumer instalment debt repayments, which have risen much less than new extensions during the year, may tend to catch up with extensions, with a corollary reduction in the stream of consumer spending. Nevertheless, it is noteworthy that disposable personal income has risen steadily throughout the year and has made the required debt payments relatively less burdensome.

"Prospects for a further build-up of inventories also constitute an important area of strength in the immediate outlook, so long as too rapid of speculative accumulation, which would lead to unbalanced, unsustainable expansion for the economy, is avoided. Developments so far are partially reassuring. Some rebuilding of stocks was to be expected after the 15-month period of liquidation that ended last December. Moreover, with accumulation proceeding quite moderately during the first half of this year and total business sales rising rapidly to new peaks during the spring, the ratio of total business stocks to sales declined to the lowest point in several years. These declines earlier in the year probably were 'involuntary' for a number of firms, in the sense that businessmen might have preferred to hold larger stocks but rapid sales increases delayed accumulation.

"This is not to say that the relationship between stocks and sales is tending to return to the much higher ratio that prevailed during the preceding few years. The inventory-sales ratio has been considerably below the 1951-54 average mainly because of changes in the manufacturing component; manufacturers are now holding smaller stocks of purchased materials in relation to sales. This, in turn, has seemed to reflect the transition to a prompt-delivery economy rather than a deviation from a 'normal' relationship; manufacturers apparently have not found it necessary to carry the large supplies that they carried during the Korean war period. At the same time, there also are reasons for not expecting the ratio of total business stocks to sales to fall to the low levels of the immediate post-World War II years. That period was marked by shortages in many lines, especially durable goods, and it is not surprising to find that sales were high in relation to inventories. For the current period, some rise in businessmen's stocks along with improving sales might be considered 'normal'."

Socialism vs. Communism

"In my report to the session of the Supreme Soviet of the U. S. S. R. on Feb. 8, 1955, a mistaken formula on the question of building a Socialist society in the U. S. S. R. was permitted by me.

V. M. Molotov

"In the report it was said: 'Together with the Soviet Union, where the foundations of a Socialist society have already been built, there are also those people's democratic countries which have taken only the first but very important steps in the direction of socialism.'

"This mistaken formula leads to incorrect deductions that allegedly a Socialist society has still not been built in the U. S. S. R., that only the foundations of a Socialist society have been built, that is the basis of a Socialist society, which does not correspond with reality and is at variance with repeated evaluations of the results of building socialism in the U. S. S. R. given in party documents.

"The political harmfulness of this formula lies in the fact that it brings confusion into idealogical questions and contradicts the decisions of the party on questions of building a Socialist society in the U. S. S. R. It throws doubt on the presence of a Socialist society which has already been built in the main in our country."—Vyacheslav M. Molotov.

In a country beset with the problems facing the Kremlin, it is to Western minds almost inconceivable that so much importance should be attached to such "ideological" questions as these.

Socialism, if established in Russia, is certainly far from a success today: conversion to communism is still but a doctrinaire dream.

Continued from page 12

Outlook for the Aircraft Stocks

lars of lost money. The most encouraging news in this regard came recently from Major General David H. Baker who heads up procurement for the airforce. He told the Air Force Association in San Francisco in August that deliveries by the aircraft industry will amount to about $6.6 billion in 1955, up from $6.2 billion in 1954 and that future estimates for the years 1956, 1957, 1958 and 1959 range still higher. His address as a whole bears reading. For he noted that the shifting of emphasis would continue, from conventional type planes to the jet types and to guided missiles. But the same group of aircraft manufacturers are in all these lines.

Again a comparison with the automobile industry is pertinent. Not since Henry Ford reluctantly abandoned his old Model-T has there been a year when the automobile makers did not expend huge sums annually for changing models. In this period 1954-56 far more is being spent by the automobile makers in such shifts than by the aircraft makers. One might think the aircraft industry would feel rather comfortable with the prediction of a defense authority that for the next four years there will be orders forthcoming from the government of over $6 billion annually. Of course, the very fact that the aircraft builders are so dependent upon government orders for three-fourths, or more, of their annual sales, makes some investors doubtful of the continuity of the business. But this concern is perhaps not well founded. Air defense is vital to the very life of our country and nothing appears likely to change this in the foreseeable future. The growing market for commercial aircraft should not be overlooked as negligible. As sound a prophet as Mr. Rickenbacker predicts that within a few years the bulk of the nation's long distance passenger travel will be airborne. The airlines are planning an expansion of their fleets at a rate that would have seemed incredible ten years ago. This should prove very profitable business for the aircraft makers.

In summary: It is the writer's view that when aircraft companies' stocks may be had on such a low ratio of present price-times-expected-earnings over the next few years, one is well repaid for the risk taken of fluctuations in these earnings. Having declined in many cases by a third, or more, from their peak levels earlier in the year, they have shown a tendency in recent market slumps to "bottom out." They may prove more resistant to any new decline than many of the old favorites. They may also prove to be leaders on a further market rise when and if it comes!

	1954 Sales Compared With Present Backlog (in million dollars) 1954 Sales	Present Backlog	(1)	1954 High	1954 Low	1955 High	1955 Low	Week Ending Oct. 7, 1955 High	Low	Last	1954 Earnings Per Share	Estimated 1955 Earnings Per Share	Present Price Times 1954 Earnings	Present Price Times 1955 Estimated Earnings
Boeing Airplane	$1,033.2	$2,131	2 years	75	23¼	88½	54⅝	63⅛	60½	62¼	$11.39	$10.00	5.5	6.3
Douglas Aircraft	915.2	1,920	2 years	86⅝	26⅜	91¼	62¼	73	67¼	71⅞	9.80	8.00	7.2	8.8
Lockheed Aircraft	732.9	1,085	1½ years	52¼	26	64¼	40⅜	48⅜	44¾	47¼	7.94	6.50	5.7	7.0
United Aircraft	655	1,325	2 years	52⅞	30⅛	56	48¼	56	52¾	53⅜	5.11	6.00	10.0	9.0
General Dynamics	648.6	1,083	1⅔ years	41⅛	18	80	48¾	55¼	52⅝	53	4.72	4.00	11.5	13.6
North American Aviation	645.8	1,148	2 years	52¼	20	76	47¼	65⅝	62	63⅜	6.46	9.50	10.0	6.8
Curtiss Wright	475.1	818	2 years	18⅝	7¾	24¼	15¾	23⅛	21⅞	22⅝	2.50	4.00	9.0	5.5
Republic Aviation	323.5	950	3 years	39⅞	20	47½	31	4[illegible]⅛	42	42	6.71	10.00	6.4	4.5
Glenn L. Martin	270.7	600	2¼ years	32½	15⅛	44	23⅛	33	29¼	32	7.85	5.00	4.0	6.0
Grumman Aircraft	235.3	305	1⅓ years	39⅝	22⅜	45¾	32⅝	37⅛	35¼	35¾	5.61	6.00	6.3	5.9
Bell Aircraft	185.6	248	1⅓ years	25	11⅝	38	22	24½	23⅛	23¼	2.47	2.00	10.0	12.0
Northrop Aircraft	171.4	306	1¾ years	34½	7½	39¾	22⅝	26⅛	24	21¾	2.62	7.50	9.0	3.4
McDonnell Aircraft	154.6	*305	2 years	32	19	44¼	28¼	43⅞	41½	42⅜	6.33	7.00	6.2	5.7
Chance Vought Aircraft	149.6	183	1¼ years	38⅜	22	68	29⅛	33	31⅛	32	6.15	5.00	5.0	6.3
Totals	$6,596.5	$12,407									$85.66	$87.50	7 times	7 times

Total cost and net earnings of one share of 14 stocks—$602.
(1) Number of years present backlog would last at last year's rate of sales.
*Has just received new government contract amounting to $303 million.

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-Mission Oil, Inc., Tulsa, Okla.**
Oct. 3 (letter of notification) 598,800 shares of common stock (par one cent). **Price**—50 cents per share. **Proceeds**—For acquisition, exploration, drilling and development of leases. **Address**—P. O. Box 1387, Tulsa, Okla. **Underwriter**—United Securities Co., same address.

Allstates Credit Corp., Reno, Nev.
June 27 (letter of notification) 27,000 shares of 7% cumulative preferred stock (par $10) and 27,000 shares of common stock (par $1) to be offered in units of one share of each class of stock. **Price**—$11 per unit. **Proceeds**—For working capital, etc. **Office**—206 No. Virginia St., Reno, Nev. **Underwriter**—Senderman & Co., same address.

Aloha, Inc., Las Vegas, Nev.
Aug. 8 filled 900,000 shares of common stock (par $1) and 900,000 shares of preferred stock (par $10) to be offered in units of one share of each class of stock. **Price**—$11 per unit. **Proceeds**—For construction of hotel and related activities and for contingencies, stock in trade, and working capital. **Underwriter**—None.

Alouette Uranium & Copper Mines, Inc., Montreal, Canada
July 22 (Regulation D) 1,000,000 shares of common stock. **Price**—30 cents per share. **Proceeds**—For exploration and development expenses, etc. **Underwriter**—Hudson-Bergen Securities, Inc., Cliffside Park, N. J.

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 European Securities Co.**
Oct. 11 filed 91,875 shares of common stock (no par) to be offered for subscription by stockholders on the basis of one new share for each four shares held. **Price**—To be supplied by amendment. **Proceeds**—For investment. **Underwriter** — Dominick & Dominick, New York.

American Hide & Leather Co., Lowell, Mass.
Sept. 28 filed $2,426,500 of its 5% convertible subordinate debentures due Oct. 1, 1975 and 609,193 shares of common stock (par $1) to be offered in exchange for outstanding 48,530 shares of 6% cumulative preferred stock on the basis of $50 of debentures and 2¼ shares of common stock for each preferred share. The remaining 500,000 shares are under option to certain persons at $4 per share. **Underwriter**—None.

American Motorists Insurance Co. (10/25)
Sept. 30 filed 200,000 shares of capital stock (par $3) to be offered for subscription by stockholders of record Oct. 25, 1955, on the basis of one new share for each five shares held. **Price**—$8 per share. **Proceeds**—For general corporate purposes. **Office**—Chicago, Ill. **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. Letter subsequently withdrawn.

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.

★ **Atlas Industries, Inc., Houston, Texas**
Sept. 28 (letter of notification) 200,000 shares of common stock (par one cent). **Price**—$1.50 per share. **Proceeds**—To purchase dies and materials and for working capital, etc. **Office** — 6006 Harvey Wilson Drive, Houston, Texas. **Underwriter** — Benjamin & Co., Houston, Texas.

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.

★ **Automobile Banking Corp. (11/1)**
Oct. 6 filed $1,500,000 5½% capital convertible debentures due Nov. 1, 1970. **Price**—At 100% and accrued interest. **Proceeds**—To repay bank loans and for working capital. **Underwriter**—Reynolds & Co., New York.

