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EDITORIAL

As We See It

There is little reason to doubt that the Democratic party intends to harp on "90% parity" as one means of winning next year's national elections. This is to be a "rigid" support, not a "flexible" support if leading members of the party have their way, and it appears all but certain that they will have their way. The chief difference between the two major parties seems to lie in this business of rigidity rather than flexibility. Both bow down to worship the "parity" concept, and have right along. It would not be particularly surprising if before November of next year rolls around both parties will be advocates of "rigidity," although quite likely using different names.

But whatever the arguments over this matter of rigidity vs. flexibility, the cold truth is that the notion of parity itself is the height of economic absurdity and ought to be dropped. It is one of those New Deal concoctions which served to help combine farmer and labor vote to keep the New Deal and the Fair Deal in full flower for a good many years. It is one of the elements of the New Deal and the Fair Deal, albeit with flexible rather than rigid supports to implement it, which the Eisenhower Administration took over boots and baggage. Indeed, in national political circles there are few if any who to this day dare question its magic, but, of course, this fact has no bearing upon the question whether it is sound or simple nonsense.

Since this concept is so widely, and in so many quarters so unquestioningly, accepted, it is all the more desirable that it be scrutinized again and again and again to indicate how unworthy

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Economics of Eisenhower Dynamic Conservatism

By GABRIEL HAUGE*
Administrative Assistant to the President
Washington, D. C.

In pointing out there is a variety of systems to meet man's economic problems, Mr. Hauge says, in our own country, the debate centers on question of the extent that government should intervene in economic decision-making. Asserts foundation stone of Eisenhower economic policy is "a deep faith in economic decision-making by individuals." Mentions features of "Eisenhower conservatism," among which is the conservation of our tradition of incentive and reward and the preservation of free markets and sound currency. Denies "Eisenhower conservative" is a "standpatter."

"Study from new books but from old teachings."

Last month in the storied city of Istanbul I came upon this ancient Turkish proverb. It struck me as an exceedingly wise distillate of human experience. I would like here today to invoke this sage injunction from another civilization and apply it to problems of our own time; to restate, if I can, what it bespeaks in every time: the philosophy of dynamic conservatism.

Dr. Gabriel Hauge

This philosophy, of course, can condition action taken in all areas of human endeavor, but on this occasion I propose to discuss only its vitally important economic aspect.

It is profoundly true that men do not live by bread alone, but bread and the winning of it have been a consuming preoccupation of mankind since the dawn of history. Economists, of necessity, are in the bread business in this broad sense, though they fully realize that the utilitarian calculus of supply and demand is far, indeed,

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*An address by Mr. Hauge before the Commonwealth Club of California, San Francisco, Cal., Oct. 14, 1955.

1955—A Year of Great Progress for Gas Industry

By F. M. BANKS*
Retiring President, American Gas Association
President, Southern California Gas Company

Mr. Banks reviews the growth and progress of the gas industry during past year, but warns that other fuels and energy resources are hard on the heels of the gas industry. Says if the industry is to continue to improve, it must have a dynamic forward look and urges an integrated selling effort be launched by entire gas industry. Lists new objectives of American Gas Association.

This year has been one of progress for the entire nation. We have seen at least a temporary cessation of fear that the cold war would erupt into a shooting war. Employment and personal income have reached the greatest peaks in history. For the first time in many years, a balanced Federal budget appears to be a possibility.

F. M. Banks

For the gas industry, too, it has been a year of great progress. New records have been set in sales, number of customers and revenues. It was a year that brought encouraging reports from the action demonstration cities; the Pacific Northwest seemed assured of getting natural gas, and gas facilities were installed and tested at the atomic testing grounds.

During 1955 we in the A.G.A. have attempted to accent the modernity of our service and the great potentialities of our fuel and appliances. Our laboratories' requirements have been strengthened to the point of rendering obsolete all gas ranges requiring manual lighting. The gas industry established new records in 1954 and is on its way to break those records in 1955. On the basis of figures to date, total sales of gas are running more than 8% ahead of last year and may

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*An address by Mr. Banks at the Annual Convention of the American Gas Association, Los Angeles, Cal., Oct. 17, 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 36.

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

Pan American Sulphur—Edmond L. Brown, Vice-President, Garrett and Company, Dallas, Texas. (Page 2)

Texas National Petroleum Co.—John L. Shea, Partner, Shea & Co., Boston, Mass. (Page 2)

EDMOND L. BROWN
Vice-President, Garrett and Company
120 Fidelity Union Life Bldg.
Dallas, Texas

Pan American Sulphur

Before discussing the security I like best, it would be appropriate to mention a few words about the industry and the product. For the past decade, chemical and industrial authorities have gone on record about the shortage of sulphur and its vital role in industry. It is true the known reserves are being depleted rapidly and discoveries have not kept up with the demand.

Edmond L. Brown

Each year the nation consumes about 75 pounds of sulphur for every man, woman and child. Sulphur is one of the basic chemicals that cannot be manufactured synthetically. The world overall consumption of sulphur is increasing at the rate of about 4% per year. For the first six months of 1955 the consumption of sulphur was 15% ahead of the same period in 1954. One of the recent requirements for substantial sulphur tonnage is the processing of uranium ore by the sulphuric acid process. The acid process for the recovery of uranium using sulphuric acid as the leaching agent has been found very economical. With vast stockpiles of uranium ore being created, this demand will require large amounts of sulphur from the already short supply.

Sulphur bearing formations suitable for the frasch process are usually found under the caprock of shallow salt domes along the Texas, Louisiana and Mexican Gulf Coasts. In all, 23 of the approximately 200 known salt domes in this area have produced sulphur in commercial quantities. In addition to the 23 that have produced commercial sulphur, there are four domes owned by sulphur companies for future reserves. Another, the Humble dome, is now being core drilled by Houston Gulf Sulphur Company which may establish important reserves. Eleven of the 23 domes have ceased production of sulphur on account of being depleted and 8 of the 11 have ceased since 1935. This year marked the end of Hoskins dome which has produced 10,787,812 tons in the past 32 years. Only three other domes in the world have produced more sulphur than Hoskins. Regardless of how big or prolific the sulphur domes are, they must come to an end sometime. There have been few significant discoveries of sulphur in the last 20 years except the rich deposits in the Tehuantepec area in Mexico.

Picking a winner in the market is somewhat akin to handicapping the horses. The smaller the field the better results. Anyone can win betting Swaps to show. In the oil industry there are several thousand companies with listed and unlisted securities outstanding. In the sulphur producing industry there are four listed companies and 10 unlisted companies. The listed companies have already provided their original investors with speculative gains in the early stages of the companies' existence. The 10 unlisted companies provide an investor with most any degree of safety or speculation an investor desires. An investor can pick those companies with management and reserves and play them across the board.

Out of these 10 unlisted sulphur companies, Pan American Sulphur has now taken its place as the third largest sulphur producing company in the world. It has all the competitive requirements — management—reserves—a modern low cost plant—efficient low cost production and ample finances to compete with Texas Gulf Sulphur Company and Freeport Sulphur Company.

The only college of sulphur producing knowledge in the past has been the top three sulphur companies. All the executive personnel of PAS are young, aggressive and graduates of this school of knowledge. From a wilderness to an efficient modern sulphur producing plant in 22 months denotes PAS' careful planning and "know how."

The Jaltipan dome is the second largest sulphur dome in the world. The largest is the Texas Gulf Sulphur Boling dome. As of Jan. 1, 1955 it produced 43,288,619 tons of sulphur—total production since the early twenties. Boling is a few acres larger than Jaltipan in area. With only half of the Jaltipan dome explored, PAS has established a future production potential in excess of 30,000,000 tons. Also, PAS owns the Teterete dome, which is adjacent to the rich Mezquital dome, which may have important additional reserves.

Profits in the sulphur industry are figured on the cost of how many gallons of hot water it takes to melt and raise a ton of sulphur to the surface. The average for the industry is in excess of 4,000 gallons of hot water to produce one ton of sulphur. On the basis of 1,500 to 2,000 tons of sulphur a day, PAS has developed a ratio of about 1,000 gallons of hot water per ton of sulphur. Plans are now under way to increase plant capacity in excess of 50% which should be completed in 1956.

The earnings of PAS should compare favorably with the top U. S. producers. It is estimated that PAS' profit—after all expenses, royalty and taxes—will be about $10 per ton. Therefore, the earnings of this company should not be hard to forecast based on their production and shipments. PAS has now accumulated a sulphur stockpile of approximately 250,000 tons which will be maintained at this approximate level.

Based on PAS' modest capitalization of 2,183,787 shares, after exercise of all options and conversion of the convertible bonds, the 1955 earnings should be important despite the fact the company spent six months in establishing stockpiles in excess of 250,000 long tons. This stockpiling is important in attracting long-term quantity contracts. With a 50% increase in plant expansion and the rapid growth of the company, an earnings potential in excess of $4 per share by 1957 with a 70% of earnings dividend pay out is entirely reasonable. The 5% convertible debenture bonds convertible into common at $25 a share should not be overlooked.

Pan American is a better investment now under $30 a share than it was at $12 several years ago when its plant was in the planning stage. The going was not as easy as it reads. Many obstacles have been overcome and no doubt others will be met. This year PAS has moved into U. S. and world sulphur markets in an efficient and orderly manner and is rapidly being recognized as a "blue chip" of the future by the conservative investors.

JOHN L. SHEA
Partner, Shea & Co., Boston, Mass.

Texas National Petroleum Co.

In some rare cases in this business two and two add up to eight and make sense doing it. The merger of Texam Oil & Gas and Johnston Oil & Gas into Texas National Petroleum Co. is a perfect case in point. The merger was on the simplest basis, share for share in the new company. The reasons are interesting and should be very profitable to stockholders.

John L. Shea, Jr.

Texam was primarily an oil operation needing long-term gas contracts to stabilize revenues. Johnston Oil & Gas was primarily a gas operation which could advantageously use present oil income. Combined it is a balanced oil and gas operation.

Texam had its major reserves in Texas; Johnston Oil & Gas had its major reserves in the San Juan Basin of New Mexico. Combined it has diversification by type and area.

Indicated reserves show 713,000,000 MCF of natural gas and 15,339,000 bbl. of oil and distillate.

Both companies had experience and qualified personnel.

Mr. Ralph Johnston with his intuitive ability to smell an oil or gas field, and Mr. W. Stewart Boyle with his drive and ability to handle concomitantly important and necessary details will make, in the writer's opinion, one of the better combinations for the hard work and follow-up necessary in the oil and gas business.

In the search for gas and oil it often becomes necessary to finance. The risk involved varies with the size of the enterprise. The fact that this enterprise has more than doubled in size has spread the geographical and financial risk to a point where the financing capacity of the combined companies will be much greater than the combined figures of either alone.

The management and associates own over 60% of the outstanding stock.

All expenses of developing the bulk of the company's proven gas reserves are borne by El Paso Natural Gas which also guarantees a market for the product. Such a contract is of great importance in accelerating production of a company with large proven but undeveloped acreage.

Any estimate of the value of proven reserves may vary with the emphasis placed on any one of a number of factors. Some yardstick is necessary, however, if only as a guide. Using the formula of one of the nation's larg-

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1956 Business to Reach New Peaks

By ROY L. REIERSON*
Vice-President and Economist, Bankers Trust Co., New York

Predicting business in 1956 will reach new peaks but with later easing possible, Dr. Reierson holds recent decline in stock market prices should have no appreciable effect upon the plant programs of corporations. Warns, however, a sustained advance in stock prices will make them vulnerable to declines, should business conditions indicate even a slight reappraisal of the outlook. Holds credit is generally sound, and business activity will be supported by substantial demands in year ahead. However, he sees some danger of "excesses" that may become acute.

It has already become abundantly clear that 1955 will be another record year for our economy. The gross national product—economists' vernacular for the dollar value of all goods and services produced in the year—will total perhaps $385 billion or higher, about 6% above the previous record year of 1953. Industrial production will also set a new high mark, although here the gain over 1953 will be a more modest 3 to 4%. These records in the aggregate statistics will be accompanied by new peaks in the output of steel, electricity, and automobiles, in personal income, employment, retail sales, and many more. Finally, and in contrast with 1953, this year has been one of steadily expanding activity; the anticipated midsummer sag has failed to materialize, and the general course of the economy has remained upward. In all, the American economy has demonstrated a capacity for vigorous growth which has exceeded by far even the most optimistic expectations of businessmen and economists a year ago.


Roy L. Reierson

Now, however, we are once again approaching that season of the year when increasing attention is customarily devoted to peering into the crystal in an endeavor to discern the prospects for the year ahead. Will the economy continue to expand through 1956? How serious is the threat of inflation? Does the current policy of credit restraint augur a business downturn? Obviously, only the passage of time can provide the final answers, but we nevertheless may hope to obtain at least some clues to the probable future by appraising the major elements of potential strength and weakness in the present situation.

The Business Upturn in Perspective

In order to gauge the future it is often necessary to see the present in perspective against the background of the past. Perhaps the most remarkable feature of the current economic upturn is its resemblance, in many basic respects, to former periods of "normal" business expansion. Not only may precedents be found for the length and strength of the business rise, but the present recovery, for the first time since World War II, reflects the dynamic factors inherent in our private economy rather than the incentives provided by defense, war, the fear of war, or the aftermath of war.

Pace of the Upturn—While the recovery in business activity from the setback of last year has been sufficiently vigorous to set new records, the rate of advance has by no means been so rapid as to kindle apprehension over excessive momentum. In fact, the current upturn has been less rapid than in 1924-26, 1936-37 or 1949-50; it more closely resembles the recovery from the mild business decline of 1927. The explanation for the slower pace of the recovery in 1955 seems to lie in the fact that the downturn of 1953-54 was modest; in general, recoveries from a sharp business recession are more striking than those that follow a minor adjustment. The present expansion in our economy is not a rebound from depression levels. Thus, rather than indicating diminishing economic vitality, the current recovery apparently reflects sustained strength.

Private Incentives — Furthermore, the current business advance is "normal" in another and perhaps even more encouraging respect: it is being sustained without the stimulus provided by continuing backlogs of unsatisfied wants, as was the case in 1949, nor is it propelled by rising government spending, as was true after the outbreak of the Korean War in 1950. Instead, recovery was sparked by forces originating in the private sector of the economy, so that the upturn may be described as the first "normal" recovery in a good many years.

Assuredly, government policy made a contribution to business strength: tax reductions early in 1954 helped maintain personal incomes and consumer expenditures, while the easy credit policies pursued by the Federal Reserve after mid-1953 and through most of 1954 not only helped cushion the business downturn but also assisted in establishing an environment in the investment markets which was conducive to long-term borrowing and investing. Also, the government took significant action in the field of

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*An address by Dr. Reierson before the New England Bank Management Conference, Boston, Mass., Oct. 21, 1955.

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More Power to Alcoa

By IRA U. COBLEIGH
Enterprise Economist

A salute to the company which presented aluminum to America, and still is the dominant factor in this dynamic industry.

Eight months after the Blizzard of '88, in Pittsburgh, Pa., Charles Martin Hall and Arthur V. Davis produced the first aluminum ingot for the Pittsburgh Reduction Co., with Captain Alfred E. Hunt then President. It was the very beginning of of low cost production of this fabulous and versatile light metal, and the beginning, as well, of the renowned Aluminum Company of America. From an original capital subscription of $20,000 in 1888, capital stock was increased to $1 million in 1889 when Andrew W. and Richard B. Mellon became large shareholders. In 1907 the name was changed from Pittsburgh Reduction Company to the present title. It should have been, for "reduction" was the wrong word — the company history has rather been one of continuous expansion.

Ira U. Cobleigh

Today, Alcoa has 55,000 employees, 30 plants throughout the nation, and carries on a completely integrated production system from mining and processing bauxite, the basic aluminum bearing ore, to shipping in a large company owned fleet of boats (the Alcoa Line), vast generation of electric power for smelting of aluminum; production of pigs, ingots, sheets, plates, castings; and the making of dozens of finished products such as electric cables, pots and pans, foil, rivets and fittings.