★ **Banner Life Insurance Co., Brunswick, Ga.**
Sept. 23 (letter of notification) 20,000 shares of common stock (par $5). **Price**—$15 per share. **Proceeds**—To increase capital and surplus. **Underwriter** — Reuben Henry Shipp, St. Simons Island, Ga.

Basin Natural Gas Corp., Aztec, N. Mex.
Sept. 19 (letter of notification) 750,000 shares of common stock (par five cents). **Price**—40 cents per share. **Proceeds**—For expenses incident to oil and gas activities. **Office**—109 W. Caco St., Aztec, N. M. **Underwriter**—Columbia Securities Corp., New York, N. Y.

Bassons Industries Corp.
Aug. 24 (letter of notification) 124,000 shares of common stock (par 50 cents). **Price**—$2 per share. **Proceeds**—For working capital, etc. **Office** — 1424 East Farms Road, New York City. **Underwriter**—Jay W. Kaufmann & Co., New York.

Bif Chief Uranium Co., Pueblo, Colo.
Sept. 20 (letter of notification) 1,500,000 shares of nonassessable common stock (par 10 cents). **Price**—20 cents per share. **Proceeds**—For expenses incident to mining operations. **Office** — 441 Thatcher Bldg., Pueblo, Colo. **Underwriter**—Investment Service Co., Denver, Colo.

Big Owl Uranium Mines
July 29 (letter of notification) 2,000,000 shares of common stock. **Price**—15 cents per share. **Proceeds**—For expenses incident to mining activities. **Underwriter** — Cranmer & Co., Denver, Colo.

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NEW ISSUE CALENDAR

October 14 (Friday)
Splendora Film Corp. ____ Common
(J. H. Lederer Co., Inc. and McGrath Securities Corp.) $600,000

October 17 (Monday)
Chromalloy Corp. ____ Common
(S. D. Fuller & Co.) $299,475
Commonwealth Life Insurance Co. ____ Common
(Eastman, Dillon & Co.) $300,000
Consolidated Freightways, Inc. ____ Common
(Blyth & Co., Inc.) 100,000 shares
Kordite Corp. ____ Common
(George D. B. Bonbright & Co.) 130,000 shares
Petaca Mining Co. ____ Common
(Barrett Herrick & Co., Inc.) $787,500
Republic Electronic Industries Corp. ____ Common
(Keene & Co., Inc.) $300,000
Southern Bell Tel. & Tel. Co. ____ Debentures
(Bids 11 a.m. EDT) $30,000,000
Trans-National Uranium & Oil Corp. ____ Common
(Garrett Brothers, Inc.) 1,200,000 shares
Yellowknife Uranium Corp. ____ Common
(Gearhart & Otis, Inc. and F. H. Crerie & Co., Inc.) $1,500,000

October 18 (Tuesday)
International Resources Fund, Inc. ____ Common
(Kidder, Peabody & Co.) $17,250,000
Minute Maid Corp. ____ Debentures
(Merrill Lynch, Pierce, Fenner & Beane) $8,000,000
Polyplastex United, Inc. ____ Class A Common
(Cohu & Co.) $299,400
United Aircraft Corp. ____ Preference
(Offering to common stockholders—underwritten by Harriman Ripley & Co. Inc.) $24,246,900
Worcester County Electric Co. ____ Bonds
(Bids 11 a.m. EDT) $8,500,000

October 19 (Wednesday)
New York State Electric & Gas Corp. ____ Bonds
(Bids 11 a.m. EDT) $15,000,000
New York State Electric & Gas Corp. ____ Common
(Offering to stockholders—underwritten by The First Boston Corp.; Lehman Brothers; Wertheim & Co.; and Merrill Lynch, Pierce, Fenner & Beane) 303,407 shares
Postal Life Insurance Co. ____ Common
(Offering to stockholders—underwritten by A. C. Allyn & Co.) $291,000

October 20 (Thursday)
Burlington Industries, Inc. ____ Debentures
(Kidder, Peabody & Co.) $30,000,000
Seaboard Air Line RR. ____ Equip. Trust Ctfs.
(Bids noon EDT) $6,555,000

October 24 (Monday)
International Metals Corp. ____ Common
(Gearhart & Otis, Inc.) $400,000
Nortex Oil & Gas Corp. ____ Common
(J. R. Williston & Co.) 200,000 shares
Resistoflex Corp. ____ Preferred
(Bache & Co.) $500,000

October 25 (Tuesday)
American Motorists Insurance Co. ____ Common
(Offering to stockholders—no underwriting) 200,000 shares
Dixon Chemical & Research, Inc. ____ Bonds & Com.
(Lee Higginson Corp. and P. W. Brooks & Co., Inc.) $2,250,000 bonds and 225,000 shares of stock
Houdry Process Corp. ____ Common
(Paine, Webber, Jackson & Curtis) 40,000 shares
Lau Blower Co. ____ Common
(A. C. Allyn & Co. Inc.) 205,000 shares
Pacific Gas & Electric Co. ____ Preferred
(Probably Blyth & Co., Inc.) $25,000,000
Wisconsin Natural Gas Co. ____ Bonds
(Bids to be invited) $2,500,000

October 26 (Wednesday)
Long Island Lighting Co. ____ Bonds
(Bids 11:30 a.m. EDT) $15,000,000
Magna Theatre Corp. ____ Common
(Offering to stockholders—underwritten by The United Artist Theatre Circuit, Inc.) $550,000
Redondo Tile Co. ____ Debentures & Common
(Dempsey, Tegeler & Co.; William R. Staats & Co.; Rauscher, Pierce & Co.; Revel, Miller & Co.; and Russ & Co.) $1,181,250
Southern Continental Telephone Co. ____ Preferred
(White, Weld & Co.; Carolina Securities Corp.; The Ohio Co.; and Stein Eros. & Boyce) $750,000

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.

October 31 (Monday)
National Consumer Finance Corp. ____ Preferred
(Van Alstyne, Noel & Co.) $500,000
National Consumers Finance Corp. ____ Common
(Van Alstyne, Noel & Co.) $1,200,000
Quaker City Life Insurance Co. ____ Common
(Lehman Brothers) 82,500 shares

November 1 (Tuesday)
Automobile Banking Corp. ____ Debentures
(Reynolds & Co.) $1,500,000
Southern Co. ____ Common
(Offering to stockholders—bids 11 a.m. EDT) 1,507,303 shares

November 2 (Wednesday)
Commonwealth Edison Co. ____ Common
(Offering to stockholders—underwritten by The First Boston Corp. and Glore, Forgan & Co.) approximately 1,110,000 shares

November 9 (Wednesday)
United Gas Corp. ____ Bonds
(Bids to be invited) $20,000,000

November 15 (Tuesday)
Marquette Cement Manufacturing Co. ____ Common
(A. G. Becker & Co. Inc.) approx. 250,000 shares
New England Tel. & Tel. Co. ____ Debentures
(Bids to be invited) $30,000,000

November 16 (Wednesday)
Colohoma Uranium, Inc. ____ Common
(General Investing Corp.) $1,250,000
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

December 14 (Wednesday)
New Jersey Bell Telephone Co. ____ Debentures
(Bids to be invited) $25,000,000

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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.

★ **Brooklyn Towers, Inc.**
Oct. 6 (letter of notification) 18,949 shares of common stock (par $1) to be offered for subscription by holders of voting trust certificates representing stock of the Towers Hotel Corp. on a basis of one share for each share held as of Oct. 6 (with an oversubscription privilege); rights to expire on Oct. 31. **Price**—$7.50 per share. **Proceeds** — For lease of Brooklyn Towers Hotel and working capital. **Office**—Clark and Willow Sts., Brooklyn, N. Y. **Underwriter**—None.

● **Burlington Industries, Inc. (10/20)**
Sept. 29 filed $30,000,000 of subordinated debentures due Oct. 1, 1975. **Price**—To be supplied by amendment. **Proceeds**—To repay bank loans which were obtained for the purpose of acquiring the stock of Ely & Walker Dry Goods Co. **Underwriter**—Kidder, Peabody & Co., New York.

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.

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.**
Sept. 16 filed 505,719 shares of common stock (par $10) being 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**—$24.37½ per share. **Proceeds**—For construction program. **Underwriters**—Harriman Ripley & Co. Inc.; The First Boston Corp.; and Coffin & Burr, Inc.

★ **Century Engineers, Inc., Burbank, Calif.**
Sept. 30 (letter of notification) 50,000 shares of 5% cumulative convertible preferred stock to be offered to employees of the company and its subsidiary. **Price**—At par ($3 per share). **Proceeds**—For working capital. **Office** — 2741 North Naomi St., Burbank, Calif. **Underwriter**—None.

Chaffin Uranium Corp., Salt Lake City, Utah
Sept. 6 (letter of notification) 12,500,000 shares of non-assessable capital stock. **Price**—At par (one cent per share). **Proceeds** — For expenses incident to mining activities. **Office**—810 Deseret Building, Salt Lake City, Utah. **Underwriter**—Utah Securities Co., same City.

Charleston Parking Service, Inc.
Aug. 1 (letter of notification) 120,000 shares of non-voting common stock, class A—(par 50 cents) and 60,000 shares of voting common stock, class B (par 10 cents) to be offered in units of two class A and one class B share. **Price**—$5 per unit. **Proceeds**—For general working capital. **Office**—505 National Bank of Commerce Building, Charleston, W. Va. **Underwriter**—Crichton Investment Co., same address.

★ **Chester Telephone Co., Chester, S. C.**
Oct. 3 (letter of notification) 5,040 shares of capital stock (par $10). **Price**—$16 per share. **Proceeds**—For retirement of bank loan and working capital. **Office**—112 York St., Chester, S. C. **Underwriter**—None.

Chromalloy Corp. (10/17-21)
Sept. 29 (letter of notification) 133,100 shares of common stock (par 10 cents). **Price**—$2.25 per share. **Proceeds**—For equipment, working capital, etc. **Office**—109 West 64th St., New York 23, N. Y. **Underwriter**—S. D. Fuller & Co., New York.

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.

★ **Citizens Credit Corp., Washington, D. C.**
Sept. 27 (letter of notification) $245,000 of 6% subordinated debentures due 1975 (with warrants to purchase 2,450 shares of class A common and 490 shares of class B common stock). **Price**—99%. **Proceeds**—To supply capital to subsidiaries. **Office**—1028 Connecticut Ave., N. W., Washington, D. C. **Underwriter**—Emory S. Warren & Co., same address.

Clad (Victor V.) Co., Philadelphia, Pa.
June 17 (letter of notification) 120,000 shares of common stock (par 25 cents). **Price**—$2.50 per share. **Proceeds**—For equipment and working capital. **Underwriter**—Barrett Herrick & Co., Inc., New York.

Clad-Rex Steel Co., Denver, Colo.
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. (11/16)**
April 21 filed 2,500,000 shares of common stock (par one cent). **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.

Color Corp. of America, Los Angeles, Calif.
Sept. 23 (letter of notification) 27,500 shares of common stock (par $1). **Price**—At market (estimated at $1.75 per share). **Proceeds**—To Benjamin B. Smith, who is the selling stockholder. **Office**—11801 W. Olympic Blvd., Los Angeles, Calif. **Underwriter**—Francis I. duPont & Co., Los Angeles, Calif.

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. (10/17-21)**
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 $3,700,000 of 15-year 5½% income debentures due Sept. 1, 1970 and 870,000 shares of common stock (par 10 cents) to be offered in units of $50 of debentures and five shares of stock. **Price**—$50.50 per unit. **Proceeds**—For acquisition of production payments. **Office**—Las Vegas, Nev. **Underwriter**—First California Co., Inc., San Francisco, Calif.

Cook Industries, Inc., Dallas, Texas
Aug. 1 (letter of notification) 199,999 shares of common stock (par $1), of which 107,915 shares are to be sold by company and 92,084 shares by a selling stockholder. **Price**—$1.50 per share. **Proceeds**—For general corporate purposes. **Underwriter**—Central Securities Co., Dallas, Texas.

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.

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.
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.

★ **Cutter Laboratories, Berkeley, Calif.**
Oct. 7 filed participations in the corporation's stock purchase plan and selected employees' stock option plan of 1954 and 105,000 shares of series LV common stock (par $1), which may be issued pursuant thereto.

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.

Deerfield Gas Production Co., Wichita, Kan.
Sept. 30 this company, together with Kearney Gas Production Co., filed 935,999 units of beneficial interest in Hugoton Gas Trust, to be made by means of warrants to be issued to common stockholders of Kansas-Nebraska Natural Gas Co., Inc., and its eligible employees. **Price**—$4 per unit. **Proceeds**—For retirement of indebtedness secured by first mortgages; balance for payment of obligations and expenses of the two companies in liquidation and for liquidation distribution to stockholders. **Underwriters**—The First Trust Co., of Lincoln, Neb. and Cruttenden & Co., Chicago, Ill.

Delta Minerals Co., Casper, Wyo.
Sept. 20 (letter of notification) 600,000 shares of non-assessable common stock (par five cents). **Price**—50 cents per share. **Proceeds**—Expenses incident to mining operations. **Office**—223 City and County Bldg., Casper, Wyo. **Underwriter**—The Western Trader & Investor, Salt Lake City, Utah.

Dinosaur Uranium Corp., Salt Lake City, Utah
Aug. 15 (letter of notification) 15,000,000 shares of common stock. **Price**—At par (one cent per share). **Proceeds**—For expenses incident to mining activities. **Office**—15 Exchange Place, Salt Lake City, Utah. **Underwriter**—Western States Investment Co., same city.

Dix Uranium Corp., Provo, Utah
Aug. 10 (letter of notification) 6,000,000 shares of non-assessable capital stock. **Price**—At par (five cents per share). **Proceeds**—For mining expenses. **Office**—290 North University Ave., Provo, Utah. **Underwriter** — Weber Investment Co., Provo, Utah.

● **Dixon Chemical & Research, Inc. (10/25)**
Sept. 28 filed $2,250,000 6% first mortgage bonds due 1975 and 225,000 shares of common stock (par $1) to be offered in units of $500 of bonds and 50 shares of stock. **Price**—To be supplied by amendment. **Proceeds**—For construction of plant, etc.; for acquisition of Dixon Chemicals, Inc.; and for working capital. **Office**—Clifton, N. J. **Underwriters**—Lee Higginson Corp. and P. W. Brooks & Co., Inc., both of New York.

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.

Eagle Rock Uranium Co., Salt Lake City, Utah
Sept. 19 (letter of notification) 30,000,000 shares of non-assessable 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) being 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.

Electro Refractories & Abrasives Corp.
Sept. 27 (letter of notification) 10,000 shares of common stock (no par) to be offered for subscription by common stockholders of record Sept. 30 on the basis of one new share for each 14 shares held; rights to expire on Oct. 26. **Price** — $16.50 per share. **Proceeds**—For working capital. **Office** — 344 Delaware Ave., Buffalo 2, N. Y. **Underwriter**—None.

★ **Electronic Micro-Ledger Accounting Corp.**
Sept. 28 (letter of notification) 297,000 shares of common stock (par 10 cents), to be offered for subscription by stockholders. **Price**—$1 per share. **Proceeds**—For general corporate purposes. **Office**—53 State St., Boston, Mass. **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.

★ **Fischer & Porter Co., Hatboro, Pa.**
Oct. 10 filed 60,000 shares of common stock (par $1). **Price**—To be supplied by amendment. **Proceeds**—For capital improvements and working capital. **Underwriter**—Hallowell, Sulzberger & Co., Philadelphia, Pa.

Fort Pitt Packaging International, Inc.
June 30 filed 300,000 shares of common stock (par 10¢), of which 250,000 shares of for account of company and 50,000 shares of five selling stockholders. **Price**—$3 per share. **Proceeds**—For working capital; for exploitation of "Totosave" system; and for marketing of "Tropic-Ray" infra-red space heater. **Office** — Pittsburgh, Pa. **Underwriter**—Barrett Herrick & Co., Inc., New York.

Fowler Telephone Co., Pella, Ia.
May 6 (letter of notification) $260,000 of 4% first mortgage bonds, series A, due May 1, 1975. **Price**—At par (in denominations of $1,000 each). **Proceeds**—To retire existing debt, acquire Northwestern Bell properties in Leighton, Ia., and for conversion of both exchanges to dial operation. **Underwriter** — Wachob-Bender Corp., Omaha, Neb.

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 Capital Corp., Miami Springs, Fla.**
Oct. 3 (letter of notification) $300,000 of 10 year 8% debentures. **Price**—At par (in denominations of $100, $500, $1,000 and $5,000). **Proceeds** — For purchase of commercial paper. **Office**—4309 N. W. 36st St., Miami Springs, Fla. **Underwriter**—None.

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.

★ **General Molded Plastics, Inc., Dallas, Tex.**
Sept. 30 (letter of notification) 297,500 shares of common stock (par one cent). **Price**—$1 per share. **Proceeds**—For acquisition of machinery, molding equipment and working capital. **Office**—Tower Petroleum Bldg., Dallas, Tex. **Underwriter**—First Securities Co., Dallas, Tex.

Gibraltar Uranium Corp., Aurora, Colo.
July 18 (letter of notification) 2,000,000 shares of common stock (par one cent). **Price** — 15 cents per share. **Proceeds**—For expenses incident to mining. **Office**—701 Moline St., Aurora, Colo. **Underwriter**—Robert J. Connell, Inc., Denver, Colo.

Gob Shops of America, Inc.
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, has withdrawn as underwriter.

★ **Great Lakes Oil & Chemical Co.**
Sept. 29 (letter of notification) an undetermined number of shares of common stock (par $1) to be offered to common stockholders through transferable warrants. **Pricee**—To be supplied by amendment. **Proceeds**—For general funds. **Office**—417 South Hill St., Los Angeles, Calif. **Underwriter**—None.

★ **Green Castle Corp.**
Sept. 30 (letter of notification) 480 shares of common stock (no par). **Price**—$50 per share. **Proceeds**—For working capital. **Business** — Sale of natural organic foods. **Office**—220-14 Horace Harding Blvd., Bayside 64, N. Y. **Underwriter**—None.

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. Statement may be withdrawn.

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. (10/25)**
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.

Household Finance Corp.
Sept. 9 filed 341,380 shares of common stock ($9 stated value) being 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**—$24 per share. **Proceeds**—To reduce bank loans. **Underwriters**—Lee Higginson Corp. and White, Weld & Co., both of New York; and William Blair & Co., Chicago, Ill.

★ **Hugoton Gas Trust**
See Deerfield Gas Production Co. above.

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.

★ **Idea, Inc., Silver Spring, Md.**
Sept. 30 (letter of notification) 200,000 shares of class A stock. **Price** — At par ($1 per share). **Proceeds** — For general corporate purposes. **Address**—P. O. Box 2, Silver Spring, Md. **Name Change** — Formerly known as Lewis Gardens Co. **Underwriter**—None.

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.

★ **Indianapolis Power & Light Co. (10/28)**
Oct. 6 filed 209,686 shares of common stock (no par), to be offered for subscription by stockholders of record Oct. 27, 1955 on the basis of one new share for each 15 shares held; rights to expire about Nov. 10. **Price**—To be supplied by amendment. **Proceeds**—For repayment of bank loans incurred for construction. **Underwriters**—Lehman Brothers; Goldman, Sachs & Co.; and The First Boston Corp.; all of New York City.

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 Metals Corp. (10/24-28)
Oct. 4 filed 400,000 shares of common stock (par 10 cents). **Price**—$1 per share. **Proceeds**—To finance exploration and development of mining properties of Recursos Mineros Mexicanos, S. A., Mexican subsidiary, and to discharge note. **Office** — Houston, Tex. **Underwriter**—Gearhart & Otis, Inc., New York.

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.

★ **Israel Industrial & Mineral Development Corp.**
Oct. 5 filed 200,000 shares of common stock (par $25). **Price**—$27.50 per share. **Proceeds**—For general corporate purposes. **Underwriter**—Israel Securities Corp., New York, N. Y.

"Isras" Israel-Rassco Investment Co., Ltd.
Sept. 28 filed 9,000 ordinary shares. **Price**—At par (100 Israel pounds each, or about $55 in U. S. funds), payable in State of Israel Independence Issue Bonds only. **Office**—Tel Aviv, Israel. **Underwriter** — Rassco Israel Corp., New York.

★ **IXL Uranium Corp., Provo, Utah**
Sept. 30 (letter of notification) 1,200,000 shares of non-assessable capital stock (par 10 cents). **Price**—25 cents per share. **Proceeds**—For expenses incident to mining operations. **Office**—298 West Center St., Provo, Utah. **Underwriter**—None.

Jurassic Minerals, Inc., Cortez, Colo.
Aug. 26 (letter of notification) 2,855,000 shares of non-assessable common stock (par one cent). **Price**—10 cents per share. **Proceeds**—For expenses incident to mining activities. **Office** — 326 West Montezuma St., Cortez, Colo. **Underwriter** — Bay Securities Corp., New York, New York.

Kachina Uranium Corp., Reno, Nev.
May 12 (letter of notification) 600,000 shares of common stock (par 10 cents). **Price**—50 cents per share. **Proceeds**—For mining expenses. **Office**—206 N. Virginia St., Reno, Nev. **Underwriter**—Whitney, Cranmer & Schulder, Inc., Denver, Colo.