The most significant propellant of the progress and prosperity of Alcoa is the rapid expansion of the uses for this light metal. When the Wright Brothers stayed airborne for 852 feet, in 1903, it was an aluminum (by Pittsburgh Reduction) engine that powered this primitive crate. That set the pattern and aviation ever since has soared with aluminum. The Liberty engine of World War I was of aluminum. In World War II, American peak aircraft production (1943) turned out 86,000 planes; and, on the average, three-fourths of the weight of each was of just one element—aluminum. Beginning with the bicycle, this silvery metal moved on into motor cars, bodies, engines and parts and into trucks, truck and trailer bodies and buses.

Fact is almost anything made of metal can be made of aluminum. We now have everything from whole office buildings and railway trains down to windows, doors, stepladders, ice trays, and thimbles. The list of present uses would run past 4,000—and it's getting longer every day, thanks to continuous research.

While the staggering demand for aluminum during World War II brought others into the field, notably Reynolds Metals Company in 1941, Kaiser Aluminum & Chemical in 1946, it should be observed that, until 1941, Alcoa was the only producer of primary aluminum in the United States; and in 1954 it accounted for 43% of total U. S. production. (Anaconda Aluminum Co. entered the business in 1955, and Harvey Machine Co. is to construct a plant in Oregon for 1957 completion.)

There are certain basic ratios of interest in this industry. You start with bauxite. It takes four pounds of bauxite to make two pounds of alumina (aluminum oxide); and these two pounds are electrically smelted down to one pound of aluminum. Which brings us to another major ingredient. It takes 10 kwh. of electricity to make that one pound of aluminum. That's enough to run a 40 watt bulb for 10 days. Thus, early in the business, it became apparent that to make aluminum cheaper (and hence broaden its market, and improve its competitive position with other metals) vast sources of low cost electricity were vital. Well, the cheapest electricity has long been the hydro electric variety, so it was only natural that, in 1895, a smelting plant was built at Niagara Falls, N. Y. Alcoa was the first industrial juice buyer from the hydro electric installation there. Further surveys led to a plant at Knoxville, Tenn., using water power from the Little Tennessee River, and at the Badin works on the Yadkin River in North Carolina.

Altogether today, Alcoa owns five major hydro electric plants in North Carolina and Eastern Tennessee, three on the Yadkin River, North Carolina, a gas driven generating plant at Point Comfort, Texas, and a steam electric generating plant at Rockdale, Texas. In addition, Alcoa buys a huge quantity of power from TVA; and from Bonneville Power Administration for its Wenatchee, Washington plant. Owned generating capacity presently exceeds 850,000 kilowatts which I imagine would supply the electricity needs of Philadelphia completely.

Because it's the site of the latest power development program, and ties in with a notable international project, to wit, the St. Lawrence Seaway, we ought to say a few words about Massena. It was here, in 1902, that a smelting plant (the oldest operating one in the U. S.) was built to use the hydro electric power generated from the rapids of the St. Lawrence River. There were 67 employees when the plant opened on Aug. 27, 1903. Today this plant employs 6,000 with a $30 million annual payroll; and turns out enough pigs, ingots, wires, rods, bars, structural shapes and aluminum conductor cables to require 2,500 truckloads and 3,500 railway carloads per year for out-shipment thereof.

On Sept. 27, 1955 a signal event occurred at Massena—a convocation attended by Governor Harriman and Mr. I. W. Wilson, President of Alcoa. It was an "open house" for the Massena plant and a salute to the St. Lawrence Project which in due course will provide the major electric power requirements here. Presently power is supplied by the St. Lawrence River Power Co. (Alcoa subsidiary with 55,000 kilowatt rated hydro electric capacity), Quebec Hydro Electric Commission and Niagara Mohawk Power Corp. On July 5, 1955, however, Alcoa entered into a 38-year contract for 174,000 kilowatts of firm power plus 65,000 kw., interruptible, from the New York State Power Authority. Power from this agency, the hydro electric phase of the St. Lawrency Seaway, will start to flow in 1958; and in 1959, Alcoa will terminate operation of its own plant. Since the Massena operation requires as much electric energy as the entire City of Syracuse, the magnitude of this power delivery contract is significant.

We can't begin to cover the Alcoa story here, but we did want to talk about the power phase. For investors, some financial highlights may not be amiss. Total net sales grew from $476,248,390 in 1950 to $708,344,047 in 1954. This year should project gross into new high ground with over $400 million already racked up in the first half of the year. Net is moving up, too—$36 million for the first six months of 1955 versus $46.4 million for the entire 1954 year. Retained earnings of Alcoa are titanic—$368 million at June 30, 1955.

About dividends, cash declarations go uninterruptedly back to 1939 and there was a 2-for-1 split in 1953, and another 2-for-1 division in 1955.

By any standards, Alcoa is a great company and a great common stock. Its equity is found in many of the major investment trusts, it has been a copy book model of a growth stock. It should be no less in the future based, in general, on the burgeoning uses for aluminum, and its brisk price competition with zinc and copper; and in particular on the fact that for the past decade Alcoa has laid out an average of $6.8 million per year on research.

Alcoa common is listed and actively traded on NYSE. At 74 paying $1 (it earned $1.76 a share for first half of 1955) Alcoa makes no special appeal to those who make a fetish of yield but it represents a solid, long range industrial value of unique merit, with a resplendent history of capital growth for its shareholders. Many investors like to retain stocks that retain earnings. Alcoa is quite retentive.

Joins E. F. Hutton

(Special to THE FINANCIAL CHRONICLE)

KANSAS CITY, Mo. — Ruth Singular has joined the staff of E. F. Hutton & Company, 111 West 10th Street. Miss Singular was previously with A. E. Weltner & Co.

Two With King Merritt

(Special to THE FINANCIAL CHRONICLE)

SPRINGFIELD, Mo. — Howard J. Drane and Walter N. Hardwick have become connected with King Merritt & Co. Inc., Woodruff Building.

Barrett Herrick Adds

(Special to THE FINANCIAL CHRONICLE)

ST. LOUIS, Mo.—Theodore F. Lorenz has been added to the staff of Barrett Herrick & Co., Inc., 418 Locust Street. He was formerly with Taussig, Day & Company, Inc.

With J. A. Hogle

(Special to THE FINANCIAL CHRONICLE)

SAN DIEGO, Calif.—Robert L. Rufner has become affiliated with J. A. Hogle & Co., 1030 Sixth Ave.

Whats and Wheres of Our Energy Needs and Supplies

By J. ED WARREN*
Vice-President, The First National City Bank, N. Y. City

After reviewing the growth and utilization of energy supplies in this country, Mr. Warren discusses the problem of future needs for fuel and power and the possibilities relating to the availability of atomic energy. Analyzes data on both current and future economic sources of energy, such as petroleum, coal, tar sands, and nuclear fuel. Concludes the existence of potential sources of energy at home and abroad are adequate, providing the political and economic climate encourages their production. Holds nuclear power will play small part in supplying energy for next twenty to twenty-five years.

In attempting to boil the subject of energy needs and supply down to size appropriate for a talk of this kind, I elected to discuss the question of whats and wheres of energy needs and supplies, well aware that there will be those who will say "you shouldn't have started from there."

J. Ed. Warren

When we consider past trends and patterns of energy production and utilization we are on firm ground, as that is history and reliably recorded. Much of it has happened in our time and almost all of it in the space of 100 years. In viewing this history with the object of seeking guidance for trends into the future, there are three predominant determinations that are worthy of note and serious consideration. Strikingly apparent are the factors of (1) growth, (2) changes and (3) the importance of energy production and utilization to our national economy and welfare.

Growth and expansion of energy production has more than kept pace with the expanding population and increased standard of living that came from the power, heat, and chemical development that are dependent upon energy sources.

The nation's population doubled during the first half of the century and over the same period of time energy production increased three times. But these figures do not disclose the whole picture of our growing energy requirements for, as pointed out and estimated by Putnam,[1] energy is used three times more efficiently than it was in 1900. We therefore have not only seen the population double but, considering efficiency, each one of us today now enjoys 450% more of the necessities, the comforts and the leisure provided from energy sources than the Mr. Average Citizen who lived in 1900.

Energy Production and Utilization

Changes in the pattern of energy production and utilization, our second consideration, have been just as remarkable as the rate of growth and expansion that has occurred. In the space of only 70 years, we have changed from a nation that received one-half of its fuel requirements from wood,[2] then from coal, and now from petroleum, which is currently the chief contributor of energy supply. Your own industry—natural gas — has grown into a giant in less than one generation.

Technological advancements in production, transportation and utilization are continually altering the pattern of demand and supply. Discoveries, inventions, research, improved methods—all have contributed to adjustments and changes in the demand for different energy products as well as enabling cost reduction and quality improvement of supply.

The third conclusion is self-evident. The tremendous growth in energy requirements and the responsible place it now has in our economy points up the vital importance of energy to every citizen in our country. Our transportation, agriculture, industry, comfort and security are all geared to, and dependent upon, an adequate supply of energy.

What About Tomorrow?

So far, we have developed energy supply in sufficient quantities and at low enough prices to encourage healthy growth and expansion of the nation's economy. But what about tomorrow? What will our future needs be and where will we find the supplies to meet them? These are $64,000 questions that are both important and difficult to answer. They inevitably bring forth a whole series of other questions, assumptions and imponderables for which there is no crystal ball or doodle bug that will produce magic answers. To cite a few, for what period of time should we look ahead—10 years, 25 years, or 100 years and longer? What will be the effect of scientific discoveries, new inventions and technological development upon future patterns of prodouction and utilization? Where will atomic energy — this new wonderchild of science—fit into the pattern of energy supply? What will be the competitive effect of new sources on the current energy producing industries, and so on—ad infinitum.

Regardless of the complexities and uncertainties involved in these questions they are, nevertheless, so important that they are the subject of constant study and searching inquiry by responsible and authoritative sources, and for the benefit of those who wish to delve deeper, I recommend the extensive literature that has been written on the subject. Also, I have resorted in the interest of brevity to the use of a number of footnotes, which appear in the written text. For our purposes today, the following conclusions are important and have general

*An address by Mr. Warren before the Annual Meeting of the American Gas Association, Los Angeles, Cal., Oct. 17, 1955.

1 Palmer Putnam in "Energy in the Future" estimated energy input (raw energy consumed) in the United States from all sources, including wood, to be 10,241 x 10^{12} B. T. U. in 1900 and 31,376 x 10^{12} B. T. U. in 1949 representing a threefold increase. Other estimates, based upon coal, petroleum and water power, indicate an increase of 4½ times from 1900 to 1950.

With reference to efficiency, Putnam said: "The growth in the output of energy for the past 50 years can be largely accounted for by increases in the efficiency with which energy has been used. In the case of the United States, the national average efficiency of use has trebled since 1900 and now stands at 30%. It can hardly be trebled again. Future increases in the demand for the output of energy must be met to a greater extent than before by proportionate increases in the input (production) of energy."

2 Palmer Putnam estimated in a curve showing percent contribution to the energy system from each major source of energy that wood represented 90% of the supply in 1845 declining to approximately 50% in 1885.

acceptance by nearly all of the students of the subject:

(1) That the population of the nation will continue to increase. Maximum estimates indicate that the population can double in the last half of the century, just as it did in the first half.[3] But doubling the 75 million inhabitants of 1900 is far different from doubling the 150 million plus of 1950. In fact, the increase in numbers during the next 25 years will likely be as much as took place in the last 50 years.

(2) Assuming that we will continue to maintain our present standard of living, the need for energy to furnish food, transportation, heating and industrial requirements will continue to increase with that of the population. This is a compounding relationship that grows at a higher rate each year.

(3) That the trends of energy production and consumption will continue to be a matter of price, convenience and special qualities as long as our economy maintains a level above subsistence.[4]

Basic to all studies of energy supply is a clear understanding of the difference between existence and economic availability. We know of the existence of coal in places distant from the market or of poor quality or only minable at high costs. We know huge deposits of oil shale and tar sands exist that up until now have not been utilized. And finally, the existence of power and fuel from fissionable material, as unfolded at the recent International Conference on Peaceful Uses of Atomic Energy at Geneva, Switzerland, staggers the imagination, considering the many exciting possibilities.

Is Atomic Energy Available?

The mere fact that an energy source exists does not, however, make it available as a source of usable supply. In order for it to come into that category it must meet several tests. It must be made producible by the outlay of capital, it must then be produced, converted into usable forms, and transported to the point of need on the basis of special qualities, at a favorable price, that will make it desirable to the potential user.

At the same time an increase in cost of a competitive fuel or scientific and technical developments may bring a formerly uneconomic fuel into active use, either by reduced competition or a reduction in delivery costs, or the creation of a new use. In the past we have seen gasoline, formerly a waste product, become the most valuable component of crude oil by the development of the automobile. Similarly, natural gas, formerly of little value in the field, became valuable by establishing industry at sources of supply and the development of large volume, long distance pipeline transportation. Events and circumstances that bring an existing uneconomic source into economic supply will continue to occur in the future, just as they have in the past.

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3 Palmer Putnam in "Energy for the Future" in a searching study of population trends, estimates that the maximum plausible population will be . . . 225 million in 1975 and nearly 300 million in the year 2000 with the world population at 2,330 billion in 1950 and increasing to 2,900 billion in 1975 and 3,700 billion in the year 2000. The President's Materials Policy Commission "Resources for Freedom" assumed a population of 193 million by 1975 after consultation with the Bureau of the Census. The reports stated that estimates ranged between 180 and 220 million.

4 W. K. Lewis in his address "Energy Resources" presented an interesting study of energy prices related to food and concluded: "It required but little study of the figures to see that this economy (Boston) could tolerate far higher fuel costs without undue hardship" (rather than substantially reduce its use of energy) and ". . . while the community will always endeavor to get its energy at the lowest practicable price, and while increasing costs of energy will tend to decrease consumption, in a situation of the sort just described total energy consumption will drop off far less rapidly than the rise in the cost of the basic energy supply."

The State of Trade and Industry

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

Notwithstanding continued reductions in output of some industries the past week, total industrial production for the country-at-large was substantially above that of the corresponding week in 1954.

Scattered seasonal layoffs in the food, apparel and leather products industries resulted in a slight increase in claims for unemployment insurance. Many workers in the automotive industry were called back to work, with several companies completing the model changeover process.

The United States Department of Labor reported that the number of job seekers receiving state unemployment payments dropped to a two-year low in the week ended Oct. 8.

The department's Bureau of Employment Security stated the number of workers receiving jobless pay in that week declined by 29,000 to 783,700. This compared with a total of 1,458,100 on jobless rolls in the week ended Oct. 9, 1954, and was the lowest since the week ended Oct. 10, 1953, when the total was 782,800. Some 29 states reported reductions in the number of individuals claiming benefits.

A continued high level of seasonal activity plus the rehiring of workers by a number of auto plants that had completed model changeovers, contributed to the lower jobless levels, according to the bureau. Largest drop in insured unemployment in any one state—16,900—was reported by Michigan.

At the same time, the department noted initial claims for state jobless pay declined by 26,800 to 166,900 during the week ended Oct. 15. The drop in new claims was widespread, with 39 states reporting reductions. A year ago, these claims for jobless pay totaled 254,000.

Steel producers are wielding a big blue pencil in an all-out effort to control the flow of incoming orders. But new business continues to exceed the mills' ability to produce and backlogs continue to mount, according to "The Iron Age," national metalworking weekly.

The boom has reached the point where going mill prices are becoming academic for many consumers. To fill the gaps in their inventories, more and more steel customers are turning to warehouses and steel brokers.

Warehouses are turning away some business in order to accommodate their regular customers and the steel brokers are cleaning up on odd lots that ordinarily would sell at below-market prices. Some consumers are buying steel of better quality than they normally use, states this trade publication.

Expensive conversion deals are growing, it adds, but a shortage of ingots due to the close balance of melting and finishing capacity is keeping conversion pretty much under control. Nevertheless, some big consumers are devoting a lot of time and talent to searching out conversion steel sources.

The surging demand for steel is almost fantastic, continues "The Iron Age." If the mills wanted to open the flood gates, they could book orders for most of 1956. As it is, their first-half output is assured, even though orders are not being booked beyond the first quarter.

In fact, it now looks as though most mills will "drop out" one month in first quarter as a means of cutting down on their backlogs and catching up with their delivery promises. This will help but will not solve the problem.