★ **Kansas City Title Insurance Co.**
Sept. 19 (letter of notification) 7,500 shares of capital stock (par $25), to be offered to stockholders of record Sept. 15 on the basis of one new share for each eight held. **Price**—$40 per share. **Proceeds**—For general corporate purposes. **Office**—Title Bldg., Kansas City, Mo. **Underwriter**—None.

Kearney Gas Production Co.
See Deerfield Gas Production Co. above.

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. (10/17)
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 (around $13.75 per share). **Proceeds**—To finance development of business and for general corporate purposes. **Underwriter** — George D. B. Bonbright & Co., Rochester, N. Y.

★ **Lamson Aircraft Co., Seattle, Wash.**
Oct. 3 (letter of notification) 22,555 shares of common stock. **Price**—At par ($10 per share). **Proceeds**—For retirement of short term bank loan and other indebtedness, working capital, and additional cost of Air-Tractor. **Office**—807 Fourth Ave., Seattle 4, Wash. **Underwriter**—None.

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.

● **Lau Blower Co., Dayton, Ohio (10/25-27)**
Oct. 4 filed 205,200 shares of common stock (par $1). **Price** — To be supplied by amendment. **Proceeds**—To selling stockholders. **Underwriter** — A. C. Allyn & Co., Inc., Chicago, Ill.

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.

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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.

Lewisohn Copper Corp., Tucson, Ariz.
Sept. 22 (letter of notification) 200,000 shares of common stock (par 10 cents). **Price**—$1.50 per share. **Proceeds**—To drive a tunnel and other expenses incident to mining operations. **Office**—128 N. Church St., Tucson, Ariz. **Underwriter**—George F. Breen, New York, N. Y.

● **Life Companies, Inc., Richmond, Va.**
Sept. 19 filed 418,656 shares of common stock (par $1) and 4,081 shares of convertible preferred stock (par $25), of which 340,000 shares of common stock are to be offered publicly; 60,000 shares of common are to be offered for subscription by officers, directors, employees and agents of this corporation, Atlantic Life Insurance Co., The Lamar Life Insurance Co., and others; and 18,656 common shares and the 4,081 preferred shares are to be offered by company to holders of common stock of Atlantic Life on the basis of 64 shares of common and 14 shares of preferred for each outstanding share of Atlantic common plus $15. **Price**—For the 400,000 shares of common stock to be sold to public and employees, will be supplied by amendment. **Proceeds**—To selling stockholders. **Underwriters**—Equitable Securities Corp., Nashville, Tenn., and Rauscher, Pierce & Co., Inc., Dallas, Texas. **Offering**—At time of going to press, this was expected momentarily.

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.

★ **Lincoln Telephone & Telegraph Co., Lincoln, Neb.**
Oct. 3 (letter of notification) 7,128 shares of common stock (par $16.66⅔) to be offered to common stockholders on a basis of one share of common stock for each 27 shares held as of Sept. 15, 1955; rights to expire on Nov. 7, 1955. **Price**—$37 per share. **Proceeds**—For working capital. **Office**—1342 M St., Lincoln, Neb. **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. The exchange offer will expire on Oct. 19, unless further extended.

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.

Long Island Lighting Co. (10/26)
Sept. 27 filed $15,000,000 of first mortgage bonds, series H, due 1985. **Proceeds**—For construction program and reduction of bank loans. **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 at City Bank Farmers Trust Co., New York City, up to 11:30 a.m. (EDT) on Oct. 26.

● **Louisville Gas & Electric Co., Ky.**
Sept. 22 filed 160,000 shares of common stock (no par) being 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**—$47 per share. **Proceeds** — For construction program. **Underwriters**—Lehman Brothers and Blyth & Co., Inc., New York.

★ **Lucky Stores, Inc., San Leandro, Calif.**
Sept. 30 (letter of notification) 3,100 shares of common stock (par $1.25), to be offered to employees pursuant to Employees' Incentive Stock Option Plan. **Price**—$13 per share. **Proceeds** — To finance expanding facilities and operations. **Office** — 1701 First Ave., San Leandro, Calif. **Underwriter**—None.

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.

Magna Theatre Corp., New York (10/26)
Sept. 29 filed 110,000 shares of common stock (par five cents) to be offered for subscription by common stockholders of record Oct. 26 at the rate of one new share for each 20 shares held. **Price**—$5 per share. **Proceeds**—To pay interest on outstanding 6% debentures, and for general corporate purposes. **Underwriter** — The United Artist Theatre Circuit, Inc. of New York.

Market Basket, Los Angeles, Calif.
Sept. 21 filed 75,940 shares of common stock (par 50 cents). **Price**—To be supplied by amendment. **Proceeds**—For new equipment and other general corporate purposes. **Underwriters**—Bateman, Eichler & Co. and William R. Staats & Co., both of Los Angeles, Calif.; and First California Co., San Fraicisco, Calif.—**Offering**—Was expected yesterday (Oct. 12).

★ **Mary Douglass International, Inc.**
Oct. 4 (letter of notification) $150,000 of 20-year 6% convertible bonds. **Price**—At par (in denominations of $100 each). **Proceeds**—For working capital and other corporate purposes. **Office** — 441 East 20th St., New York, N. Y. **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.

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. Bluedung, Washington, D. C.

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.

Minute Maid Corp. (10/18)
Sept. 28 filed $6,000,000 of 4% subordinated debentures due Dec. 1, 1974. **Price**—To be supplied by amendment. **Proceeds**—To Clinton Foods, Inc., who had received $17,300,000 of said debentures in partial payment for the assets of Clinton's Snow Crop Division. **Underwriters**—Merrill Lynch, Pierce, Fenner & Beane, New York; and Newhard, Cook & Co., St. Louis, Mo.

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.

★ **Mohawk Silica Co., Cincinnati, Ohio**
Oct. 3 (letter of notification) 3,000 shares of 8% cumulative preferred stock. **Price** — At par ($50 per share). **Proceeds**—For processing plant, heavy equipment, and working capital. **Office**—2508 Auburn Ave., Cincinnati, Ohio. **Underwriter** — W. E. Hutton & Co., Cincinnati, Ohio.

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.
Sept. 7 filed 486,881 shares of capital stock (par $100), being 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.

★ **Mutual Trust, Kansas City, Mo.**
Oct. 6 filed 500,000 shares of beneficial interest in the Trust. **Price**—At market. **Proceeds**—For investment.

● **National Consumer Finance Corp. (10/31-11/4)**
Sept. 28 filed 50,000 shares of convertible preferred stock. **Price**—At par ($10 per share) and accrued dividends. **Proceeds**—To repay bank loans. **Office**—19 River St., Stamford, Conn. **Underwriter**—Van Alstyne, Noel & Co., New York.

● **National Consumer Finance Corp. (10/31-11/4)**
Sept. 28 filed 200,000 shares of class A common stock (par $1). **Price**—$6 per share. **Proceeds** — To selling stockholders. **Office** — 19 River St., Stamford, Conn. **Underwriter**—Van Alstyne, Noel & Co., New York.

★ **National Security Life Insurance Co.**
Oct. 3 (letter of notification) 299,200 shares of class A stock and 8,000 shares of class B stock. **Price**—For class A stock $1 per share; for class B stock, 10 cents per share. **Proceeds**—For expenses incident to life insurance. **Office**—4624 North 7th St., Phoenix, Ariz. **Underwriter**—None; sales to be made through directors.

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 Business Development Corp.
Sept. 28 filed 10,000 shares of capital stock (no par). **Price**—$100 per share. **Proceeds** — For working capital and general corporate purposes. **Office**—Albany, N. Y. **Underwriter**—None.

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**—To be received up to 11 a.m. (EDT) on Oct. 19., at Room 2017, 61 Broadway, New York 6, N. Y.

● **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 of record Oct. 18 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 (10/24-28)**
Sept. 16 filed 200,000 shares of common stock (par $1). **Price**—To be supplied by amendment. **Proceeds**—To purchase certain oil and gas properties and leasehold interests; for drilling and development costs; to pay off $450,000 promissory notes; and for general corporate purposes. **Underwriter**—J. R. Williston & Co., New York.

Oasis Uranium & Oil Corp., Fort Worth, Texas
June 8 (letter of notification) 265,000 shares of common stock (par 50 cents). **Price**—$1 per share. **Proceeds**—For uranium and oil exploration. **Office**—Fortune Arms Bldg., Fort Worth, Tex. **Underwriter**—Standard Securities, Inc., Salt Lake City, Utah.

★ **Old Elm Club, Fort Sheridan, Ill.**
Sept. 30 (letter of notification) $125,000 of debentures dated Nov. 1, 1955. **Price**—At par. **Proceeds**—For new water distribution system for golf course. **Office**—800 Old Elm Road, Fort Sheridan, Ill. **Underwriter**—None.

★ **Oneida Heater Co., Inc., Oneida, N. Y.**
Oct. 6 (letter of notification) $250,000 of 25-year 5½% debentures due Nov. 1, 1980 and 50,000 shares of class A common stock (par $1). **Price**—At par. **Proceeds**—To redeem $144,000 outstanding bonds and $24,575 preferred stock and for working capital. **Underwriters**—Mohawk Valley Investing Co., Inc., Utica, N. Y.; and Security & Bond Co., Lexington, N. Y.

Ottilia Villa, Inc., Las Vegas, Nev.
Aug. 16 (letter of notification) 3,000 shares of capital stock. **Price**—At par ($100 per share). **Proceeds**—For South 5th St., Las Vegas, Nev. **Underwriter**—Hennon & Roberts, Las Vegas, Nev.

Pacific Gas & Electric Co. (10/25)
Oct. 4 filed 1,000,000 shares of redeemable first preferred stock (par $25). **Price**—To be supplied by amendment. **Proceeds**—To retire short term bank loans and for construction program. **Underwriter**—To be filed by amendment (may be Blyth & Co., Inc., San Francisco and New York).

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 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.

Paddock Of California, Los Angeles, Calif.
Sept. 28 (letter of notification) 60,000 shares of common stock (par $1). **Price**—$5 per share. **Proceeds** — For liquidation of bank loan and working capital. **Office**—8400 Santa Monica Blvd., Los Angeles, Calif. **Underwriter**—T. R. Peirsol & Co., Beverly Hills, Calif.

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 Fuel Gas, Inc., Oxford, Pa.**
Sept. 30 (letter of notification) 11,538 shares of $1.50 cumulative preferred stock (par $22.40) and 11,538 shares of common stock (par $1) to be offered in units of one share of each class of stock (8,538 units to public and 3,000 units to employees). **Price**—To public $26 per unit; and to employees $23.40 per unit. **Proceeds**—For expansion of system and working capital. **Office**—45 S. Third St., Oxford, Pa. **Underwriters**—James A. Leavens, Inc., Shamokin, Pa.; and Theron D. Conrad & Co., Sunbury, Pa.

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. (10/17-21)**
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. **Office**—Santa Fe, N. M. **Underwriter**—Barrett Herrick & Co., Inc., New York.