A survey by "The Iron Age" indicates that all major steel consuming industries will be in the market strong in 1956. Their production goals are high and they will be trying to rebuild depleted inventories.

In the automotive industry a sharp 30% increase in United States car building was on tap last week over production a week earlier as the whole industry became engaged in 1956 model assembly.

"Ward's" Automotive Reports" pegged the week's car yield at 131,952 units compared with 101,581 produced during the previous work period. The schedule represented the highest level reached since the week ending Aug. 20, when 138,209 cars were built.

Chevrolet, its program nearly triple output the week before, sparked the upsurge, "Ward's" said, and returned the lion's share of United States total car making to General Motors Corp.

Elsewhere, Plymouth was sighting its best yield in over five months, Ford Division was at a four-month high and Pontiac booked a new all-time peak.

General Motors accounted for 38.8% of the week's car roster, Ford 38.0%, Chrysler, 21.3% and all other producers combined, 1.9%, said "Ward's."

Truck builders, meanwhile, rolled out the 1,000,000th truck of 1955 on Friday last, as the week's program, estimated at 26,925, topped the earlier week's turnout of 24,585 vehicles by 10%. Truck No. 1,000,000 was not built until late December last year.

Across the border, Canadian car-truck building was up a strong 52% though Ford, Chrysler and International-Harvester were the only manufacturers in operation. General Motors remained strike-bound, with corporation-wide bargaining halted by unresolved local issues at Oshawa plant. The strike entered the 33rd day on Friday. American Motors and Studebaker Canadian facilities are still in new model changeover operations, "Ward's" observed.

September new business incorporations continued the slight upward trend of the preceding month, Dun & Bradstreet, Inc., reports. Total charterings for the month came to 11,024, the largest September number on record and compared with 10,983 in August, marking a gain of 19.1% over the 9,256 listed in September a year ago.

During the first nine months of 1955, there were 107,257 new company formations throughout the country. This represented a

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Observations . . .

By A. WILFRED MAY

THE INVESTOR AS READER*

Most of the important psychological processes of the market place are clearly reflected in the handling of, and reaction to, news coverage. The investor should realize that his attitudes toward financial literature and his reaction to the news are integrally bound up with practically all the basic investment principles. Reactions to the forecasting content of financial publications of the various categories connote a specific instance highlighting the cleavage between the investment and speculative approach.

A. Wilfred May

The great and ever-growing proclivity of the public to engage in forecasting is reflected in both the advertising and news columns. For example, witness the very generous advertising appropriations by services for space in the Sunday sections of our metropolitan newspapers and in sundry periodicals, on the realistic criterion that they must pay off in hard dollars-and-cents. The news and editorial section, too, attests to the reader's interest in prophecy. Any financial editor will confirm the fact that, a story or article concerned with a forecast gains great interest thereby; with—other elements being anywhere near equal—a bearish tinge arousing much more reader response than a bullish pronouncement.

Over-emphasis of forecasting is bound up with the reader's distorted conception of "liquidity" of the market. The temptation is whetted to conceive of the market as a process for dealing in quotations, in lieu of the *values* behind the quotation. Of course, this stems from the literature's pervading preoccupation with changes in prices, rather than with the price *per se* in relation to earnings (to compose the price-earnings ratio) or value measure.

The constant increase in his forecasting proclivities by the investor, as a reader and otherwise, largely stems from psychological roots. Prophesy based on discovery of *trend* and other graphic depictions, as well as *systems* of various kinds, offers emotional *escape* from the burdens, difficulties and evidenced shortcomings of quantitative value analysis and appraisal.

Another stimulant toward market timing is that it appears easier to recognize the *when* than the *what*—conveniently substituting the concept of a market price structure moving as a unit for the real situation of a market consisting of divergently moving issues.

Again, there is the great temptation, despite the repeated forecasting failures, of resorting to hindsight in referring to price action. And there is the reader's sheer enjoyment of guessing right, of "beating the game."

THE FORECASTER AS WRITER

In the writer's handling of the news, editorial selection and emphasis is often employed to fit his forecast, as well as the explanation for the preceding developments. Thus he can be readily rescued from the consequences of an erroneous forecast.

In fact, there is the general practice of rationalizing preceding market action via the writer's interpretation of "the news." "Interpretation" chases the market action, both up and down.

Again, as a foible in the commentary area, you will find double standard self-contradictory interpretation of a single factor. Peace is sometimes interpreted as bullish ("of course"), sometimes as bearish (deflationary)—the selection being dependent on the preceding market action. Now at hand are two thoroughly plausible sets of market implications of the President's sudden incapacitation:—(1) Bearish—via upset of "Eisenhower market" and confidence; business threats, etc. (2) Bullish—via inflationary effect from the more probable advent of a Democratic Administration post-1956; pre-election, politically-induced governmentally-stimulated expansion, etc. On May first, next, the market action between now and then will determine the selection of the (a) or (b) set of factors to "explain" the market's behavior as the "obvious reasons." All part of the wise commentary after-the-event!

Generally, there is an overall contrast of market commentary with the value approach. Reinforced by the new Stock Exchange rules, old *tipping* abuses in brokers' literature are substantially curtailed. But in periodicals the important rationalization foibles to which we refer remain ever more subtle and difficult to detect and stop.

HOW TO READ

Some affirmative suggestions via a sound investor attitude:—

(1) Maintain a phlegmatic attitude; keeping it unchanging through succeeding periods of rising and falling speculative excitement of the crowd. Avoid *manic-depressivism.* The following passage in Wyman Richardson's "The House on Nauset Marsh" is worth quoting here: "It seems clear that there is a rhythmic variation in the mass emotion of human beings. For a period, there is gradually increasing manic phase, which, at its peak, and seen in the light of a more normal period, is nothing short of 'craziness,' a mass psychosis. Comes the crash, and as in individuals suffering from a similar disease, the manic phase shifts suddenly to one of depression."

(2) Reduce your general attention transfixed on price changes.

(3) Distinguish between factual data and interpretation. Interpretation is, of course, worthwhile—providing you recognize it as such.

(4) Dispassionately concentrate on the *value* elements in the news.

(5) For estimates of yield, you must in many cases get dividend policy by osmosis; scrutinizing several reporting sources and

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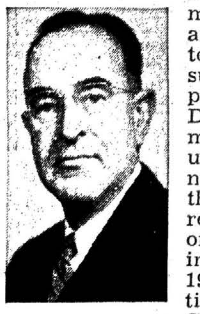
The Agonized Market Reappraisal

By ROBERT S. BYFIELD,
Member New York Stock Exchange

Mr. Byfield maintains President's illness was merely the market break's excuse or detonator, following the investor's long luxuriation in climate of unusual confidence. As basic elements of vulnerability he cites restrictive money and credit policies, and deterioration of country's international position. Points to bearish implications in possible return of Fair Deal, as Democrats' destructive attitude on taxation and power. Believes utility stocks are in singularly good position.

Seldom is there an abrupt change in the direction of stock market quotations because of any single reason and I believe that the September and October decline will not prove to be an exception. On Sept. 26 the emotional impact of President Eisenhower's heart attack brought about an agonized reappraisal of stock prices. In one day $14 billion was sheared from the value of stocks listed on the New York Stock Exchange alone, and perhaps a grand total of $25 billion with respect to stocks listed on other exchanges or traded in the over-the-counter markets. The President's illness, however, was merely the excuse or the detonator. Other forces provided both the setting and the subsequent downward propulsion which we have witnessed.



Robert S. Byfield

Elements of Vulnerability

The investor has for many months luxuriated in a climate of unusual certainty, but the President's illness brought forth a high degree of uncertainty and uncertainty is always bearish. The structure of stock market quotations had become more and more vulnerable because of the persistent rise in the face of slowly tightening money. Restrictive policies with respect to money and credit do not always take effect immediately. The present policy was initiated by Washington about ten months ago and took the usual forms of higher margin requirements, less liberal terms for housing loans and high rediscount rates. Often in the past skeptics in the face of policies of this character have admitted that they worked in the past, but felt that for particular reasons that "this time they are not going to be effective." Considerable opinion was beginning to be heard in August and September that the bullish sentiment would nullify credit restrictive measures, but they did not do so.

Besides the matter of tighter money and credit, there was another, but less obvious reason, why common stocks might not have as much value today, at least psychologically, as they did last Summer. The international position of the United States has deteriorated markedly during the past 60 days. Some of our Allies are in trouble; viz. The British in Cyprus, and the French in Morocco and Algeria. The trend of recent elections in such faraway places as Indonesia and Brazil could hardly have made our State Department happy. Then there is the diplomatic defeat of Dr. Adenauer in Moscow which was most discouraging to the Western powers, and, finally, the intransigence of Egypt in the matter of buying arms from Czechoslovakia gives further pause for thought.

The 1956 Election

It does seem a little early to discount now the results of the 1956 presidential election, over a year away, but investors are nervous about the improved chance of a return of the Fair Deal to power. If this occurs many familiar ghosts of the past are certain to cause some blows to confidence. We are not presumptuous enough to be able to predict the policies of any new Democratic Administration which may come into office in 1957, but undoubtedly one of the most vulnerable of the present laws on the statute books is the partial relief from the double taxation on dividends which was provided in the Internal Revenue Act of 1954. Here is what Representative Jere Cooper (D.) Tenn., Chairman of the House Ways and Means Committee, said about this portion of the then proposed tax law in a radio broadcast on March 16, 1954:

"We Democrats propose to change this tax program by eliminating the provision which will give a special advantage, worth hundreds of millions of dollars, to a very small group of taxpayers—those who are fortunate enough to own corporation stock."

Representative Cooper's views were concurred in by Representative Rayburn, the House Democratic Leader, who stated, among other things:

"The Republicans have also had a consistent philosophy on the matter of taxes.

"Their philosophy is that if they give tax relief to those in the high income groups, some of the benefit may eventually 'trickle down' to the great majority of taxpayers. This 'trickle down' has never come about, in all history of Republican tax laws.

This is hardly the philosophy of Abraham Lincoln who preached liberty and justice for all. It is the philosophy of Alexander Hamilton, who favored special benefits for the few."

Moreover, in the late Summer of 1954, the Democrats showed their violent opposition to such other confidence bolstering legislation as Dixon-Yates and the Atomic Energy Act which provided for a widening participation in the development of atomic energy by private industry. More recently they were against the development of Hell's Canyon by the Idaho Power Company and seemingly at almost every opportunity they hammer away at what they call "Big Business" and the "give away program" of their political opponents.

Stimulating As Embalming Fluid

Of course, almost everybody is in favor of high employment, high wages, an expanding economy and general prosperity, even the CIO, the Americans for Democratic Action and the League for Industrial Democracy. Yet the programs of such organizations as these, if ever actually translated into legislation, would be about as stimulating to business as a shot of embalming fluid. For years in the late 1940's the Dow-Jones Industrial Average sold at 8, 9 or 10 times earnings. Lately this price-earnings multiple has been raised to the 12-13-14 level which was superimposed upon rising corporate earnings. In 1955 it is likely that the earnings on the 30 Dow-Jones Industrial stocks will be somewhere between $33 and $35. In the 12 months ended June 30, 1955, the latest available, they were $32.44. Even if the economy were stimulated by inflation or heavy government spending so that the Dow-Jones Industrials would earn $35, the shrinkage of the times-earnings multiple to 12 would bring the Average down to 420. I do not say this will come about, but there are so many imponderables which cannot be resolved at this writing that undoubtedly this type of reasoning was behind much of the recent selling.

Favorable Utilities Outlook

Even though the Democrats have continued to maintain a hostile attitude toward the investor-owned utilities, I believe that many utility stocks are in a sound position today. Characteristically they are defensive, investment vehicles. Some of them such as West Penn Electric at 26, paying $1.30 and earning $1.90, afford a 5% return. Southern Company at 19¼, paying 90 cents and earning $1.35, yields over 4.6%, but its earnings could rise by 1957 even including the new offering of stock to shareholders now in contemplation. I could conceive a $1 dividend in the not too distant future. Ohio Edison at 48 would be yielding 5% if it raised its dividend from the present $2.20 to $2.40 which is in the range of the possible.

While it took the industrials about a year to recover from the shock which they received after President Truman's unexpected re-election in November 1948, the Dow-Jones Utilities turned in a better performance. Closing at 35.74 on Election Eve, Nov. 1, 1948, they declined through January but had regained all their loss by March 1949. They made a June low in that year of 33.84, but by Dec. 31, 1949 had risen to 41.31, a substantially better figure than just before the election, a year and one month earlier.

If the money and credit restriction policy is reversed by Washington later this year or early in 1956, as may well be possible provided its objectives have been reached, good grade utility common stocks would no longer be available on a 5% basis. In fact, the stock market may mark time within a rather narrow range until some new important factor is injected into the overall economic situation.

Business Up, Price-Earnings Ratio Down

None of the foregoing is to be interpreted as a gloomy forecast relative to the tempo of business in 1956. The Federal Reserve Board Index of Industrial Production may well stay close to its present level of 141, or at least not retreat substantially from that record figure. Yet business, profits and the prices for common stocks do not necessarily rise, fall or become stabilized at one and the same time. The chief damage which a clouded political outlook may wreak during early 1956 concerns itself with the all important price-earnings ratio. When the Dow-Jones Industrial Average went above 475 not so long ago, it was because of a combination of benign factors which perhaps cannot be re-created again in the near term future. Hence, the investor may well be advised to switch his allegiance, if he has not already done so, to common stock equities which are commonly called "special situations."

Southern Gen. Inv. Corp.

(Special to THE FINANCIAL CHRONICLE)

BATON ROUGE, La.—Southern General Investment Corporation has been formed with offices in the Commerce Building. Officers are J. S. Voorhies, President; T. B. Clifford, Vice-President; F. B. Voorhies, Secretary; and E. T. Carr, Treasurer.

New Answers to Old Questions

By WILLIAM McC. MARTIN, JR.*
Chairman, Board of Governors of the Federal Reserve System

Mr. Martin maintains that now, barring war or serious domestic political or social conflict, the road ahead to higher living standards is assured. Declares our ability to travel this road depends on community of drivers who understand time-tested principles. Stating that recent Reserve policy has been devoted to flexibility in combatting both inflation and deflation, Mr. Martin terms "Fanciful" the notion that the business cycle can be altogether abolished. Calls on business community to exhibit moderation, prudence, and understanding.

There's an apocryphal story about a professor of economics that sums up in a way the theme of what I would like to talk about this evening. In final examinations the professor always posed the same questions. When he was asked how his students could possibly fail the test, he replied simply, "Well, it's true that the questions don't change, but the answers do."

W. McC. Martin, Jr.

In our economic affairs, the major questions confronting us are in large measure hardy perennials: How do we attain and retain prosperity? How do we achieve normal healthy growth? How do we preserve the purchasing power of our money? The answers to these interrelated questions in the 1950's thus far differ in important respects from those of earlier decades.

My purpose tonight is to explore with you some of the main currents and undercurrents of thought which have colored and shaped these differing answers.

It is, of course, unorthodox, if not downright poor form, to reach your conclusion in the course of your introductory remarks. But, as a matter of emphasis, I would like to state it now.

In the absence of war, or serious conflict among our people over political or social aims, the road to a substantialy higher standard of living lies ahead of us as clear and as smooth as our modern turnpikes. We have passed through the turnstiles and are, in my judgment, out on the open road. This position has been achieved after a good many ups and downs, false starts, adaptations to war and preparations for war, false turns, and poor directions. Furthermore, the machine we are driving is adequate and capable of traversing the grades, curves, crossroads, and danger points, provided only that the drivers observe the speed laws, are alert and responsible, and sufficiently trained and experienced in the art of driving to understand the nature of the principles of propulsion, and the goals of the journey they are making. Our ability to travel this road safely depends upon a community of drivers who understand and utilize the time-tested principles which are derived from our inheritance.

A Twentieth Century Concept

It seems rather striking that one of the ideas now firmly imbedded in our articles of material faith, the concept of governmental responsibility for moderating economic gyrations, is almost entirely a product of our own Twentieth Century.