★ **Pine Street Fund, Inc., New York**
Oct. 6 filed 75,000 shares of common stock (par $1). **Price**—At market. **Proceeds**—For investment.

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.

★ **Polyplastex United, Inc. (10/18-21)**
Oct. 5 (letter of notification) 99,800 shares of class A stock (par 20 cents). **Price**—$3 per share. **Proceeds**—For expansion program and working capital. **Office**—441 Madison Ave., New York 22, N. Y. **Underwriter**—Cohu & Co., New York.

● **Postal Life Insurance Co. (10/19-21)**
Sept. 29 filed 145,500 shares of capital stock, of which 100,000 shares are to be offered for subscription by stockholders of record Oct. 18 to Oct. 20 at the rate of two new shares for each share held; rights to expire in about 30 days, and 45,500 shares are to be sold for account of two selling stockholders. **Price**—At par ($2 per share). **Proceeds**—For working capital and other general corporate purposes. **Underwriter**—A. C. Allyn & Co., Inc., Chicago, Ill. and New York, N. Y.

★ **Pottermill Co-Op., Inc., East Leverpool, Ohio**
Sept. 29 (letter of notification) 1,500 shares of preferred stock. **Price**—At par ($100 per share). **Proceeds**—To be placed in trust fund for use in purchasing property. **Office**—138 W. Sixth St., East Leverpool, Ohio. **Underwriter**—None.

Prospect Hill Golf & Country Club, Inc.
July 8 (letter of notification) 11,900 shares of preferred stock. **Price**—At par ($25 per share). **Proceeds**—For swimming pool, club furnishings and equipment, golf course and organization and develoment expense. **Office**—Bowie, Md. **Underwriter**—L. L. Hubble & Co., Inc., Baltimore, Md.

★ **Quaker City Life Insurance Co. (10/31)**
Oct. 10 filed 82,500 shares of capital stock (par $10). **Price**—To be supplied by amendment.. **Proceeds** — To certain selling stockholders. **Underwriter**—Lehman Brothers, New York.

Radium Hill Uranium, Inc., Montrose, Colo.
July 19 (letter of notification) 625,000 shares of common stock (par one cent). **Price**—32 cents per share. **Proceeds** — For expenses incident to mining operations. **Office**—Bryant Bldg., Montrose, Colo. **Underwriters**—General Investing Corp., New York, N. Y., and Shaiman & Co., Denver, Colo.

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.

★ **Redondo Tile Co., Redondo Beach, Calif. (10/26)**
Oct. 5 filed $875,000 of 5¾% subordinated sinking fund debentures, due Oct. 1, 1970, and 306,250 shares of common stock (par $1), to be offered in units of $500 of debentures and 175 shares of common stock. **Price**—$675 per unit. **Proceeds**—For retirement of short-term bank indebtedness; balance for additional working capital and general corporate purposes. **Underwriters** — Dempsey, Tegeler & Co., St. Louis, Mo.; William R. Staats & Co., Los Angeles, Calif.; Rauscher, Pierce & Co., Inc., Dallas, Tex.; Revel, Miller & Co., Los Angeles, Calif.; Russ & Co., San Antonio, Tex.

★ **Reliance Electric & Engineering Co.**
Sept. 30 (letter of notification) an undetermined number of shares of common stock (par $5), to be offered to employees pursuant to employees' stock option plan. **Price**—To be supplied by amendment. **Proceeds**—For general corporate purposes. **Office**—1088 Ivanhoe Road, Cleveland, Ohio. **Underwriter**—None.

Republic Benefit Insurance Co., Tucson, Ariz.
Sept. 30 filed 150,000 units in a dividend trust and stock procurement agreement to be offered to certain members of the general public who are acceptable applicants and who are to become active policyholders in the company. **Price**—$2 per unit. **Proceeds**—For general corporate purposes. **Underwriter**—None; to be offered by Leo Rich, Robert Kissel and Sidney M. Gilberg, as Trustees.

● **Republic Electronic Industries Corp. (10/17-21)**
Sept. 26 (letter of notification) 300,000 shares of common stock (par 10 cents). **Price**—$1 per share. **Proceeds**—For expansion and working capital. **Business**—Manufacturers of precision electronic test equipment. **Office**—31 West 27th St., New York City. **Underwriter**—Keene & Co., Inc., New York, N. Y.

● **Resistoflex Corp., Belleville, N. J. (10/24)**
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.

● **Rochester Telephone Corp.**
Sept. 14 filed 195,312 shares of common sock (par $10) being 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**—$18 per share. **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.

★ **Rogers Corp., Rogers, Conn.**
Oct. 3 (letter of notification) a minimum of 5,883 shares and a maximum of 7,453 shares of class B common stock to be offered to stockholders on a basis of one share for each four shares held. **Price**—($29 per share). **Proceeds**—To replenish working capital due to losses sustained in recent flood. **Underwriter**—None .

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.

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 privately through officers of the company.

San Juan Racing Association, Inc., Puerto Rico.
Sept. 27 filed 4,000,000 shares of common stock (par 50 cents), of which 3,800,000 will be represented by 3,000,000 voting trust certificates and 800,000 warrants. These offerings are to be made in two parts: (1) an offering, at 50 cents per share, of 200,000 shares for subscription by stockholders of record April 30, 1955, on a two-for-one basis; and (2) a public offering of 3,000,000 shares, to be represented by voting trust certificates, at 58.8235 cents per share. **Proceeds**—For racing plant construction. **Underwriter**—None. Hyman N. Glickstein, of New York City, is Vice-President.

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.

Sayre & Fisher Brick Co., Sayreville, N. J.
Sept. 30 filed 325,000 shares of capital stock (par $1). **Price**—To be supplied by amendment. **Proceeds** — For prepayment of outstanding 5½% sinking fund bonds due 1970; balance for general corporate purposes, including additions and improvements and working capital. **Underwriter**—Barrett Herrick & Co., Inc., New York City.

Shenandoah Gas Co., Lynchburg, Va.
Sept. 19 (letter of notification) 1,000 shares of common stock (par $1). **Price**—$7 per share. **Proceeds**—To James L. Carter, President, who is the selling stockholder. **Office**—315 Krise Bldg., Lynchburg, Va. **Underwriter**—Scott, Horner & Mason, Inc., Lynchburg, Va.

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. The options are exercisable on or after Oct. 14. **Price**—$41.25 per share.

● **Smith-Dietrich Corp.**
Sept. 15 (letter of notification) 17,355 shares of common stock (par $2.50) being offered for subscription by stockholders of record Sept. 14, 1955 on the basis of one new share for each five shares held; rights to expire on Oct. 20. **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**—To be received

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up to 11 a.m. (EDT) on Oct. 17, at Room 2315, 195 Broadway, New York, N. Y.

Southern Berkshire Power & Electric Co.
Sept. 19 (letter of notification) 1,220 shares of capital stock to be offered for subscription by minority stockholders on the basis of one new share for each two shares held. An additional 13,964 shares will be purchased by New England Electric System, the parent, which now owns 27,928 shares (91.965%) of the outstanding shares and has offered to purchase the holdings of all minority stockholders at $25 per share (including 2,256 shares or 7.43% owned by New England Gas & Electric Association. The balance of the shares is held by 11 holders. **Price**—At par ($25 per share). **Proceeds**—For new construction. **Underwriter**—None.

Southern Co. (11/1)
Sept. 30 filed 1,507,303 shares of common stock (par $5) to be offered for subscription by common stockholders of record Nov. 1 on the basis of one new share for each 12 shares held; rights to expire on Nov. 22. Warrants are expected 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, Thalmann & 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.

★ **Southern Continental Telephone Co. (10/26-27)**
Oct. 6 filed 30,000 shares of 5½% cumulative preferred stock. **Price**—At par ($25 per share). **Proceeds**—For capital expenditures. **Underwriters**—White, Weld & Co., New York; Carolina Securities Corp., Raleigh, N. C.; The Ohio Company, Columbus, Ohio; and Stein Bros. & Boyce, Baltimore, Md.

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.**
Sept. 21 filed 543,209 shares of capital stock (par $25) being offered for subscription by stockholders of record Sept. 28, 1955 in the ratio of one new share for each nine shares then held; rights to expire on Oct. 28. **Price**—$33 per share. **Proceeds**—To repay advances from American Telephone & Telegraph Co. (owner of about 22% of outstanding stock). **Underwriter**—None. Blyth & Co., Inc., on Oct. 6 won award of 1,173,690 rights to subscribe for 130,410 of the afore mentioned shares, and reoffered them to the public at $41 per share. These shares represented rights received by American Telephone & Telegraph Co.

Southwestern Financial Corp.
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.

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 (10/14)**
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. Statement effective Oct. 10.

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.

★ **Summit Springs Uranium Corp., Rapid City, S. D.**
Oct. 3 (letter of notification) 1,200,000 shares of common stock (par 10 cents). **Price**—25 cents per share. **Proceeds**—For expenses incident to mining operations. **Office**—Harney Hotel, Rapid City, S. D. **Underwriter**—Morris Brickley, same address.

Sunburst Uranium Corp., Salt Lake City, Utah
Sept. 6 (letter of notification) 2,750,000 shares of nonassessable 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.

★ **Sunset Liquors, Pacific Palisades, Calif.**
Sept. 29 (letter of notification) 1,750 shares of common stock. **Price**—At par ($20 per share). **Proceeds**—For working capital. **Office**—875 Via de la Paz, Pacific Palisades, Calif. **Underwriter**—None.

Susan B. Uranium Corp., Carson City, Nev.
Aug. 11 (letter of notification) 300,000 shares of nonassessable common stock. **Price**—At par ($1 per share). **Proceeds**—For mining expenses. **Office**—Virginia Truck Bldg., Carson City, Nev. **Underwriter**—Coombs & Co. of Las Vegas, Nev.

Swank Uranium Drilling & Exploration Co.
Aug. 17 (letter of notification) 3,000,000 shares of common stock. **Price**—At par (10 cents per share). **Proceeds**—For expenses incident to mining activities. **Office**—Moab, Utah. **Underwriter**—Honnold & Co., Inc., Salt Lake City, Utah.

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.

Target Uranium Co., Spokane, Wash.
Aug. 12 (letter of notification) 1,000,000 shares of nonassessable stock (par five cents). **Price**—20 cents per share. **Proceeds** — For mining expenses. **Office** — 726 Paulsen Bldg., Spokane, Wash. **Underwriter** — Percy Dale Lanphere, Empire State Bldg., Spokane, Wash.

Tasha Oil & Uranium Co., Denver, Colo.
May 11 (letter of notification) 6,000,000 shares of common stock (par one cent). **Price**—Five cents per share. **Proceeds**—For mining operations. **Office**—1890 S. Pearl St., Denver, Colo. **Underwriter** — Carroll, Kirchner & Jaquith, Inc., same city.