This concept, which is steadily being brought into sharper focus, has evolved from general reaction to a succession of material crises heavy in human hardship. It grew from mass desperation and demand for protection from economic disasters beyond individual control.

The Federal Reserve System, which I have the honor to represent, was our earliest institutional response to such a demand. It emerged out of the urgent need to prevent recurrences of such disasters as the money panic of 1907, and out of the thought that the Government had a definite responsibility to prevent financial crises and should utilize all its powers to do so.

Maintenance of Independence

Accordingly, 42 years ago Congress entrusted to the Federal Reserve System responsibility for managing the money supply. This was an historic and revolutionary step. In framing the Federal Reserve Act great care was taken to safeguard this money management from improper interference by either private or political interests. That is why we talk about the overriding importance of maintaining our independence. Hence we have our system of regional banks headed up by a coordinating Board in Washington intended to have only that degree of centralized authority required to discharge effectively a national policy. This constitutes, as those of you in this audience recognize, a blending of public interest and private enterprise uniquely American in character. Too few of us adequately recognize or adequately salute the genius of the framers of our central banking system in providing this organizational bulwark of private banking and business.

Since the Federal Reserve System came into being, the problems of inelasticity of currency and immobility of bank reserves—which so often showed up as shortages of currency or credit in times of critical need—have been eliminated, and money panics have largely disappeared.

In this specialized respect there can be no doubt that the System has made notable progress, but in the more fundamental role of stabilizing the economy the record is not so clear. All of us in the System are bending our best efforts to capitalize on the experience of the past, and our current knowledge of money, so as to make as large a contribution as possible in this direction. But a note should be made here that, while money policy can do a great deal, it is by no means all powerful. In other words, we should not place too heavy a burden on monetary policy. It must be accompanied by appropriate fiscal and budgetary measures if we are to achieve our aim of stable progress. If we ask too much of monetary policy we will not only fail but we will also discredit this useful, and indeed indispensable, tool for shaping our economic development.

The answers we sought to the massive problems of the 1930's increasingly emphasized an enlarging role for Government in our economic life. That role was greatly extended again in the 1940's when the emergency of

Continued on page 19

*An address by Mr. Martin before the Annual Meeting of the New York Group of the Investment Bankers Association of America, New York City, Oct. 19, 1955.

Interest exempt, in the opinion of counsel, from all present Federal Income Taxation

NEW ISSUE **October 27, 1955**

$415,000,000

The Illinois State Toll Highway Commission

NORTHERN ILLINOIS TOLL HIGHWAY 3¾% *REVENUE BONDS, SERIES OF 1955*

Due January 1, 1995

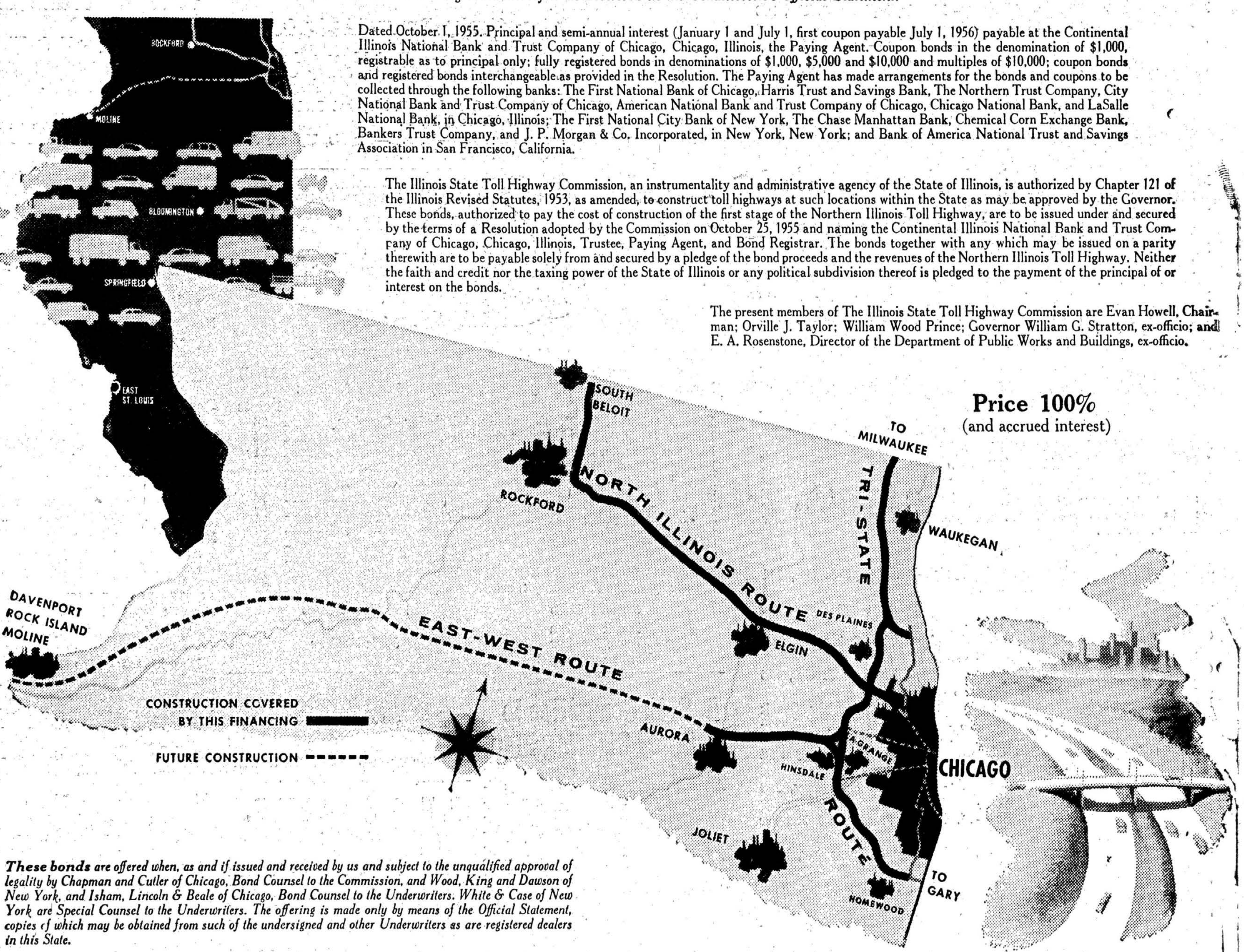
These bonds are redeemable prior to maturity, at the option of the Commission, on 30 days' published notice, in whole on any date not earlier than January 1, 1965, from any moneys available for such purpose other than revenues at 103¾%, or in whole or in part on any interest payment date not earlier than January, 1961, through the use of revenues at 103¾% and on a declining scale thereafter as described in the Commission's Official Statement.

Dated October 1, 1955. Principal and semi-annual interest (January 1 and July 1, first coupon payable July 1, 1956) payable at the Continental Illinois National Bank and Trust Company of Chicago, Chicago, Illinois, the Paying Agent. Coupon bonds in the denomination of $1,000, registrable as to principal only; fully registered bonds in denominations of $1,000, $5,000 and $10,000 and multiples of $10,000; coupon bonds and registered bonds interchangeable as provided in the Resolution. The Paying Agent has made arrangements for the bonds and coupons to be collected through the following banks: The First National Bank of Chicago, Harris Trust and Savings Bank, The Northern Trust Company, City National Bank and Trust Company of Chicago, American National Bank and Trust Company of Chicago, Chicago National Bank, and LaSalle National Bank, in Chicago, Illinois; The First National City Bank of New York, The Chase Manhattan Bank, Chemical Corn Exchange Bank, Bankers Trust Company, and J. P. Morgan & Co. Incorporated, in New York, New York; and Bank of America National Trust and Savings Association in San Francisco, California.

The Illinois State Toll Highway Commission, an instrumentality and administrative agency of the State of Illinois, is authorized by Chapter 121 of the Illinois Revised Statutes, 1953, as amended, to construct toll highways at such locations within the State as may be approved by the Governor. These bonds, authorized to pay the cost of construction of the first stage of the Northern Illinois Toll Highway, are to be issued under and secured by the terms of a Resolution adopted by the Commission on October 25, 1955 and naming the Continental Illinois National Bank and Trust Company of Chicago, Chicago, Illinois, Trustee, Paying Agent, and Bond Registrar. The bonds together with any which may be issued on a parity therewith are to be payable solely from and secured by a pledge of the bond proceeds and the revenues of the Northern Illinois Toll Highway. Neither the faith and credit nor the taxing power of the State of Illinois or any political subdivision thereof is pledged to the payment of the principal of or interest on the bonds.

The present members of The Illinois State Toll Highway Commission are Evan Howell, Chairman; Orville J. Taylor; William Wood Prince; Governor William G. Stratton, ex-officio; and E. A. Rosenstone, Director of the Department of Public Works and Buildings, ex-officio.

Price 100%
(and accrued interest)



These bonds are offered when, as and if issued and received by us and subject to the unqualified approval of legality by Chapman and Cutler of Chicago, Bond Counsel to the Commission, and Wood, King and Dawson of New York, and Isham, Lincoln & Beale of Chicago, Bond Counsel to the Underwriters. White & Case of New York are Special Counsel to the Underwriters. The offering is made only by means of the Official Statement, copies of which may be obtained from such of the undersigned and other Underwriters as are registered dealers in this State.

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Dealer-Broker Investment Recommendations & Literature

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

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

Atomic 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.

Comeback Candidates—32 issues with appreciation possibilities—Bruns, Nordeman & Co., 52 Wall Street, New York 5, N. Y.

Entertainment Industry—Analysis—Harris, Upham & Co., 120 Broadway, New York 5, N. Y.

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

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

Market Outlook — Bulletin — Stanley Heller & Co., 30 Pine Street, New York 5, N. Y.

Natural Gas—Analysis—E. F. Hutton & Company, 61 Broadway, New York 6, N. Y.

New York City Bank Stocks—Comparative figures at Sept. 30, 1955—The First Boston Corporation, 100 Broadway, New York 5, N. Y.

New York City Bank Stocks—Earnings comparison for third quarter 1955—Laird, Bissell & Meeds, 120 Broadway, New York 5, N. Y.

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

World Time Chart—Time differences in over 100 countries throughout the world as compared with Eastern Standard Time in New York City; includes map of standard time variations in the United States—International Banking Department, Manufacturers Trust Company, 55 Broad Street, New York 15, N. Y.

* * *

American Express Company—Analysis—Ira Haupt & Co., 111 Broadway, New York 6, N. Y.

Bymart Tintair, Inc.—Analysis—General Investing Corp., 80 Wall Street, New York 5, N. Y.

Campbell Chibougamau Mines, Ltd.—Analysis—Sutro Bros. & Co., 120 Broadway, New York 5, N. Y.

Cochran Foil Co.—Memorandum—Doyle, O'Connor & Co., 135 South La Salle Street, Chicago 3, Ill.

Dowa Mining—Analysis in current issue of "Weekly Stock Bulletin"—Nikko Securities Co., Ltd., 6, 1-chome, Kabuto-cho, Nihonbashi, Chuo-ku, Tokyo, Japan. Also in the same issue are brief analyses of **Mitsubishi Metal Mining** and **Furukawa Mining.**

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

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

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

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

Gulf Coast Leaseholds, Inc.—Circular—Singer, Bean & Mackie, Inc., 40 Exchange Place, New York 6, N. Y. Also available is a circular on Pacific Uranium Mines Co.

Ideal Cement Company — Bulletin — Boettcher and Company, 828 Seventeenth Street, Denver 2, Colo.

Iowa Electric Light & Power—Memorandum—Kidder, Peabody & Co., 17 Wall Street, New York 5, N. Y.

Lakey Foundry Corporation—Bulletin—De Witt Conklin Organization, 100 Broadway, New York 5, N. Y.

Leece-Neville Company—Analysis—B. W. Pizzini & Co., 25 Broad Street, New York 4, N. Y.

Marvin Electric Manufacturing Company—Card memorandum—Aetna Securities Corporation, 111 Broadway, New York 6, N. Y. Also available is an analysis of **Copeland Refrigeration Corporation.**

Mid Continent Uranium—Report—General Investing Corp., 80 Wall Street, New York 5, N. Y.

Minneapolis Honeywell Regulator—Report—Thomson & McKinnon, 11 Wall Street, New York 5, N. Y.

Missouri Pacific—Analysis of "Agreed Plan"—Vilas & Hickey, 49 Wall Street, New York 5, N. Y.

Montgomery Ward — Analysis — J. R. Williston & Co., 111 Broadway, New York 6, N. Y.

Pinellas Industries, Inc.—Report—Eisele & King, Libaire, Stout & Co., 50 Broadway, New York 4, N. Y.

Pryne & Co., Inc. — Analysis — Hill Richards & Co., 621 S. Spring Street, Los Angeles 14, Calif.

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

Siskiyou County, Calif.—Economic study—Coordinating Council of the Chambers of Commerce of Siskiyou County, City Hall, Yreka, Calif.

TMT Trailer Ferry Inc.—Circular—Pearson, Murphy & Co., Inc., 50 Broad Street, New York 4, N. Y.

United States Lithium Corporation — Card Memorandum — Julius Maier Co., Inc., 15 Exchange Place, Jersey City 2, N. J.

West Hudson National Bank—Circular—C. Herbert Onderdonk Co., 165 Broadway, New York 6, N. Y.

Westinghouse Air Brake Company—Report—Harris, Upham & Co., 120 Broadway, New York 5, N. Y.

NSTA Notes

SECURITY TRADERS ASSOCIATION OF NEW YORK

Security Traders Association of New York, Inc. (STANY) Bowling League Standing as of Oct. 20, 1955 is as follows:

Team	Points
Serlen (Capt.), Gold, Krumholz, Wechsler, Gersten	26
Barker (Capt.), Bernberg, H. Murphy, Whiting, McGovan	24
Manson (Capt.), Jacobs, Barrett, Siegel, Yunker	21
Krisam (Capt.), Farrell, Clemence, Gronick, Flanagan	21
Meyer (Capt.), Corby, A. Frankel, Swenson, Dawson, Smith	18
Donadio (Capt.), Brown, Rappa, Seijas, Demaye	18
Leinhardt (Capt.), Bies, Pollack, Kuehner, Fredericks	17
Bradley (Capt.), C. Murphy, Voccolli, Rogers, Hunter	14
Growney (Capt.), Define, Alexander, Montague, Weseman	14
Topol (Capt.), Eiger, Nieman, Weissman, Forbes, Klein	13
Leone (Capt.), Gavin, Fitzpatrick, Valentine, Greenberg	13
Kaiser (Capt.), Kullman, Werkmeister, O'Connor, Strauss	11

5 Point Club	200 Point Club
Hank Serlen	
Jack Barker	Jack Barker
Ernie Leinhardt	

A. S. E. Committee to Study Clearing Plan

The Board of Governors of the American Stock Exchange announced the formation of a special committee to formulate a program designed to permit members of the American Stock Exchange Clearing Corporation to deposit securities in lieu of cash to meet the corporations' requirements for the Clearing Fund. The committee is to be composed of Henry Badenberger, Francis I. du Pont & Co.; Harold Goodbody, Goodbody & Co.; William Hoffman, William Hoffman & Co.; Michael W. McCarthy, Merrill Lynch, Pierce, Fenner & Beane; Ben Pollack, Josephthal & Co.; Edward T. McCormick, President of the Exchange; Eugene Gaiser, an executive of the Clearing Corporation.

It will be the purpose of the committee to devise a plan to avoid the necessity of sterilizing large amounts of member and member firm capital in a non-revenue producing avenue.

C. E. Davenport V.-P. Of Jack M. Bass Co.

NASHVILLE, Tenn. — C. Evan Davenport has been elected a Vice-President of Jack M. Bass & Co., Inc., 315 Fourth Ave., North. Jack M. Bass, Jr. has become associated with the firm in the trading department.

Form Stein, Bothwinick

Stein, Bothwinick & Co., Inc. has been formed with offices at 40 Exchange Place, New York City, to engage in a securities business. Officers are Benjamin Bothwinick and Leonard Stein.

COMING EVENTS

In Investment Field

Oct. 28, 1955 (New York City)
Investment Association of New York luncheon at Schwartz's Restaurant; cocktail party at the Lunch Club.