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 Toy Co., Houston, Texas
July 8 (letter of notification) 300,000 shares of common stock (par 25 cents). **Price**—$1 per share. **Proceeds**—For payment of accounts payable of operating company; expansion and working capital. **Office**—2514 McKinney Ave., Houston, Texas. **Underwriter**—Ray Johnson & Co., Inc., Houston.

Texas Western Oil & Uranium Co., Denver, Colo.
June 15 (letter of notification) 5,960,000 shares of common stock (par one cent). **Price**—Five cents per share. **Proceeds**—For mining expenses. **Office** — 407 Denver National Bldg., Denver, Colo. **Underwriter**—Floyd Koster & Co., same address.

Thunderbird Uranium Corp.
June 9 (letter of notification) 3,000,000 shares of common stock. **Price**—At par (10 cents per share). **Proceeds**—For mining expenses. **Office**—915 Simms Bldg., Albuquerque, N. M. **Underwriter**—Hicks, Newton & Co., Inc., Denver, Colo.

Trans-National Uranium & Oil Corp. (10/17)
July 1 filed 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.

★ **Traveler Publishing Co., Inc., Philadelphia, Pa.**
Sept. 29 (letter of notification) $247,000 of 5½% convertible debentures, series A, due Sept. 1, 1965 and 24,700 shares of common stock (par 10 cents), to be offered in units consisting of $1,000 of debentures and 100 shares of common stock. **Price**—$1,010 per unit. **Proceeds**—For payment of indebtedness, expansion, establishment of additional offices; professional and editorial assistance, advertising and promotion; and working capital. **Office**—Widener Bldg., Philadelphia, Pa. **Underwriter**—Albert C. Schenkosky, Wichita, Kansas.

Travelfares, Inc., Seattle, Wash.
Sept. 14 (letter of notification) 100,000 shares of nonassessable 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 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 Cities Utilities Co., Chicago, Ill.**
Sept. 28 (letter of notification) 30,000 shares of 5½% cumulative preferred convertible stock. **Price**—At par ($10 per share). **Proceeds** — To reimburse treasury. **Underwriter**—First California Co., San Francisco, Calif.

★ **United Fire & Casualty Co., Cedar Rapids, Iowa**
Sept. 23 (letter of notification) 2,800 shares of 6% convertible preferred stock class B. **Price**—At par ($100 per share). **Proceeds**—For licensing purposes in order to operate in other jurisdictions. **Office**—810 First Ave., N. E., Cedar Rapids, Iowa. **Underwriter**—None.

★ **United Gas Corp. (11/9)**
Oct. 11 filed $20,000,000 of first mortgage and collateral trust bonds due 1975. **Proceeds**—To finance expenditures of company and subsidiary; purchase additional securities of Escambia Bay Chemical Corp. and for general corporate purposes. **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). **Bids**—Expected to be received on Nov. 9.

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.
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**—Ackerson-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 ex-

penses 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.

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.

Warrior Mining Co., Birmingham, Ala.
Sept. 29 (letter of notification) 6,000,000 shares of non-assessable common stock (par one cent). **Price** — Five cents per share. **Proceeds** — For expenses incident to mining activities. **Office** — 718 Title Guarantee Bldg., Birmingham, Ala. **Underwriter**—Graham & Co., Pittsburgh, Pa. and Birmingham, Ala.

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.

★ **Weymouth Light & Power Co., Weymouth, Mass.**
Oct. 4 (letter of notification) 100 shares of common stock (par $24). **Price**—$42 per share. **Proceeds**—For payment of portion of short-term note indebtedness. **Office**—Jackson Square, Weymouth, Mass. **Underwriter**—None.

White Horse Uranium, Inc., Salt Lake City, Utah
June 9 (letter of notification) 2,900,000 shares of capital stock (par 2½ cents). **Price**—10 cents per share. **Proceeds**—For mining expenses. **Office**—1030 South Sixth West St., Salt Lake City, Utah. **Underwriter**—J. W. Hicks & Co., Inc., Denver, Colo.

Wicker-Baldwin Uranium Mining Co.
May 26 (letter of notification) 900,000 shares of common stock. **Price**—At par (25 cents per share). **Proceeds**—For mining expenses. **Office**—616 Sixth St., Rapid City, S. D. **Underwriter**—Driscoll-Hanson, Inc., same city.

Wisconsin Natural Gas Co. (10/25)
Oct. 4 filed $2,500,000 of first mortgage bonds due 1980. **Proceeds**—To repay bank loans; for property additions and improvements; and to reimburse treasury for capital expenditures already made. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc; The First Boston Corp. and Robert W. Baird & Co. **Bids**—Expected to be received on Oct. 25.

● **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 one to three weeks covering 20,819 shares to be offered to stockholders on a one-for-four basis.

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**—To be received up to 11 a.m. (EDT) on Oct. 18 at 441 Stuart St., Boston 16, Mass.

★ **Wyoming-Gulf Sulphur Corp.**
Oct. 10 filed 971,000 shares of capital stock (par 10 cents), of which 700,000 shares are for company's account and 271,000 shares for account of two selling stockholders. **Price**—On the over-the-counter market at then prevailing price, but not less than $2 per share. **Proceeds**—For auxiliary equipment for Cody plant, for acquisition of additional site, and related activities.

Wyton Oil & Gas Co., Newcastle, Wyo.
Sept. 29 filed 254,000 shares of common stock (par $1). **Price**—At the market. **Proceeds**—To August Buschmann, of Seattle, Wash., and members of his family. **Underwriter**—None.

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. (10/17-21)
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

Atlas Plywood Corp.
Sept. 28 it was announced company plans to issue and sell additional debentures and subordinated debentures. **Proceeds**—To increase inventory and to retire subsidiary indebtedness. **Underwriter**—May be Van Alstyne, Noel & Co., New York.

Atlantic City Electric Co.
Aug. 1, B. L. England, President, announced that the directors are now considering the sale to the public of a small amount of common stock (not more than 75,000 shares) early next year. **Underwriters**—Probably Union Securities Corp. and Smith, Barney & Co., both of New York.

Barium Steel Corp.
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.

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, Rock Island & Pacific Ry.
Sept. 29 the company sought ICC approval of an issue of $2,952,000 equipment trust certificates due in 1-to-12 years. Probable bidders: Halsey, Stuart & Co. Inc.; Salomon Bros. & Hutzler; Kidder, Peabody & Co.

● **Commonwealth Edison Co., Chicago, Ill. (11/2)**
Oct. 10 it was announced that plans to offer to its common stockholders of record about Nov. 1 the right to subscribe on or before Nov. 16 for approximately 1,110,000 additional shares of common stock on the basis of one new share for each 15 shares held. **Price**—To be named later. **Proceeds**—For construction program. **Underwriters**—The First Boston Corp. and Glore, Forgan & Co., both of New York.

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. **Bank Loan**—Bank loans, totaling $100,000,000 were granted company on Oct. 4 to run to Oct. 9, 1956.

● **Consolidated Freightways, Inc. (10/17)**
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.

★ **County Bank & Trust Co. (New Jersey)**
Oct. 7 the Bank offered to its stockholders of record Oct. 6, 1955 the right to subscribe on or before Oct. 26 for 45,000 additional shares of capital stock (par $10) on the basis of one new share for each four shares held. **Price**—$28 per share. **Proceeds** — To increase capital and surplus. **Underwriter**—Hayden, Stone & Co., New York.

Craig Systems, Inc.
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.**
Sept. 28 it was announced company plans to sell by mid-December $10,000,000 of bonds and $5,000,000 of preferred stock and also expects to undertake some common stock financing early in 1956. **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.

★ **Diners Club, Inc.**
Oct. 10 it was reported that this company plans early registration of 150,000 shares of common stock. **Price**—Expected at around $8 per share. **Underwriters**—Lee Higginson Corp. and C. E. Unterberg, Towbin & Co., both of New York City.

Du Mont Broadcasting Corp.
Aug. 10 it was announced that corporation, following issuance to stockholders of Allen B. Du Mont Laboratories, Inc. of 944,422 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. Stockholders of Laboratories on Oct. 10 approved formation of 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
Sept. 14 it was announced stockholders were to 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.

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.

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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.

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.

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).

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.

Marquette Cement Manufacturing Co. (11/15)
Sept. 30, W. A. Wecker, President, announced that the company plans to make a public offering of approximately 250,000 shares of new $4 par value common stock about the middle of November. **Proceeds**—To finance a portion of its $16,000,000 expansion program. **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).

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 Jersey Bell Telephone Co. (12/14)
Sept. 30 it was announced company has petitioned the New Jersey P. U. Commission for authority to issue and sell $25,000,000 of new debentures due 1955. **Proceeds**—For expansion program. **Underwriter** — To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Morgan Stanley & Co.; The First Boston Corp.; Shields & Co.; Kuhn, Loeb & Co.; White, Weld & Co. **Bids**—Expected to be received on Dec. 14. **Registration**—Planned for Nov. 18.

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 Pacific Ry.
Sept. 30 it was reported that the company plans the issue and sale late in November of $1,755,000 equipment trust certificates. Probable bidders: Halsey, Stuart & Co. Inc.; Salomon Bros. & Hutzler; Kidder, Peabody & Co.

Northern States Power Co. (Minn.)
March 29 it was announced that new capital requirements for 1955 will approximate $31,000,000. Present plans contemplate these funds will be obtained temporarily from short-term bank loans to be repaid from proceeds of the sale of additional bonds late in 1955 or early 1956. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Blyth & Co., Inc. and The First Boston Corp. (jointly); Merrill Lynch, Pierce, Fenner & Beane, Kidder, Peabody & Co. and White, Weld & Co. (jointly); Equitable Securities Corp. and Union Securities Corp. (jointly); Smith, Barney & Co.; Lehman Brothers and Riter & Co. (jointly); Glore, Forgan & Co.

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.

Puget Sound Power & Light Co.
April 5, Frank McLaughlin, President, said that "it will be necessary in 1955 to obtain funds for construction purposes from outside sources—at least to the extent of several million dollars." The company has scheduled a large-scale expansion program, involving $79,000,000 in order to keep abreast of estimated load growth over the next five years. **Underwriters**—Probably Stone & Webster Securities Corp., The First Boston Corp. and Smith, Barney & Co. Halsey, Stuart & Co. Inc., is reported to head a group to bid for approximately $25,000,000 of bonds. Stockholders are to meet on Oct. 20.

Pure Oil Co.
April 9 stockholders approved the possible issuance of a convertible debenture issue. This would not exceed $50,000,000 and would be issued at the discretion of the directors any time within the next 12 months. **Underwriter**—Probably Smith, Barney & Co., New York.

★ Racine Hydraulics & Machinery Co.
Oct. 4 it was reported company expects to file a letter of notification with the SEC covering 10,000 shares of its common stock. **Underwriter**—Loewi & Co., Milwaukee, Wis.