Oct. 28-30, 1955 (White Sulphur Springs, W. Va.)
Southeastern Group of Investment Bankers Association 35th annual meeting at the Greenbrier.

Nov. 2, 1955 (New York City)
Women's Bond Club of New York Luncheon Meeting at the Bankers Club.

Nov. 9, 1955 (New York City)
P & S Division of Association of Stock Exchange firms annual dinner at the Hotel Statler.

Nov. 15, 1955 (New York City)
Investment Association of New York annual dinner at the Waldorf-Astoria Hotel.

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.

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.

N. Y. Bond Women To Hear at Luncheon

Mrs. Margaret Rudkin, Founder and Manager of Pepperidge Farm, Inc., will be the guest speaker at a luncheon meeting of the Women's Bond Club of New York, at the Bankers Club at 12:15 p.m., Wednesday, Nov. 2.

Frank Boyce Now With John R. Boland

Frank Boyce has become associated with John R. Boland & Co., Inc., 30 Broad Street, New York City, in charge of trading and dealer relations. Mr. Boyce was formerly of Boyce & Co.

A Utility Survey of Accelerated Depreciation

By RICHARD A. ROSAN*
Attorney, Columbia Gas System

Asserting that, as a result of a survey he conducted, some utility companies take acceleration depreciation and some don't, Mr. Rosan gives figures resulting from his investigation. Points out primary reason why companies adopted accelerated depreciation is that it generates cash and reduces new money financing requirements, while primary reasons for not adopting accelerated depreciation are: (1) there would be no advantage because plant additions are minor; (2) accelerated depreciation makes plant accounting difficult, and (3) there is feeling that Congress might repeal the law.

Last spring, at the conference of the Gas and Electric Utility Accounts in Chicago, I presented a paper on Rate Problems presented by the use of so-called Accelerated Depreciation under the 1954 Revenue Code.

R. A. Rosan

In view of the fact that I took a strong position last spring in favor of utilities adopting accelerated depreciation, and since I had the impression that this was not necessarily the popular viewpoint, you can imagine I was most pleased to receive your Chairman's kind invitation to speak on this problem again.

While I am a great believer in having people express their views in open discussion, I likewise realize that there is considerable merit in trying to find out the views of other people. Accordingly, through the good offices of the American Gas Association, we at Columbia undertook a survey by questionnaire on this subject so that I could present to you gentlemen a birds-eye view of this problem as seen by the industry.

Some Figures

You might be interested in some of these figures — there are not many, so if you have the back of an envelope handy, you might like to jot down the results of this survey. The statistics are based on 120 replies to the questionnaire. The answers represent the views of a large representative group of companies throughout the country.

The first figures of interest are:

52 of the 120 companies have decided to use Accelerated Depreciation under the 1954 Revenue Code; 33 have decided against it; and 35 have indicated that they were undecided. Of the 35 that were undecided, 19 lean toward using some form of accelerated depreciation. Only three of the remaining 16 expressed a positive inclination against adopting accelerated depreciation.

Reasons For It

The primary reason why companies have decided to adopt a form of accelerated depreciation is that it generates cash and thereby reduces new money financing requirements. Speaking for Columbia Gas System, we feel that there is small choice offered to utilities which are expanding, since it reduces to some extent the need for equity financing and to this extent may be extremely beneficial to existing stockholders.

These companies generally view the tax deferral as an interest-free loan from the government, a gesture offered by the government as a means of stimulating the economic growth of our country and as a means of insuring the investment in new production facilities which are so essential to the maintenance of an increasing standard of living and to the maintenance of defensive superiority as a producer in the event of national emergency.

Reasons Against It

The anwers received indicate that the primary reasons for not adopting accelerated depreciation were the following:

First, plant additions for 1954 and subsequent years are minor and, accordingly, there would be no substantial advantage in adopting accelerated depreciation.

Second, the use of accelerated depreciation would present difficult plant accounting problems and the cost of this would be out of line with the benefits to the particular company.

Third, a feeling on the part of some companies that there may be some indecision by Congress concerning the wisdom of the law and the possibility that it might be repealed.

A detailed reply received from one company indicated three specific reasons for the decision not to use accelerated depreciation. The first reason was that on the basis of their analysis of economic trends, lower tax rates could not be expected in the future. However, in the event of a future international emergency, there is the possibility that the present time may be a "base period" for establishing normal earnings as a measure for future excess profits taxes. Thus, lower taxable income at this time might be "ruinous." The second reason was that different rates of depreciation would have to be used for property constructed prior to Dec. 31, 1953 and property constructed after Jan. 1, 1954. Since under the composite rate for depreciation, it logically follows that older plant would have a lower rate and new plant a somewhat higher rate, there would be difficulties in determining depreciation accrual rates. Finally, the company had been advised by an important staff member of a regulatory commission that he thought the company should take accelerated depreciation, but that he would do all in his power to pass the tax saving on to the customers. For these reasons the company had decided that it was taking too much of a risk to adopt acceleration depreciation.

Undoubtedly, some of these same reasons are also present in the minds of those who are undecided. In addition, some of those that are undecided have determined to await the regulation by the Treasury Department. Such regulations may have a decided effect upon the amount of accounting detail the use of accelerated depreciation would require.

Finally, many companies are undecided by reason of the uncertainty of the treatment of this subject by regulatory bodies.

I think that that summarizes rather completely the reasons for, against and indecision with respect to the use of accelerated depreciation.

Another Group of Figures

The second group of figures of interest are:

With the companies indicating a decision to adopt accelerated depreciation, the declining balance method of computation was the most popular with 40 companies; the sum of the year's digits method with 11; and one company was undecided. Three companies which were undecided as to whether they would use accelerated depreciation indicated a preference to the declining balance method. This would indicate a rather overwhelming preference for the declining balance method. The primary reasons given for adopting the declining balance method were:

First, the method permits more flexible treatment and the option of reverting back to straight line depreciation at any time. It is interesting to note that one company which indicated adoption of the sum of the year's digits method gave as its reason for doing so, ease of changing to straight line at a later date if necessary. This answer would indicate either a misconception of the law, or a misreading of the questionnaire. For the sake of that company, I hope it is the latter.

Second, several companies replied that in the absence of regulations by the Treasury Department, it was their evaluation that the sum of the year's digits method would not apply to mass accounts. They suggested that the accounting and clerical work required to compute and record depreciation on an individual unit basis would be prohibitive.

Third, the declining balance method does not require an estimate of salvage.

Fourth, some companies suggested that the declining balance method avoids the unsatisfactory situation which would develop under the sum of the year's digits when the digits are exhausted but the property is not fully depreciated. I assume that this is rather closely related to the problem of salvage as well as to the fact that under the declining balance method at some point a company can shift back to the straight line method.

The companies that elected to use the sum of the year's digits method gave the following primary reason: greater depreciation in the early years of the asset, with the result of greater temporary cash savings available for new plant additions.

The next essential fact disclosed by the survey is that none of the companies adopting accelerated depreciation would record any additional depreciation expense on their books. The primary reasons given for this decision were:

First, to record additional depreciation expense would "jeopardize" net plant investment. In other words, it would tend to reduce a net original cost rate base.

Second, the recording of additional depreciation expense would, in fact, lead to the logical conclusion that the additional depreciation was a rate base item.

Third, several regulatory bodies have issued orders not to record additional depreciation expense, and

Fourth and a most forceful reason—namely, to record the additional depreciation expense would nullify the stated intent of Congress to encourage investment in new facility. I might point out that this last reason is a valid one for regulated industry. It may be that an unregulated industry might feel justified in recording higher depreciation expense.

We come now to another very interesting statistic, namely, how to record the tax deferral resulting from the use of accelerated depreciation. Twenty-four companies answered that they would record the tax deferral in a tax reserve account; seven companies indicated that they were going to record it as part of restricted sur-

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*A paper presented by Mr. Rosan at the Annual Convention of the American Gas Association, Los Angeles, Cal., Oct. 18, 1955.

Our Economic Policies and The Philosophy Behind Them

By HON. RICHARD NIXON*
Vice-President of the United States

Mr. Nixon states Administration's basic economic philosophy was geared to giving free economic system a chance to work, which course has been thoroughly vindicated by results. Maintains record proves Administration's policies have been good for the wage earner. As elements of strength assuring further progress, he cites: (1) derivation of recent expansion from private rather than government enterprise; (2) its foundation on peace; (3) broad base of prosperity, with 76% of total income going to labor; (4) healthy inventory situation; (5) reformed credit terms, and (5) improving economic conditions abroad.

In just two months, the President will have completed his third year in office.

What have been the major accomplishments during that period?


Richard M. Nixon

I would imagine that most people would consider the leadership of the Eisenhower Administration in the field of international relations as its greatest contribution.

While there may be some disagreement on this issue, there is little doubt but that an overwhelming majority of the American people approve the diplomatic and military policies which got the United States out of one war, kept us out of others, and which have helped to raise the hopes for peace among the people of the world higher than they have been at any time since the end of World War II.

There are others who might contend that no accomplishment of the Administration is more significant than bringing to Washington the leadership which has maintained a standard of honesty, integrity, and efficiency in government seldom, if ever, exceeded in our nation's history.

But tonight I wish to discuss policies which may not be as spectacular in the public mind and which are more controversial, but which are just as important as those I have named.

I speak of the economic policies of the Administration and the philosophy behind them.

May I emphasize at the outset that while these policies have been put into effect by a Republican Administration they are not partisan in character. The conservative economic philosophy of the Eisenhower Administration is supported by millions of Democrats as well as Republican, and we are proud of the fact that Democratic leaders, like Senator Byrd, have given such splendid support to the President in this field.

Their Genesis

To see what these policies are it is first necessary to review how and why they were put into effect.

In January of 1953 no decision was more difficult nor more important than the one confronting the President and his Cabinet in the field of economic policy.

Here is what we found:

Taxes and spending were at an all-time high.

If we had continued the spending and tax programs of the previous Administration $40 billion would have been added to the national debt in four years.

Controls shackled the economy and our predecessors had urged that more should be added.

In various messages to the Congress and in public statements, officials of the previous Administration had advocated:

The Brannan Farm Plan which would have socialized agriculture.

A compulsory health insurance program which would have socialized the medical profession.

An expansion of the Federal public housing program into areas where private builders were doing an adequate job.

An aid to education program which would have federalized the public school system.

A program of development of the nation's power resources, including that of the atom, which would have inevitably nationalized the production and distribution of power in the United States.

The question we had to answer was, should we continue the program of our predecessors or should we turn to more conservative policies. This was a grave question in principle, and it was a difficult question politically.

Whether we like it or not, we must recognize that the faith of millions of Americans in conservative economic policies had been terribly shaken by the great depression of the Thirties.

> They believed that conservative policies had cause the depression.
>
> They were convinced that those policies could not cure it.
>
> And they feared that a return to such policies might bring on another depression.

The problem was debated in the Cabinet. Finally a decision was made. In essence, here is what it was. We decided to give the free American economic system a chance to work. And we based that decision on our faith that conservative policies were right in principle and that if they were right in principle they would in the end prove right politically.

You know what happened.

> We removed controls from the economy.
>
> We got the government out of business rather than putting it in.
>
> We cut spending.
>
> We cut taxes.
>
> We adopted fiscal policies designed to encourage the initiative, the dynamism, and the ingenuity of the American people.

Looking back, I will have to admit that we had some uneasy moments. When the economy was in a period of adjustment after the end of the Korean War there was strong pressure from some quarters to return to the policies of the past.

But today we see that our faith has been vindicated.

Gross national product stands at $392 billion.

Personal income is $306 billion.

Personal disposable income is at $272 billion.

New construction is at $41.8 billion.

Each one of these figures is a new all-time record. I could cite more of the same type but perhaps a more striking proof of the success of our program was contained in a recent bulletin of the C.I.O. Though critical of the Administration's economic policies in some respects, the bulletin refers to the "era of unparalleled prosperity" we are enjoying in the United States.

But despite these almost phenomenal records, a potential political issue remains. There are some who contend that this Administration has been good for business but not for the country at large. In a recent statement, James Carey said, "We are aghast at the self-serving, greedy tactics of the present Administration keyed to the belief that what is good for business is good for the country."

Now I realize that the business label on an Administration is supposed to be the kiss of death politically. But let's see what it means. If what is good for business is not good for the country we had certainly better find another policy. And does it follow that what is bad for business is good for the country?

Let me tell you what our answer is. Speaking to the Nation on Jan. 4, 1954, the President stated the case for the economic philosophy of his Administration simply and eloquently. He said, "This Administration believes that no American—no one group of Americans—can truly prosper unless all Americans prosper. We are one family made up of millions of Americans with the same hopes for a full and happy life. We must not become a nation divided into factions or special groups and hostile cliques." I know of no better statement of the philosophy which has made America great than this one.

What Is Good for the Wage Earner

Now to prove the point, let us examine this Administration's economic policies, not in terms of what is good for leaders of business, or leaders of labor, or leaders of government, but in terms of what is good for the 65 million American wage earners. Any Administration whose policies are not in the interest of this great majority of the American people will be defeated at the polls, and it will deserve to be.

What does the wage earner want?

First of all he wants a job. There are more jobs available for those who want to work than at any time in history.

Second he wants high wages. These jobs pay higher wages than at any time in history.

Third he wants purchasing power. His wages will buy more goods than at any time in history.

He wants peaceful relations between labor and management. I will let an expert comment on what has happened in that respect:

> "There were fewer strikes and less time lost through strikes in 1954 than at any time since World War II.
>
> "Wage increases in 1954 provided more of a gain in real wages than in any other postwar year, for they were almost entirely over the amount needed to compensate for the rise in the cost of living."

The two statements I have just made are direct quotes from the "Monthly Research Report" of the American Federation of Labor for February, 1955.

To sum up, American wage earners today have more jobs at

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*An address by the Vice-President before the Annual Meeting of the New York Group of the Investment Bankers Association of America, New York City, Oct. 19, 1955.

Prospects for Convertibility

By THE RT. HON. VISCOUNT HARCOURT*
Economic Minister, British Embassy, Washington
Former Director, Morgan, Grenfell & Co., Ltd.

Viscount Harcourt states as essentials Britain's putting of her house in order, availability of adequate reserves, and ability to balance accounts with the dollar. Declares that after proving herself competitive, she must get from U. S. right to compete, by elimination of export-import gap.

Sterling cannot become freely convertible until we can be confident of maintaining convertibility in bad weather as well as good. Nothing could be more disastrous for world trade than a repetition of the events of 1947 when sterling became convertible prematurely. When this experiment terminated, after only a few weeks it was followed by the emergence of a number of embattled camps, each one striving to cut down its imports and protect industries, that were in many cases uneconomic, by an endless series of prohibitions, quota restrictions, barter deals and all the other paraphernalia of economic isolation.


Viscount Harcourt

What then are the conditions we seek? The first essential is that our own house should be in proper order.

The second is the availability of adequate reserves with which to tide over the periods of trade slackness and temporary recessions which affect even the healthiest currency and economies. This is going to be a big problem for us. It is our hope, however, that we shall be able to solve it by building up our gold and dollar reserves by prudent internal policies and by support from such external sources as the International Monetary Fund.

Finally, no currency can hope to remain convertible for long unless there is reasonable assurance that by one means or another it can balance its accounts with the U. S. dollar. This is particularly important in the case of sterling because not even the most optimistic of us can foresee the possibility of rapidly acquiring sufficient reserves to carry us through a succession of years in which our current dollar earnings are inadequate to meet our needs.

U. S. Obligation

There are two aspects to this question. In the first place the U. K., and other countries that go convertible with us, must show themselves capable of earning their way in conditions of free competition. This is merely another way of saying that having put our house in order we must keep it so. The second is that having proved ourselves competitive, we must expect from you the right to compete. I am well aware that in the last five years the U. S. has put into the rest of the world nearly $10 billion more than it has drawn from it. And I realize therefore that American public opinion may find it difficult to understand the concern in Europe about the so-called dollar gap. But what really worries us, in the non-dollar world, is that the whole of this net outflow of dollars is due to processes entirely beyond our control. During these years the American taxpayer has generously contributed nearly $12 billion in foreign aid. Successive American Administrations have provided, free, large quantities of military equipment to its allies and have spent $9 billion on your own forces abroad; and the American investor (stimulated as I have said by the members of your Association) has invested abroad $5½ million net. You will see therefore that if the rest of the world had not benefited from these dollars, there would have been a deficit of at least $17 billion on its accounts with the United States during the period.

Of course, it will be a long time before these sources dry up entirely. In the fiscal year 1956, Congress has appropriated $1.7 billion more dollars for foreign economic aid. Overseas military expenditure is, I fear, likely to be a burden on both your and our taxpayers for many years to come and the flow of private investment overseas continues to grow. Nevertheless both aid and military expenditure may soon taper off, and the bill which the rest of the world has to pay for your overseas investment in the form of dividends and amortization is mounting rapidly. Last year, in fact, income derived from U. S. investments abroad, equaled the amount of new net lending overseas. It is for this reason that we are so anxious to see some more permanent solution to what the Randall Commission Report called the "concealed dollar gap of some $2-3 billion annually." We believe moreover that there is no really satisfactory solution to the problem other than our being allowed to fight for our dollars in your own domestic market on reasonable and competitive terms. In the last five years the rest of the world has bought from the United States over $10 billion more goods and services than it has been able to sell to you. This gap has, as I have shown, been more than covered by other sources of dollars. But we must not forget that this deficit has been incurred at a time when foreign purchases from the U. S. have been, in almost every country, strictly limited by import restrictions. I think that you will agree that, as a basis for long-term planning, the gap is still far too wide for comfort.

The economic relations between our two countries have in recent months been troubled by such measures as the increase in your tariff on bicycles and the decision to ignore the low British tender for the Chief Joseph Dam project. Things like this, I know, are questions for your own decision. I would only ask that as and when similar problems arise in future you will bear in mind the vital importance which we, in the rest of the free world, attach to securing some assurance that we shall be able, by our own efforts, to earn the dollars with which to pay for those things which we want from you and which you are anxious to export to us.

*From an address by Viscount Harcourt at the Investment Bankers' Association Dinner, New York City, October 19, 1955.

With A. G. Becker

ALBANY, N. Y.—A. G. Becker & Co., Incorporated, members of the New York Stock Exchange and other leading exchanges, announced today that John A. MacCormack has become associated with the firm's office, 75 State Street.

The Best Insurance Against Depression

By DONALD I. ROGERS*

Business and Financial Editor, New York "Herald Tribune"

Mr. Rogers maintains that "bulging" pocket books and well-balanced accounts of the American consumer are the greatest insurance against another depression," and warns the people against: (1) stopping spending; (2) voting more socialistic legislation and confiscatory taxes, and (3) worry over imagined catastrophes. Calls attention to changes in our economic structure and in distribution of national income. Stresses importance of high consumption in maintaining prosperity, and praises present Administration for its efforts in that direction.

In making the short trip from New York to Boston, I had the feeling that I had stepped from the glossy outer fringe of our country's economy to the important hard center-core; in a few short miles I have left the radiator which warms our prosperity and have journeyed to the furnace from whence comes the important fire which energizes the entire economic structure. I do not say this because of New England's enormous industrial capacity, but because gathered here today is the heart of our entire distribution system. You see, I am of the school which believes that Wall Street does not rule our economy or dictate our prosperity, and neither does the industrial system of our nation. Our prosperity is predicated almost wholly on one factor — sales. Distribution and sales provide the lubrication for the entire economic machine.

Donald I. Rogers

I have sometimes thought that if you would give me the magic key on how to make sales, I would build a Ford plant on the highest, most inaccessible peak of the Andes, yet if I were in possession of that key, would sell the most Ford cars in South America. It is not the production problems, it is the distribution and selling problems that are of major importance in any economy. I think one of the important factors of our economy which is unrecognized in the business press is not alone distribution but warehousing and warehousing facilities, for were it not for the warehouses dotted throughout the nation, our distribution system could not function as efficiently. Therefore, I feel one of the most unreasonable requests facing me as editor is that one which comes periodically from our subscribers, asking us to check up on whether distribution costs are too high. A person who makes that request to a newspaper displays his fundamental lack of knowledge of our economic system.

Distribution costs are the costs of all business activities necessary to effect the transfer of ownership of tangible goods and to provide for their physical distribution. In other words, distribution costs are the costs of performing the distribution function, which means they are the costs of moving products from a manufacturer to a retailer and into the homes. These costs cannot be measured separately. They cannot be considered a weighted factor of the economy such as production costs may be. We have emerged from a period of the most destructive kind of skeptical scrutiny of our economic system and many people still harbor in their minds old wives' tales and misconceptions of what makes our capitalistic system function. It is unfortunate that distribution and distribution costs have been under such severe criticism from the long-hairs and the so-called "intellectual thinkers." I know you will forgive me if I put that phrase, "intellectual thinkers" in quotes.

I suppose you can appreciate the fact that it takes a great deal of courage for me to stand before you and talk about economics or distribution. You folks are the experts, and I'm merely a reporter — supposedly an objective newspaperman who assembles the facts and then fights with his publisher over getting the space to print them.

It's one thing to talk wisely before the Westchester Women's Club, but here — well, here I've got to eliminiate the malarky and stick to facts. It would be boring to you for me to recite the numerous factors of distribution which make it the most important single function of our economic system, for I am sure that you are aware of them. What should be of more interest to you is the fact that people outside your own field are aware of them too. And I wish to assure you that I know of a great many people in the financial district who have come to have an awareness of the paramount importance of distribution.

Stock Market Is the Tail of the Economic Dog

At long last the economic system of this nation, and it's one which isn't altogether a capitalistic system, has come to be seen in perspective; more and more people realize that the stock market is the tail of the economic dog, a barometric tail to be sure and one which rises or falls with the health or enthusiasm of the dog, but a tail nevertheless. The dog, the main part of the animal, is the productive and distribution system which makes our nation what it is and makes our economy the most vigorous in the world.

Certainly this Administration realizes more clearly than any previous Administration that the continuance of our prosperity depends almost wholly on consumption. We have seen many manifestations of Administration thinking along these lines.

This is a good, for many Americans still believe that we live in a form of Keynesian economy where it is necessary for the government to keep pump-priming us with Federal expenditures in order to sustain our prosperity. It would take but five minutes to look up the figures in a Federal Reserve fact book to find out that this is not true. No matter how much Uncle Sam spends, the American consumers make him seem like a piker. We are a nation of buyers, consumers all, and that is the secret of our prosperity. The more we buy the more we have to supply. It is silly to believe that government spending enters into this with any major significance. Government spending for national security during the second quarter of this year is at an annual rate of $40 billion, yet it amounted to only a hair more than one-tenth of the nearly $385 billion Gross National Product. In 1953 the defense outlay hit a post-Korean peak at $51½ billion dollars. It was still less than one-seventh of the $365½ billion Gross National Product.

It Is the Individual Consumer Who Counts

You can see from these figures that it is the individual consumers who count in this economy and not the government spenders. That's what makes our economy so wholesome. We can sustain our prosperity without gimmicks. That is where we have an advantage over almost every other nation on the earth, save perhaps our very healthy Canadian neighbors. Only last week I heard someone in Wall Street say that if Secretary Humphrey succeeds in reducing defense expenditures, the resulting cut in government spending will inflict a wound in our prosperity. It was this fellow's contention that if the Administration slows up on its defense spending, it will take the zip out of the nation's rocket-powered economy. This is nonsense. The figures I cited a minute ago show that defense spending **per se** is not so very important after all. It's hardly a good frosting on our economic cake.

If Mr. Humphrey's predicted balanced budget materializes, it will more likely result from larger receipts than from reduced spending. The government obviously figures that this business activity is going to increase and that means that incomes, profits and sales volumes will rise, too. If so, receipts will be higher than the official estimates for them, for higher incomes and higher profits mean larger tax receipts. The fact is the estimate for receipts of $62,100,000,000 was put together by using personal income and corporate profit figures that are considerably lower than the current income and profit rates indicate. Moreover, the Defense Department probably will be able to spend a billion dollars less than it had anticipated in its budget.

Thus, will a tax cut be good or bad for us? It depends on the trend of business activity at the time of the cut. A reduction in individual income taxes will increase buying power and a cut in corporate taxes will encourage further capital expenditures and expansion. If a strong boom is in progress at the time of a tax cut, say, next July 1 or Oct. 1, 1956, a tax reduction could be dangerously inflationary. But if our boom's crest has passed and a temporary receding process is perceptible, a tax cut could give buying power a prod that would keep the country in full prosperity for the summer and fall of 1956; an economically critical time for any Administration in an election year.

Thus can government play a role in protecting our system and helping our distribution function, something that will be of benefit in maintaining stability in our prosperity. This is a far more sensible government function than the ones we have found in the past, which included such things as the Robinson-Patman Act or the Sherman Act or the many interpretations by the Federal Trade Commission. Here is an example of how the government can help, rather than hinder, the system which promotes our prosperity.

Government Now Is on Businessmen's Side

Perhaps we have entered a period of Congressional understanding of our economic system and maybe we can look forward to a time when the government will be on business's side. If that is true, we have, indeed, come a long way, for it is perhaps the first time in modern history that government *in toto* has tried to protect and sustain the nation's economic welfare through the established and successful channels.

I have become a fundamentalist. I have become one out of self-defense. It is because the field of economics is getting so hyper-sensitive that its like dealing with a group of psychiatrists at a convention. Hardly a day goes by that someone doesn't come into my office with a new theory, a new system and new study or a new solution to all of our economic problems. A fellow with a job like mine gets to listen to so many hare-brained and long-haired theories that he's driven back to fundamentals if only out of self-defense. I get to feel like the North Carolina farmer who had been receiving so much literature and so many suggestions from the country agent that he called him up and said: "Say, stop sending me all that literature on how to run my farm better. I ain't running it half as good as I know how to, now." Actually, I can't help but feel that's the way we are with our national economy, running it successfully, but not half as well as we know how to. Perhaps we have placed too many impediments on it, too many restrictions on our actions. Perhaps we have more traffic cops than we have automobiles and it's posing us a traffic problem. One can't help but feel that too many theorists have had a hand in forming our economic controls and our economic regulations.

You wouldn't mind if the professional theorists were ever right, but they never are. Just go back through history and check the facts against the predictions of the theorists.

Back in the pre-World War I days, they said Britain could never survive off the gold standard, but she did. They said the first Russian Five Year Plan would fail. It didn't. They said the fluctuation in the stock market in October, 1929, was just a ripple. It wasn't. In 1923, they said Hitler couldn't reconstruct Germany because he had no gold; but he did. In 1930, they said Japan couldn't afford war because she had no gold and not enough commerce. She did and it took an atom bomb to stop her. Just after V-J Day it was said in Washington that unemployment might soar — from 8 to 12 million. It soared to a little over two million and didn't stay there very long.

In 1950, they said that the buying spree was over and predicted that a recession was imminent. But in 1951, '52 and '53 we chalked up the three successive, most

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*An address by Mr. Rogers before the Boston Conference on Distribution, Boston, Mass., Oct. 18, 1956.

The Perfect Price of Steel

By BENJAMIN FAIRLESS*
Chairman, Executive Advisory Committee
United States Steel Corporation

Denying that steel prices are determined on a cost-plus basis, Mr. Fairless states that U. S. Steel is expected to justify its economics of price increases to everyone except those who pay the price, the customers. Points out competitors and consumers determine prices in a free competitive market, and "the customer is still king." Calls tax policies on equipment depreciation "capital confiscation," and says prices of steel are heavily influenced by need for modernization of equipment. Concludes the all-important question is "will customers buy our products at prices demanded?".

The subject I have chosen for this brief talk is prices—especially the price of steel. And I admit quite readily that I decided on this sometimes-controversial subject immediately following the welcome invitation from you newspaper publishers to be your guest speaker this evening. You see, in effect, I now have the opportunity to write hundreds of "letters to the editor" all at one time! In the process, I hope to offer for your consideration certain facts, ideas, and problems which may be of interest to you the next time the subject of your editorial pages is the price of steel.


Benjamin F. Fairless

Let's begin with this example: I have here a recent issue of a newspaper selected at random—more or less — from the various Pennsylvania papers. I won't mention its name since I'm recommending all Pennsylvania newspapers tonight, and not just this particular one. Anyway, this newspaper weighs less than half a pound. And it is priced at five cents. Thus, on the free market, you can buy a pound of this newspaper for about 10 cents.

Now since I, too, am associated with a particular industry, I have brought along a small sample of our basic product—steel. And I'll gladly sell you all you want of our product for a little over six cents a pound!

Just what does this comparison prove? Well it proves unquestionably that a pound of steel is cheaper than a pound of this newspaper. Even so, I doubt seriously that the publisher of this newspaper is a greedy profiteer who is gouging the public and who should be investigated by government.

Actually, of course, this comparison of newspapers and steel on a weight basis doesn't give any clue at all as to what should be the proper price of a newspaper or a pound of steel. But this much I know: The problems you publishers face in pricing your newspapers and advertising rates are not too dissimilar from the problems we steel manufacturers must solve in pricing our steel. If my information is correct, you publishers also have both competitors and customers!

As an introduction to our search for the solution to the proper price for newspapers and steel, it might be of interest to recall a fable that Aesop wrote some 2,500 years ago. The story begins with a middle-aged bachelor who was neither old nor young; his hair was just beginning to turn grey. According to the fable, this bachelor was courting two women at the same time. One of them was about his own age; the other was the proverbial "sweet young thing." Since our hero couldn't make up his mind which girl to marry, he married both of them. In fact, according to the fable, he married both of them on the same day—which leaves no doubt in my mind that this is truly a fable.

Naturally the younger wife wanted her husband to appear as youthful as possible. And, just as naturally, the older wife wanted him to look his age—or, at least, her age. So, while the younger wife seized every opportunity to pull out the husband's grey hairs, the older wife was just as industriously plucking out every black hair she could find.

For a while, the husband was highly gratified by the attention and devotion of his two wives, until one morning he discovered that between the one and the other, he hadn't a single hair left on his head!

Actually, the management of U. S. Steel is in even a worse predicament when it comes to the price of a ton of steel. After all, that poor husband had to please only two people. But on this matter of the price of steel, it seems that we're expected to please the government, the general public, the owners of the Corporation, and—most important of all—our customers. What with one and then the other — and sometimes, all together—telling us what to do, I assure you that those of us who are in the middle have been known to pull out our own hair!

How Prices Are Determined

Now, what does determine the price of a ton of steel? Who sets it? Just what is the policy of United States Steel when it comes to prices?

Well, along with other successful American industries, we in the steel business learned a long time ago that the following economic principle is true and sound: That is, each manufacturer must learn how to produce and sell his products as efficiently and cheaply as his competitors. If he doesn't, he will soon find himself without customers because of the competitive struggle for markets in a free economy. Any successful business —including newspapers — must necessarily conform to that fact of the market place if it is to prosper and fulfill its obligations to its employees, its owners, and its customers. Fortunately for all, a by-product of this competition among producers is the best possible product and service at the lowest possible price.

Actually, I could state—simply and truly—that in the long run it is the customers who primarily set the price of steel as they set the price of everything else, and that—again in the long run—the opinions of government officials, the general public, the owners, and even the management have astonishingly little to do with it. But that wouldn't be the full story of the immediate market price of steel because a great many decisions must necessarily be made by a number of people before the price is presented to the customers for their final analysis—a slow but sure analysis against which there is no appeal.

But before explaining a few of the most important factors which play a part in determining the final market price of steel, I must mention one theory of pricing which, most definitely, we do not use. I refer to the cost-plus theory of pricing. And I mention it here because many people—possibly most people — seem to be under the erroneous impression that manufacturers set the prices on their products by the exclusive process of adding up all costs, plus a mark-up for whatever profit the manufacturer wants. As we shall see, no business can be run successfully in that way as long as it has competitors in a free market.

In fact, if there were such an easy way of doing business as cost-plus pricing in a competitive economy, I'm sure that your sharp news reporters would have found it out long ago and told you about it. At the same time, they would doubtless also have informed you that the "cost of reporters" had just doubled, and that you should use the new figure when adding your "plus for profit!"