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 (Texas)
Oct. 5 stockholders of record Oct. 4, 1955 were given 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; rights to expire on Oct. 24. **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.

★ Richland Homes, Inc., Richland, Ind.
Oct. 10 it was reported early registration is planned of 140,000 shares of common stock (par $1). **Price**—$5 per share. **Underwriter**—Cruttenden & Co., Chicago, Ill.

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 issue and sell $18,000,000 of 30-year first mortgage bonds due 1985. **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. **Proceeds**—For expansion program.

Seaboard Air Line RR. (10/20)
Bids will be received up to noon (EDT) on Oct. 20, at the office of Willkie Owen Farr Gallagher & Walton, 15 Broad St., New York 5, N. Y., for the purchase from the railroad company of $6,555,000 equipment trust certificates, series P, to be dated Nov. 1, 1955 and to mature in 15 equal annual instalments. Probable bidders: Halsey, Stuart & Co. Inc.; Salomon Bros. & Hutzler; Kidder, Peabody & Co.

Siegler Corp., Chicago, Ill.
Sept. 20 it was announced that the company plans the sale of additional common stock (par $1) and bank borrowings to finance the proposed purchase of all of the outstanding stock of Holly Manufacturing Co. of Pasadena, Calif., for $3,000,000 cash. The transaction must be closed by Dec. 15, 1955 (subject to extension to Jan. 15, 1956). **Underwriter**—William R. Staats & Co., Los Angeles, Calif.

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 Nevada Telephone Co.
Oct. 10 it was reported company may be planning some public financing. **Underwriter**—Dean Witter & Co., San Francisco, Calif.

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 Insurance Co. of America, Chicago, Ill.
Oct. 3 it was reported that an offering of from 350,000 share to 400,000 shares is expected, partly for selling stockholders. **Underwriters**—May be R. S. Dickson & Co., Charlotte, N. C., and A. C. Allyn & Co., Inc., Chicago, Ill.

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.

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.

★ Western Maryland Ry.
Oct. 10 stockholders approved a plan authorizing the issuance of an additional 128,597 shares of common stock and changing the par value of the common shares from $100 per share to no par value. The plan calls for the offering to each stockholder of the right to purchase one new common share for each six shares of stock now owned, regardless of class.

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.

York County Gas Co., York, Pa.
June 29 it was announced company contemplates the issuance and sale later this year of a new series of its first mortgage bonds, in an aggregate amount not yet determined. **Proceeds**—To pay for new construction and probably to refund an issue of $560,000 4¾% first mortgage bonds due 1978. **Underwriter**—May be determined by competitive bidding. Probable bidders; Halsey, Stuart & Co. Inc.; A. C. Allyn & Co. Inc.; White, Weld & Co. and Shields & Co. (jointly). It is also possible that issue may be placed privately.

Our Reporter's Report

Definitely improved sentiment is evident in the investment market, especially in the new issue end of the business. The better feeling doubtless stems primarily from the rather limited new supply in face of steadily accumulating funds which must be put to work.

Not the least influential factor in the changed thinking in the bond market is the substantial shakeout which has been underway in equities. Some months back, it was the observation of keen students of the investment market that yields on bonds and equities had been drawn far too close.

It was their contention that something had to give — either bond yields had to taper off or the rate of return on stocks must rise. Well, whatever the cause of the setback in stocks, their yields were substantially more attractive today than a month ago and the relative position with bonds more in keeping with what might be termed normal.

The improved attitude toward bonds naturally is a bit of a surprise to some in view of the firmness in money. But the latter has been chiefly in short-term rates where a reversal could come about quickly if warranted by conditions.

Moreover, the favorable reception accorded this week's two substantial new offerings of turnpike bonds, has had its influence. In both cases, that of the New York State Thruway, and the Cook Co. (Ill.) Expressway sponsors had planned earlier flotations, but because of market conditions decided to defer such financings. Both obtained their money cheaper than would have been the case had original plans been carried out.

"Street-Sized" Fare

The calendar for the week ahead is not burdensome and what is more it consists of issues of the size and type that make for easy handling. In all only three new debt issues are up for marketing, one a convertible to be handled via the negotiated route.

Monday will seek bids opened by Southern Bell Telephone for an issue of $30 million of 40-year debentures which carry a Triple A rating. And on Wedessday, New York State Electric & Gas Corp. will consider bids for $15 million of 30-year first mortgage bonds. In both instances bidding is likely to prove keen.

The day following, on Thursday, bankers are slated to bring to market $30 million of subordinated debentures, 20-year maturity, of Burlington Industries, Inc. Bankers like issues of the foregoing dimensions because they do not require the setting up of huge marketing syndicates.

Hoping for the Best

With the market endeavoring to put its best foot forward, underwriters, though naturally anxious to do all the business possible, are hoping prospective borrowers will not move in a manner to glut the market.

Rather they would prefer to see a more or less steady flow of new issues which would assure against overtaxing of demand and consequent building up of unsold backlogs.

Equities Slowed by Break

There is no question but that the sharp setback in the stock market has chilled prospective new equity deals for the time being. Firms with plans for raising such capital probably will take time out to see what happens through the balance of the year.

A case in point is Commonwealth Edison Co. of Chicago, which contemplates a large "rights" offering to be underwritten by bankers.

The proposal is for "rights" to allow holders to subscribe for new stock in the ratio of one new share for each 15 held on a date to be fixed later. This would involve a total of about 1,110,000 shares which shapes up as quite an undertaking and one for which the market must be right.

Lockheed Aircraft Debentures Ready

Temporary 3.75% subordinated debentures dated May 1, 1955 of Lockheed Aircraft Corp. may now be exchanged for definitive debentures of that issue at either Security-First National Bank of Los Angeles, Calif., 215 West Sixth St., Los Agneles, Calif., or at Bankers Trust Co., 46 Wall St., New York 15, N. Y.

Three With Daniel Reeves

(Special to THE FINANCIAL CHRONICLE)

BEVERLY HILLS, Calif. — William S. Finerman, William R. Jerome and Harry W. Wayne are now affiliated with Daniel Reeves & Co., 398 South Beverly Drive, members of the New York and Los Angeles Stock Exchanges. Mr. Finerman was previously with Coombs & Co.

Daniel Weston Adds Two

(Special to THE FINANCIAL CHRONICLE)

BEVERLY HILLS, Calif.—Selvyn Levinson and Milton A. Phillips have been added to the staff of Daniel D. Weston & Co., 140 South Beverly Drive.

Continued from page 14

Nuclear Fuel for the World Power Program

of major technological advances in exploration and metallurgy.

Geiger and scintillation counters have made it possible for almost anyone to become a prospector and in areas of uranium excitement that has been the case. In the hands of geologists, these instruments have greatly speeded systematic exploration and reduced failure to recognize inconspicuous outcrops of radioactive mineral. Highly sensitive scintillation counters weighing as little as five pounds are available for ground surveys. Instruments weighing from 50 to 100 pounds are used for airborne surveys. A number of valuable uranium deposits have been found by low-level aerial surveys. High-level flying in broad reconnaissance surveys has been directed toward locating favorable areas for more detailed investigations.

With sensitive scintillation logging instruments, used in connection with electric logging, it is possible to determine the position, thickness and approximate grade of mineralization, and to differentiate the various rock types encountered in a bore hole. Instruments have been developed for logging bore holes as small as two inches in diameter.

Although these instruments now are considered indispensable in uranium exploration, the basic work still is detailed field geology and laboratory research. One of the major contributions of the extensive exploration program of the past few years has been the development of scientific information on uranium mineralogy and on the nature and occurrence of uranium deposits. This is information of permanent value and will aid the geologist in any area and at any time. A number of geological papers have been prepared for presentation at the technical sessions or publication in the proceedings of this conference.

Advances Made in Uranium Metallurgy

Major advances also have been made in uranium metallurgy and the processes developed during the last few years have become standard for all new mills. Uranium recovery should be about 90% for nearly any type of ore. The cost of processing may vary widely, largely because of the differences in chemical consumption for different ores and in the size of the milling operations. However, for most uranium operations the cost of milling should range from $5 to $15 per ton of ore. Large plants with favorable metallurgical and operating conditions can have milling costs below $5 per ton. These are the costs that should prevail in most established mining and industrial communities. In isolated areas where fuels, chemicals and labor are expensive, milling cost will be correspondingly higher. It is evident that the cost of milling is an important factor in determining the grade of ore that can be treated profitably.

Probably the most important development in extraction of uranium is the use of ion exchange resins. Ion exchange resins may be used to recover uranium from clarified solutions or directly from pulp. Recovery from pulp eliminates thickening and filtering problems and reduces soluble losses to a minimum. A high grade uranium precipitate, 60% or more U_3O_8, is obtained without intermediate up-grading steps. Although ion exchange has been used in water purification for a long time this is the first commercial application for metal recovery.

Solvent extraction, which has been used in the chemical industry, also has been adapted to uranium extraction. Both ion exchange and solvent extraction processes presently are used only in connection with acid solutions. Recent experiments, however, indicate that ion exchange also may be used for recovery of uranium from alkaline solutions. Either acid or alkaline solutions may be used to dissolve the uranium from the ore. Acid solutions are generally more effective but are not economic for high lime ores.

Uranium metallurgy will continue to be improved and new chemical processes will be developed. But no longer is there a wide margin between the costs and recoveries being obtained by efficiently operated modern plants and the results which might be considered theoretically practical. However, a major reduction in the cost of milling certain types of ore could result from a cheap, efficient method of mechanical concentration, such as flotation. This would provide a higher grade product for treatment by the more expensive chemical processes. Research laboratories are working on flotation and other possible methods of mechanical concentration.

This general review of production and resources indicates that uranium no longer can be considered a rare metal. There are extensive deposits throughout the world and there are processes for extracting the uranium economically. Uranium production already developed is sufficient for a major nuclear power program of world-wide extent. Additional production can be obtained when needed. When the vast low grade resources are required, more efficient use of nuclear fuel through improved conversion or "breeding" may offset the higher uranium cost.

Reynolds Adds to Staff

(Special to THE FINANCIAL CHRONICLE)

OAKLAND, Calif. — John W. Nichols has been added to the staff of Reynolds & Co., 1404 Franklin Street.

Joins Kerr & Bell

(Special to THE FINANCIAL CHRONICLE)

LOS ANGELES, Calif.—Wm. B. Worley has joined the staff of Kerr & Bell, 210 West Seventh Street, members of the Los Angeles Stock Exchange.

With Financial Investors

(Special to THE FINANCIAL CHRONICLE)

SACRAMENTO, Calif.—Marvin D. Riley is now connected with Financial Investors Incorporated, 1716 Broadway.

Two With Walston Co.