You publishers know even better than I do that you can't possibly run a newspaper business on a cost-plus basis. The free market —whether it be for eggs, advertising, or steel—just doesn't work in such a convenient fashion.

It is true enough that any company must recover all its costs—plus a profit—if it is to stay in business. And, admittedly, U. S. Steel does aim to recover all its costs, plus a profit, from the sale of its products. But we run into all sorts of problems and complications along the rugged path to that desired goal.

The Customers' Attitude

For example: It seems that almost every time U. S. Steel raises its prices, we are expected to justify the price increases to everybody except the people who are asked to pay the price—our customers. Fortunately, they neither need nor want a long story; our customers now at first glance whether the price is right or not. And they render their combined verdict without any political speeches or vote-getting cliches. We are acutely aware of the fact that they can turn to any one of our numerous and eager competitors, or look for a substitute, or cut down on inventory, or even cut back on production. Whether the customer's verdict on our prices is for us or against us, we still believe that it is the right verdict since it is delivered by a free people who are using their own money in a free market.

But meanwhile, various of our other "wives"—government officials, union leaders, the public as represented by certain newspaper columnists and radio commentators—are busy yanking out our hair with both hands. They don't seem to care whether the hair is black or grey. Like the poor husband in Aesop's fable, we are most flattered by all this attention. Nevertheless, we are most anxious to do all in our power to avoid premature baldness.

Seriously, though, we are always willing to explain to any interested person how we arrive at the prices we hope to get for our products. In fact, U. S. Steel has always been a leader among the enlightened companies in America which decided long ago that it is good business to explain to the general public the problems and policies of industry. That is where you publishers are of such invaluable assistance to the American people with your newspapers and other means of communication. And that is also why I am so pleased that you invited me here tonight.

Costs and Competition

Naturally, these various explanations about prices dwell at length on our costs, since they are the first factors we must consider in arriving at a price which we hope will stand up in a competitive market. Possibly that explains why so many people erroneously believe that we can operate exclusively on a cost-plus basis.

The largest cost of all is, of course, the wages and salaries—including pensions, social security, insurance, and other benefits—paid to or for the employees of U. S. Steel. The second largest cost is the products and services bought outside of the company. The next largest cost is the cost of government in the form of taxes. There are, of course, still other costs which I shall mention in a moment.

Time and again in the past, we have explained these three largest costs in great detail to anyone who would listen. Doubtless we will explain them time and again in the future.

When we point out the obvious fact that these costs must be covered in the price of our products, everyone usually understands and approves. But there are two generally unrecognized dangers in this approach which worry me.

First, as I have already mentioned, it frequently misleads the unwary into the fallacious belief that industry can and does operate exclusively on a cost-plus basis. This, of course, isn't even remotely correct, since that theory completely ignores the competitors and consumers who determine all prices in a free and competitive market.

Second, when we begin listing our costs of doing business, we run into the awkward fact that some people claim that many of the things we must pay for aren't costs at all!

The Depreciation Problem

For example, you might think that everyone would agree that depreciation—that is, the using up of machinery during the process of production—is a cost of doing business. Well, the taxing policy long followed by Congress does not realistically recognize that fact. Under present circumstances, its rules on regular depreciation permit us to list as a cost only a fraction of the purchase price of an equivalent new machine which is to replace a worn-out or obsolete machine. Apparently the government still refuses to acknowledge the fact that its inflationary policies have caused prices for new equipment to double and treble since the old equipment was bought some 20 years or more ago. It permits us to recover approximately the same number of dollars originally invested, but it forbids us to recover the same amount of purchasing power. Now it is true that, by means of "accelerated amortization"—and other devices recently adopted—the government has made some quite helpful adjustments in this obvious inequity. But even so, its basic tax policy still has the effect of a form of capital confiscation.

Have any of you publishers recently replaced a Linotype machine you bought some 15 or so years ago? If so, I'm sure you will agree with me that the government's implied claim that its depreciation allowance for the old machine is sufficient to pay for an equivalent new machine is front-page news! Well, apparently that's the fallacious idea on which the government now bases its taxing policy. And you, along with U. S. Steel, are heavily taxed on the capital required to make up the difference.

The price of steel is also heavily influenced by another vital factor which is not generally given the consideration it deserves. I refer to growth and expansion and modernization. Without it, U. S. Steel—as well as any newspaper you care to mention—would soon be driven out of business by its competitors.

Now everyone will agree that it costs money to modernize an old steel plant or to build a new one. But you can start an argument with almost anyone as to where that money is to come from. There are only three possible sources, so far as I can see. It must come from a realistic treatment of depreciation recovery which recognizes the reality of inflation; or it must come from higher prices and larger profits to reinvest in the business; or it must come from the sale of stocks and bonds.

Problem of Raising Needed Capital

We have already examined the depreciation possibility — and found it wanting. Now let's take a brief look at the possibility of raising the needed capital by the sale of stocks.

Here we must face this unhappy and persistent fact: Over the years, the profits and dividends of U. S. Steel have just not been sufficiently large to permit it to attract needed capital funds from stock purchasers! Investors just won't buy ownership of our company in the form of stock at the price it now costs us to build the new plant and equipment. For example, take the Fairless Works —a fully integrated steel plant we recently built here in Pennsylvania. Its cost to us was about $300 per ton of ingot capacity — or about $400 per ton of finished product. And since that time, construction costs have risen further.

Now as everyone knows, ownership in our plant and equipment and other assets can be purchased in the form of stock certificates on the open market. Well, here is the verdict of a free people in a free market who are using their own savings to buy United States Steel stock: As of Wednesday (Oct. 5) they are willing to pay only about $79 to buy ownership of the facilities it would now cost us $300 and more to build! This is most discouraging — especially when so many people assume that steel companies are making enormous profits and paying tremendous dividends. And if any of you gentlemen are planning on retiring from the publishing business and entering the steel business, let me give you a little tip: Don't build a new plant; because on the open market, you can buy ownership of existing facilities for about one-fourth the cost of duplicating them.

Now while there is no doubt that U. S. Steel can raise capital funds through the sale of common stock, we have found it more advantageous either to borrow the money and pay it back out of future earnings or to use a portion of current earnings. And we have followed both courses. Last year, for example, we borrowed $300 million. But mostly we get this new capital for expansion and modernization by ploughing back into the business about half of our earnings. Some of the owners of U. S. Steel aren't convinced that this is the best policy—and more than one has threatened to yank out all our hair, regardless of color, unless we act as they want us to act in the matter of dividends.

The Cost-Plus Basis

Some sympathetic persons have blandly offered the following seemingly simple solution to our pressing problem of finding the money needed to meet increasing wage demands, higher taxes, modernization programs, and a more equitable dividend. They suggest: Why not arbitrarily add a few more dollars to the price the customer must pay?

The persons who make that suggestion are evidently the ones who imagine that we can and do operate exclusively on a cost-plus basis. They seem totally unaware of the fact that, in a free economy, competition for customers insures not only the best possible product but also the lowest possible price. And even after that, the final fact remains that the customer can't be forced to pay anything at all! Unlike the government with its taxing powers, U. S. Steel can't take the custom-

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*An address by Mr. Fairless at the Annual Banquet of the Pennsylvania Newspaper Publishers' Association, Pittsburgh, Pa., Oct. 8, 1955.

Property Rights, 5th Amendment And the Trust Business

By MERLE E. SELECMAN*
Executive Manager, American Bankers Association

Mr. Selecman, in pointing out the Fifth Amendment not only protects against "self-incrimination," but also protects private property rights. Finds this aspect chief background for our material and intellectual progress, and points out it is the basis for the growth of the trust business. Holds recent shifts toward wider ownership of property furnishes opportunity for more business for trust companies.

The Constitution of the United States contains 22 amendments.

In our grandfathers' times, in 1865, the most talked about amendment was No. 13, which abolished slavery.


Merle E. Selecman

In our mothers' time, in 1920, the most talked about amendment was the 19th, giving nationwide suffrage to women.

In our fathers' time, also in 1920, another "most" talked about amendment was the 18th, parent of the famed Volstead Act. Our fathers—and some of us—also remember 1933 when the 21st Amendment was adopted, repealing the 18th, regarding the manufacture and sale of certain kinds of beverages.

Today — and for the past few years—the Fifth Amendment has cornered the public limelight. I wonder how many of you have read this Fifth Amendment recently—or remember its content. Due to the publicity it has received, most people today think of the Fifth Amendment as the one about "self-incrimination"—that a person does not have to be a witness against himself in any criminal case.

It is not my intention to debate the merits of this particular provision of the Fifth Amendment. It was ably debated in Philadelphia less than two months ago at the American Bar Association Annual Convention by Dean Erwin N. Griswold of Harvard Law School and Tracy E. Griffin of Seattle. I hold no brief for the guilty mind that seeks shelter in the escape hatch of this provision. I also recognize the protection to the honest citizen that this provision wisely was intended to give.

My purpose is to talk to you about another provision of the Fifth Amendment that has escaped unnoticed in all of the current publicity about "self-incrimination." In fact, there are seven fundamental points in this Fifth Amendment.

Protection of Private Property

The one I want to talk about is the sixth point of the Fifth Amendment which says "no person . . . shall be deprived of property without the due process of law." Then it adds, "nor shall private property be taken for public use without just compensation."

These words in our Bill of Rights, stemming from the Magna Charta, are the keystone and the foundation of our system of private ownership of property. These words were written to implement the fundamental right of private ownership of property by a citizen by saying that he can't be deprived of that right without the due process of law.

Let's take a minute to remind ourselves on how this Fifth Amendment became a part of our law of the land. Our original Constitution contained seven articles. It was written in Philadelphia, finished in September, 1787, and signed by 39 delegates from our 13 confederated states. These articles became effective in March, 1789, after ratification by nine states.

There was a lot of opposition in and out of Congress to this Constitution of seven articles. Many claimed it was not sufficiently explicit to protect individual and state rights. So the first Congress, meeting in New York City in September of that year, submitted to the states 12 proposed amendments popularly called "The Bill of Rights." Ten of these were ratified by the states, and two years later, in 1791, became effective law of the land. The Fifth Amendment is one of these 10 in our Bill of Rights. We have had it 164 years without change.

Now let's go back and look at the property section of that amendment. It says to every citizen he has the right to own property, and he can't be deprived of it without the due process of law. Just how important has that been over these 164 years?

Here in America we have a very important word called "incentive," which means a spur to action, a motivation to do something. America has been called the Land of Opportunity—because there are no roadblocks to incentive.

Because of this incentive, because of our desire to own things and our right to do so, and by hard work and creativeness, we have become the wealthiest, most powerful nation in the world, with the highest standard of living ever known.

Because of our Fifth Amendment right to own things and our desire to have and enjoy that ownership, we American citizens:

Own 25-million homes.

Own more than 48-million automobiles.

Own 36-million television sets in which we have invested $15-billion since the war.

Own 237-million life insurance policies totaling more than $333-billion.

Own 70-million savings accounts exceeding $73-billion.

Own the majority of $320-billion of outstanding stock in American business corporations.

As a nation, we eat exceptionally well; we dress well, have leisure time, and can afford to enjoy that leisure time. Our children have comforts, pleasures, and opportunities which our grandparents didn't even dream of.

This is the record of 164 years of free people who had a constitutional right to own and enjoy private property; to manage, conserve, and dispose of it; and had the incetnive to produce.

Cause of Our Well-Being and Prosperity

No other provision of the Constitution, in my opinion, has been more responsible for our national well-being and economic prosperity than our guaranty of private ownership of property. Does history record any collectivist state with such record? Can Communism show anything like this—except a pseudo-shiny promise of unproven value? I recognize there are all shades of promised Utopias by advocates of collective community organization. Some advocate community ownership of the means of producing wealth, not the common ownership of wealth. To say the least, this is a fine line of distinction which we have never had to face, and I devoutly pray that we never will.

Recently I was told that a Russian farmer can own one cow—the rest belongs to the state. A good friend of mine, a Czech, tells me if her family back home wants to kill a pig, they must get permission from the state.

History reveals that Plato propounded his own Utopia when he wrote his famous "Republic." Thomas More had his, which accepted slavery as the foundation of society. Engels and Karl Marx had their own brand of promised lands. But we in the U. S. A. have our own brand of national well-being which has never been exceeded by any other system of society—thanks to our Constitution and the property rights it guarantees.

A Background of the Trust Business

Now what does all of this mean to you in the trust business? The answer, of course, is obvious and simple. Do you know of any trust business or trust institutions in Russia?

In other words, the development of the trust business in this country over 137 years was made possible only because we had the constitutional guaranty of the private ownership of property. As a citizen, as well as a trustman, you have a selfish interest to see that nothing happens to this constitutional right, for each of us, to own property of any kind—wealth productivity — or otherwise — and to preserve that priceless incentive to produce, to own, and to enjoy the fruits of our own labor.

In our society, free men not only have the right to produce, own, and enjoy property — they have the right to manage it and dispose of it. This is where the trust business enters the picture. Because of modern complexities, thousands of men and women have turned to trust institutions for help in managing the property they own and in the disposition of it from one person to another, and especially from one generation to another. If the trust business is to continue to serve those people efficiently, we must keep abreast of the shifts in the ownership of property and the nature of the property owned. Reduced to a simple question it is—"Who owns what?"

I think we realize what has taken place in the leveling process of the ownership of property or wealth in the past 25 years. We have fewer rich people — fewer poor people—but a great many more people of moderate means. This is the increasing mass market for the trust business. These are the people who need your services. The greatest gain by far in personal income the past eight years has been with those in the $10,000-$15,000 income group. In six years, this group increased from 707,000 to 2,273,000—an increase of more than 200%. The $5,000-to-$10,000 group increased 181%, and the $15,000-to-$20,000 group showed comparable gains. One out of every three in the $2,000 bracket moved upward. Federal estate tax returns show that estates over $60,000 more than doubled in 15 years.

A survey we are currently making in the Trust Division significantly points up this trend. Preliminary figures indicate that almost half of all the trusts administered by trust institutions in this country have an annual income of less than $1,200. Almost two-thirds of the trusts in the care of trust institutions have an annual income of less than $3,000. No longer are trust institutions the exclusive servants of the wealthy. Like banking, the trust business is now retail—not wholesale—and you dare not lose sight of this significant change. You have more customers and potential customers than you ever had in the history of the trust business.

Composition of Small Estates

Now let's take a moment to see what these people own. What is the nature and character of their property? When a man accumulates a modest estate for his old age and his family, what does he have that makes up this accumulation for his financial security? It hasn't been too many years ago that a man's estate consisted largely of real property and gilt-edge bonds. What are the nest eggs today that he has stored away? We know he has a lot more life insurance because there are $333-billion of life insurance outstanding. This is a tremendous increase over 15 years ago. Generally speaking, we know this man owns little real property. He may own a profitable business and would expect you to run it or dispose of it in orderly fashion. We know he owns more shares of stock because of the widespread and increasing ownership of equities. We know he owns more government and U. S. Savings Bonds than his father or grandfather. In the U. S. Savings Bond department alone, we know there are $37-billion held by individual American citizens.

This man of today probably has another new nest egg—a pension or retirement plan. Twenty-five years ago, there were only 110 private retirement plans that had received qualified rulings of the Bureau of Internal Revenue. Today there are considerably more than 25,000. It is estimated that more than 12-million employees are covered under these plans, compared to 2½-million in 1930.

How about shares in investment trusts? There has been a tremendous growth in this area of ownership for financial security. This may be another new nest egg you will find in your potential customer's basket of financial security for himself and family.

Just what do all of these changes mean to you in the trust business? It seems to me you ought to take a fresh look—and a careful one—at who your potential customers are and what they own. Maybe your sales approach and your public relations are out of step with what you find. Maybe your type of service and your trust administration will need some overhauling. Maybe your top policy officers of your bank—and your directors — don't realize the significance of these changes to the trust business. If not, it's your duty to see that they do know.

Trust business should be entering an era of its greatest usefulness to the American public and commensurate reasonable profit for your stockholders. By its very nature, trust business is conservative because it handles the property of other people. It can, however, be bold in vision, adaptable to change, and conservative in application. It has a tremendous potential for real service, for exciting opportunities, and a deep sense of satisfaction for every one of you in the trust business.