(Special to THE FINANCIAL CHRONICLE)

HARTFORD, Conn.—Albert E. Miller and Henry Sapia are with Walston & Co., 111 Pearl Street.

Lincoln McRae Adds

(Special to THE FINANCIAL CHRONICLE)

ROCKLAND, Maine—Philip H. Hansen has become associated with Lincoln E. McRae, 449 Main Street. Mr. Hansen was formerly with Walter J. Hood Co. and Nathan C. Fay & Co.

Nathan C. Fay Adds

(Special to THE FINANCIAL CHRONICLE)

PORTLAND, Maine — Arlie R. Porath has been added to the staff of Nathan C. Fay & Co., 208 Middle Street.

With Walston Co.

(Special to THE FINANCIAL CHRONICLE)

SAN FRANCISCO, Calif. — Vojmir S. Kereta is now with Walston & Co., 265 Montgomery Street, members of the New York and San Francisco Stock Exchanges.

With Blalack Co.

(Special to THE FINANCIAL CHRONICLE)

SAN MARINO, Calif.—Charles R. Westbrook has become connected with Blalack & Co., 2486 Huntington Drive.

Walston Adds to Staff

(Special to THE FINANCIAL CHRONICLE)

STOCKTON, Calif. — Harry L. Smith has been added to the staff of Walston & Co., 137 East Weber Avenue.

Joins B. I. Barnes

(Special to THE FINANCIAL CHRONICLE)

BOULDER, Colo.—A. G. Kirchner has joined the staff of B. I. Barnes, 2007 Thirteenth Street.

With A. C. Allyn & Co.

(Special to THE FINANCIAL CHRONICLE)

CHICAGO, Ill.—Turney E. Buck, Jr. has become associated with A. C. Allyn and Company, Incorporated, 122 South La Salle Street. Mr. Buck was formerly for several years with G. H. Walker & Co. of St. Louis.

DIVIDEND NOTICES

Washington . . . And You

Behind-the-Scene Interpretations from the Nation's Capital

WASHINGTON, D. C. — Industry people here, who seldom underrate Dave Beck, the powerful head of the Teamster's Union, are now taking a fresh and apprehensive look at a new development which they report Mr. Beck is promoting.

Over a period of time, Beck is said to have abolished the importance of the local "walking delegate," and to have reorganized his union into regions, each embracing several states. Ruling the union in these enlarged areas are Mr. Beck's own satraps, who hold office at the pleasure of the head of the Teamsters' Union. There are also many "regional directors" in governmental service, and usually the President in naming them has to consult either with Senators or local politicos, or both. Mr. Beck need consult only with himself.

What has really startled industry has been that in local contracts offered by the Teamsters' Union with employers, there is appearing a clause which pledges the employer, upon such time as there is a regional Teamsters' Union contract, that he will pay the wages agreed to under such regional contract.

In other words, it is predicted that Mr. Beck is aiming to get rid of the bothersome business of negotiating with individual or local groups of employers, in favor of establishing wage rates for truckers over a large area.

And that will be merely a stage prelude to a nation-wide contract for truckers. There is a wide and firm belief in this capital that a nation-wide, single, standard trucker union contract is the objective of Mr. Beck.

Once this is achieved, the head of the Teamsters' Union, Mr. Beck, will become the most powerful union overlord in the United States, it is contended. For any kind of merchandise which at any time moves on rubber tires will come under the gentle persuasion of Mr. Beck. Other unions have far more limited empires. Mr. Beck's power would cut across all these not inconsiderable empires, and give the head of the Teamsters' Union more power than the able and aggressive Walter Reuther, or the, in the process-of-uniting, single national labor federation.

Industry men do not yet appear to realize that the sooner the time comes when one union man can paralyze, not merely a great and important industry, but perhaps the economy of the entire land, the sooner there might finally develop a public opinion, perhaps, for swatting down the almost unregulated national power of labor unions.

See No T-H Amendments

In the chaos which likely will prevail in Congress next year, there is little likelihood seen or action to amend the Taft-Hartley Act, the dearest objective of organized labor. The President's own misfortune portends some or a considerable diminution of his influence. The parties are closely divided.

One of the few successful leaders in Congress, Senator Lyndon Johnson of Texas, may be in diminished vigor, as a result of his heart attack. Then, too, where there is likely to be a free-for-all race for the nomination for the Presidency in both parties, members of the same party split somewhat into rival blocs as they attempt to express, as to pending legislation, the ideas of the men they are backing for the nomination. The under-cover but fierce rivalry of the Congressional supporters of Messrs. Dewey and Taft in Congress prior to the last two GOP conventions is a case in point.

On the other hand, some observers say that the scandals in the handling of union pension funds are so odorous, that Congress may not be able to postpone until 1957, even though nobody likes to offend unions in an election year, the enactment of legislation to make for honesty in the handling of such funds.

Such legislation might not be altogether a blessing for employers. It probably would saddle on management considerable responsibility for protecting the security of the pension funds.

Oppose Exemptions Lowering

It is reported on good authority to be the firm intention of the Eisenhower Administration to back a **percentage** cut in the individual income tax, together with a modest lowering further of the rates in the middle brackets, as its tax package to be offered to the new Congress.

There have been several reports that the Administration would support a boost of $100 in the exemption, along with moderate tax relief in the middle surtax brackets. This, it may be stated, is not the intention of the Eisenhower Administration.

Until the budget for 1957 has come down next January, the Administration will not admit to favoring any tax reduction.

However, it is recognized that in an election year, the Administration had better make a recommendation since an individual tax cut probably will be voted by the Congress anyway.

While the Eisenhower Administration is to plump, if it has to, for the percentage tax cut rather than the "liberal" idea of either a dollar per capita or a boost in the exemptions, this is, of course, no indication that the actual tax cut will take this form.

Unless President Eisenhower is restored to full vigor it is quite possible that many of his party followers in Congress will fall victim to the political appeal for a boost in the exemptions. This has the effect of taking millions off the tax rolls, and hence has great voter charm.

Budget Balancing Ruled Subordinate

In the speech by Rowland Hughes, Director of the Budget, several days ago before the Chicago Economic Club, there was a tacit admission that the objective of balancing the budget is subordinate to promotion of national security and national well-being. Mr. Hughes noted that the Eisenhower Administration came into office on a platform which called for a balanced budget, but said:

"Such, however, is the seamless web of government today that our budgetary and fiscal policies can no longer be considered in isolation, but only in relationship to the broad objectives of our national policies: improved national security and national well-being," Mr. Hughes said.

In other words, balancing the budget is no more an objective for its own sake.

Per Capita Farm Income Rises

Despite all the weeping, wailing, and gnashing of teeth by the politicos over the sad state of the farmer's income, that particular branch of the economy is doing much better on a per capita basis than several years ago.

It was the Federal Reserve Board which discovered this. Per capita income of farmers "has been maintained at relatively higher levels than total farm income," the Board reported.

What has happened is that while total farm income has declined, the farm population has declined so much faster than the farm income that the per capita has increased rather significantly.

In 1947 the total farm population amounted to 27,124,000, based on census figures. By 1955 it was estimated to have shrunk to 22,158,000 persons, a drop of nearly 5,000,000 or almost 20%.

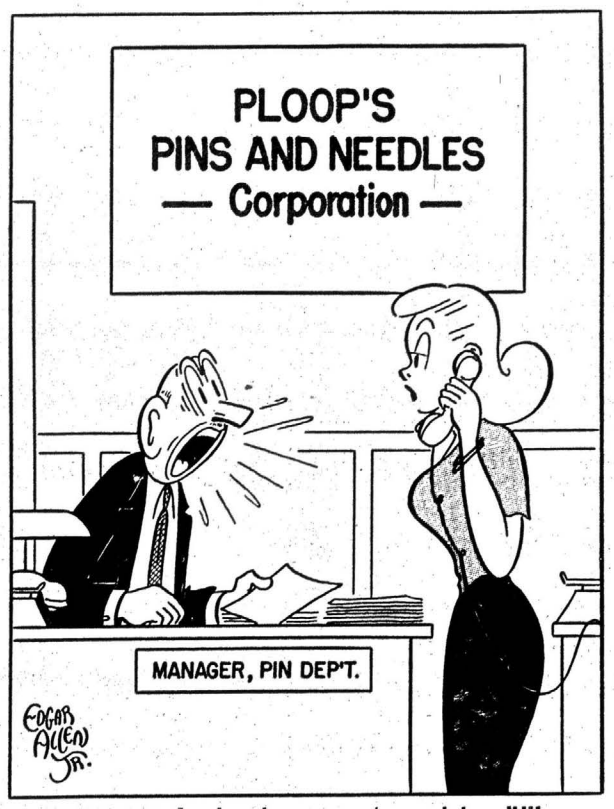
Farm income aggregated $21,367 million in 1947. The estimate for the current year is $19,500 million, a decline of $1,800 million or something like 9%. These figures include income earned by the farm population off the farm as well as on it.

Per capita income was figured at $788 in 1947. It rose to 876 by 1955, or more than 10%.

In other words, roughing out the figures, there was a 10% drop in total income, nearly a 20% drop in population, but those remaining on the farm derived better than 10% more income per capita than eight years ago.

[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



"Stop referring to me as 'our pinhead'!"

J. R. Naumes Joins Don W. Miller & Co.

DETROIT, Mich. — John R. Naumes has joined Don W. Miller & Co., Penobscot Building, members of the Detroit Stock Exchange, as co-manager of the trading department. Mr. Naumes was recently with Carr & Compant and prior thereto was for many years with Charles A. Parcells & Co.

New Scott Branch

(Special to THE FINANCIAL CHRONICLE)

SCOTTSDALLE, Ariz. — The Scott Corporation has opened a branch office at 46 East First Avenue under the direction of Thomas B. Scott, Jr.

With A. W. Hough Co.

(Special to THE FINANCIAL CHRONICLE)

PASADENA, Calif. — Joel H. Tedder is now affiliated with A. Wayne Hough & Co., Security Building. He was formerly with Lester, Ryons & Co.

COMING EVENTS

In Investment Field

Oct. 13 & 14, 1955 (Pinehurst, N. C.)
Securities Dealers of the Carolinas, North Carolina Municipal Council and South Carolina Municipal Council joint meetings at Mid Pines Club.

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.

Business Man's Bookshelf

Automobile Facts and Figures: 35th Edition—Automobile Manufacturers Association, New Center Building, Detroit, Mich. (paper).

International Cost Sharing Arrangements—Thomas C. Schelling—International Finance Section, Department of Economics and Sociology, Princeton University, Princeton, N. J. (paper) on request.

International Tax Agreements, Vol. V: World Guide to International Tax Agreements — United National ST/ECA/SER. C./5 — Columbia University Press, 2960 Broadway, New York 27, N. Y. (paper) $3.

Research Frontiers in Politics and Government, Brookings Lectures 1955—Brookings Institution, Washington 6, D. C. (cloth) $2.75.