*An address by Mr. Selecman before the 29th Western Regional Trust Conference of the American Bankers Association, San Francisco, Calif., Oct. 13, 1955.

Two With Daniel Reeves

(Special to THE FINANCIAL CHRONICLE)

BEVERLY HILLS, Calif. — Henry F. Macy and Robert S. Todd have become affiliated with Daniel Reeves & Co., 398 South Beverly Drive, members of the New York and Los Angeles Stock Exchanges. Mr. Todd was previously with E. F. Hutton & Company.

Connecticut Brevities

At a stockholders meeting of **National Fire Insurance Company** on Oct. 17, approval was given to a proposal to merge National with its wholly-owned subsidiary Mechanics and Traders Insurance Company. At the same time steps were taken to merge Franklin National Insurance Company, United National Indemnity Company and Transcontinental Insurance Company, also subsidiaries of National, with Transcontinental as the surviving company. These proposed changes will reduce the National of Hartford Group from five to two companies and are expected to provide for more efficient and economical overall operations.

* * *

All of the outstanding stock of **The Homelite Corporation** of East Port Chester, Conn., has been acquired by **Textron American Inc.** Homelite produces power chain saws and engine-driven pumps and generators, which fields it entered in 1949.

* * *

The Pratt & Whitney Aircraft Division of **United Aircraft Corporation** has announced plans to expand its North Haven plant. The company owns about 161 acres in North Haven on which is presently located a plant and office building containing about 690,00 square feet of floor space. The proposed building of about 600,000 square feet would virtually double production space and increase office space by about 25%. The new plant which will be devoted largely to turbo-prop engines is scheduled for completion about June of next year.

* * *

American Thermos Bottle Company has acquired control of 97.4% of the stock of Hemp & Co., Inc. of Macomb, Ill., which manufactures metal products including picnic jugs, ice chests and a line of outdoor barbecue and grill equipment. Control of Hemp was acquired through a share for share stock exchange. Present plans call for continuance of the subsidiary at its present location and under its present name.

* * *

Stockholders of **Colt's Manufacturing Company** will meet on Nov. 17, 1955 to vote on a plan to merge with **Penn-Texas Corporation**, which recently acquired another Hartford concern, **Niles-Bement-Pond Company**. If approved, stockholders of Colt's would receive three shares of $1.60 voting cumulative convertible preferred and four shares of common of Penn-Texas for each of Colt's 400,000 shares of common stock outstanding.

* * *

Stockholders of **Southern New England Telephone Company** are presently being offered rights to purchase one new share at $33 for each nine shares outstanding. The rights will expire Oct. 28. Proceeds of the issue in the amount of about $17.8 million will be used in connection with the company's construction program. Gross plant additions for 1955 and 1956 are estimated at about $40 million and $43.5 million respectively. In June of this year the company raised $20 million through sale of debentures. Present plans call for no further financing until the fall of 1956 at which time additional stock may be issued.

New York Inv. Assn. Programs Announced

On Friday, Oct. 28, 35 officers and members of the Junior Investment Dealers Association of Canada will be the guests of the Investment Association of New York while they are visiting New York City. This group of younger men in investment banking and brokerage represent firms all over Canada.

A very complete program has been arranged for them including a tour of the New York Stock Exchange and a visit with Keith Funston, President of the Exchange. They will be guests of the Association at the Luncheon at Schwartz's at noon and at the cocktail party at 5 p.m. at the Lunch Club. In addition they will tour the American Stock Exchange and meet with Edward T. McCormick, President of the Exchange. During the afternoon the Canadian group will also be conducted on a tour of the various departments of Merrill Lynch, Pierce, Fenner and Beane.

The following members were appointed to the Nominating Committee of the Investment Association. This committee will nominate the 1956 Executive Board.

William S. Goedecke, Chairman, Smith Barney & Co.; Francis J. Cullum, First Boston Corp.: A. Parker Hall, Jr., Shearson Hammill & Co.; Samuel Thorne III, Shields & Co.; Blancke Noyes, Hemphill Noyes & Co.

Alternates: Paul L. Sipp, Jr., First of Michigan Corp.; John G. W. Husted, Jr., Dominick & Dominick.

The 1955 Annual Dinner of the Investment Association of New York will be held on the evening of Tuesday, Nov. 15, at the Waldorf-Astoria Hotel. The guest speaker will be the Honorable W. Randolph Burgess, Under-Secretary of the Treasury. Further details will be sent to you by the Program Committee.

A. & C. Inv. Corp.

(Special to THE FINANCIAL CHRONICLE)

DENVER, Colo.—A & C Realty and Investment Corp. has been formed with offices in the Shirley Savoy Hotel, to engage in a securities business. Officers are Arthur L. Ashworth, President; H. A. Christensen, Vice-President; and Georgia M. Ashworth, Treasurer.

Green & Co. Opens

SAN FRANCISCO, Calif. — Green & Co. has been formed with offices at 221 Montgomery Street to conduct a securities business. Partners are Solbert L. Greenberger and Bert E. Green.

W. H. Hilbert Adds

(Special to THE FINANCIAL CHRONICLE)

MT. CARMEL, Ill.—Clarence T. Froman and Bayne D. Wilson have joined the staff of W. Harold Hilbert, 1131 Mulberry Street.

Corp. Transfer Agts. Hold Monthly Meeting

The regular monthly meeting of the Corporate Transfer Agents Association was held at the Railroad-Machinery Club of New York, Inc., with Meeker H. Smith, presiding.

A majority of the more than 50 members and guests present favored the adoption of uniform state laws governing the form of registration to be used by transfer agents when registering securities which are subject to the provisions of a "Gifts of Securities to Minors Act."

Guests and speakers at the meeting included R. Michael Charters, Counsel, Association of Stock Exchange Firms; John Haire, Secretary, New York Stock Exchange; Joseph E. Williams, Chairman, New York Stock Transfer Association and Vice-President, The Chase Manhattan Bank; Dan Tenney and Howard Colgan of Milbank, Tweed, Hope & Hadley.

Chicago Analysts to Hear

CHICAGO, Ill.—Roy Fruehauf, President of Fruehauf Trailer Company will address the luncheon meeting of the Investment Analysts Society of Chicago to be held Nov. 3 at 12 noon in the Cotillion Room of the Morrison Hotel.

Mid America Fund

LOUISVILLE, Ky.—Mid America Fund, Incorporated is engaging in a securities business from offices in the Kentucky Home Life Building.

Southwestern Securities Opens Ft. Worth Branch

FT. WORTH, Texas — Southwestern Securities Company of Dallas has opened a branch office in the Sinclair Building under the direction of Howard D. Burdick.

I. G. Weston Branch

KEYPORT, N. J. — I. George Weston & Sons has opened a branch office at 81 Broad Street under the direction of Carl Bitter.

Daniel Weston Adds

(Special to THE FINANCIAL CHRONICLE)

BEVERLY HILLS, Calif. — Donald R. Bretting has been added to the staff of Daniel D. Weston & Co., 140 South Beverly Drive.

Joins Walston Staff

(Special to THE FINANCIAL CHRONICLE)

FRESNO, Calif. — Kenneth W. Schroll has become associated with Walston & Co., 1115 Van Ness Avenue.

Reynolds Co. Adds

(Special to THE FINANCIAL CHRONICLE)

SAN FRANCISCO, Calif.—Raymond J. Wheeler, Jr. is now connected with Reynolds & Co., 425 Montgomery Street.

With Baikie Alcantara

(Special to THE FINANCIAL CHRONICLE)

SANTA CRUZ, Calif. — Sol E. Heren, Jr. has been added to the staff of Baikie and Alcantara, 1517 Pacific Avenue.

Joins Inv. Service

(Special to THE FINANCIAL CHRONICLE)

DENVER, Colo. — Marlon H. Thompson is now connected with Investment Service Co., First National Bank Building.

With Freehling, Meyerhoff

(Special to THE FINANCIAL CHRONICLE)

CHICAGO, Ill. — Stacey C. Adams is now connected with Freehling, Meyerhoff & Co., 120 South La Salle Street, members of the New York and Midwest Stock Exchanges.

Banking Group Wins Twelve of Thirteen New Housing Authority Bond Issues

A group of banks and investment dealers headed by The Chase Manhattan Bank and Bankers Trust Company was the successful bidder on Oct. 26 for $109,990,000 of a total of $122,305,000 New Housing Authority bonds offered at competitive bidding by 13 local housing authorities located in 10 states and the District of Columbia. The group won all 12 of the issues for which it bid; it did not bid on bonds offered by the Philadelphia authority.

The group specified interest rates of $2\frac{3}{8}$%, $2\frac{1}{2}$% and $2\frac{5}{8}$% for the bonds, which mature serially 1957-1996.

The bonds were reoffered to the public in four separate yield groups—Scales A, B, C and D—at prices to yield from 1.50% to 2.50%.

Scale A ranges in yields from 2.35% to 2.40% for bonds maturing 1985-1994 of the housing authority in Washington, D. C.

Scale B ranges in yields from 1.50% to 2.45% and is applicable to bonds of the Buffalo, N. Y. local housing authority.

Scale C, with yields of 1.50% to 2.50%, applies to local housing authorities in Cleveland, Ohio; San Francisco, Calif.; St. Louis, Mo. and Waterbury, Conn.

Scale D, ranging in yields from 1.50% to 2.50% applies to issues of housing authorities in Chicago, Ill.; Owensboro, Ky.; Newark, N. J.; Trenton, N. J.; New York, N. Y.; and Tacoma, Wash.

Proceeds from the sale of the bonds will be used to retire advances from the Public Housing Administration (PHA) or temporary loans from other than the PHA, and the remainder will be used to meet the cost of the housing projects.

The bonds will be callable 10 years from their date at a call price of 104 and accrued interest, and thereafter at decreasing call prices.

Interest on the bonds is exempt from any Federal income tax now or hereafter imposed. The bonds are legal investments for savings banks and trust funds in New York and certain other states.

The bonds of each issue will be secured by a first pledge of annual contributions unconditionally payable under an Annual Contributions Contract between the PHA and the local housing authority issuing the bonds. The United States Housing Authority, as amended, solemnly pledges the faith of the United States to the payment of the annual contributions by the PHA.

The offering group includes: Chemical Corn Exchange Bank; Guaranty Trust Company of New York; Harris Trust and Savings Bank; The First National Bank of Chicago; The Northern Trust Company; C. J. Devine & Co.; Kidder, Peabody & Co.; Kuhn, Loeb & Co.; Salomon Bros. & Hutzler; Lazard Freres & Co.; The Philadelphia National Bank; J. P. Morgan & Co. Incorporated; Dick & Merle-Smith; Bache & Co.; Seattle-First National Bank; Wachovia Bank and Trust Company, Winston-Salem; American Trust Company, San Francisco; Barr Brothers & Co.; City National Bank & Trust Co., Kansas City, Mo.; Glickenhaus & Lembo; Mercantile-Safe Deposit and Trust Company, Baltimore; Trust Company of Georgia; Commerce Trust Company, Kansas City, Mo.; The Illinois Company, Incorporated; The First National Bank of Memphis; A. M. Kidder & Co.; Laidlaw & Co.; W. H. Morton & Co., Incorporated; Fidelity Union Trust Company, Newark; Baker, Watts & Co.; First National Bank in Dallas; A. G. Edwards & Sons; Field, Richards & Co.; First National Bank of Minneapolis; Carl M. Loeb, Rhoades & Co.; The Marine Trust Company of Western New York; Merrill, Turben & Co.; R. H. Moulton & Company; The Peoples National Bank, Charlottesville, Va.; Third National Bank of Minneapolis; J. C. Wheat & Co.; National Bank of Commerce of Seattle.

The group submitted the following winning bids:

Local Authority	Amount	Interest Rate—%	Bid—%
San Francisco, Calif.	$14,315,000	$2\frac{3}{8}$	100.745
Waterbury, Conn.	1,280,000	$2\frac{1}{2}$	100 281
Chicago, Ill.	3,835,000	$2\frac{1}{2}$	101.815
Chicago, Ill.	7,785,000	$2\frac{1}{2}$	101.80
Owensboro, Ky.	1,725,000	$2\frac{5}{8}$	101.80
St. Louis, Mo.	14,400,000	$2\frac{3}{8}$	100.099
Newark, N. J.	20,415,000	$2\frac{1}{2}$	101.517
Trenton, N. J.	1,190,000	$2\frac{1}{2}$	101.419
Buffalo, N. Y.	6,345,000	$2\frac{3}{8}$	100.624
New York, N. Y.	4,920,000	$2\frac{5}{8}$	102.008
New York, N. Y.	7,425,000	$2\frac{5}{8}$	101.877
Cleveland, Ohio	17,015,000	$2\frac{3}{8}$	100.155
Tacoma, Wash.	3,330,000	$2\frac{1}{2}$	101.039
National Capital (Washington, D. C.)	6,010,000	$2\frac{1}{2}$	101.187

Continued from page 5

Observations . . .

getting to know the company, to recognize its policy regarding the regular and extra disbursement. Recognize the true nature of the stock dividend.

HOW NOT TO READ

(1) Avoid rumors and rumormongering.

(2) Don't "watch the ticker"—literally and figuratively. It will help to preserve your perspective if you limit your perusal of the stock table to once a week. Too often this reading—pleasurable in a bull market—deflecting attention from value to price, approaches the eagerness for horse-racing results.

(3) Don't look at the market action of a particular stock closely after either your purchase or sale of it. Don't worry about being proved "right" or "wrong." There is one experience more painful than losing money in a stock; namely, to see it go up after you have sold it.

(4) Beware of general over-glamorization and dramatization of the market *business*.

***This is the third instalment in a series summarizing lectures by the author in the course, "Your Investment Problems Today," at the New School for Social Research.**

Criticizes Canadian Government's "Excursions" in the Insurance Field

H. W. Manning, Vice-President of the Great-West Life Assurance Company of Winnipeg, Can., criticizes the "regrettable inclination" of the Canadian Federal Government to enter the life insurance business. Finds U. S. action in this matter "stimulating."

H. W. Manning of Winnipeg, Vice-President of The Great-West Life Assurance Company, said in an address to the American Life Convention in Chicago, on Oct. 13, that while the Canadian Government had set up a self-administered life insurance plan for its employees, the U. S. Government had turned to the life insurance industry with its "more economical form of administration" to administer the huge U. S. Federal employees group insurance plan. He pointed out a "marked contrast" in the schemes adopted by the Canadian and United States Governments for providing insurance for their Federal employees, and he described the U. S. approach as "stimulating."


H. W. Manning

The U. S. Government last year insured its Federal employees under a multi-billion dollar life insurance group plan, administration of which was turned over to leading life insurance companies doing business in the U. S. The Canadian Government's self-administered plan also went into effect last year.

Criticizing the "regrettable inclination" of the Canadian Federal and some provincial governments to enter the life insurance business, Mr. Manning said it was "stimulating to observe the action of the United States Government in turning to the life insurance industry—with its organized set-up, its knowledge and experience, and its more economical form of administration—and turning away from the more onerous and more costly self-insured plan."

Mr. Manning told the ALC—the leading organization of North American Life Insurance executive officers—that other examples of Canadian Government "excursions into the insurance business" were the Federal Government's system of selling annuities to the public and the hospitalization insurance schemes of the three western provinces of British Columbia, Saskatchewan and Alberta.

He said that annuities sold by the Federal Government since 1908 were "sold at premium rates that were never self-supporting on realistic bases as to mortality, interest and expense" and were costing millions of dollars of taxpayers' money to administer.

"In recent years our industry has had to oppose the expansion of government activity in this field," Mr. Manning said. But, "it still stands, however, as a stern remainder that government intrusion upon a field properly belonging to private enterprise is not easily uprooted."

Dealing with health insurance, he pointed out that "although three of our western provinces have embarked on hospitalization schemes . . . their soaring costs and admittedly very great problems have not prompted others to emulate them."

Despite these "not so commendable" tendencies of Canadian Government authorities to enter the insurance business, the nation's life insurance industry had grown to great proportions through private enterprise companies, Mr. Manning said. There were some 31 home-owned companies operating in Canada alongside an equal number of U. S. companies holding Dominion licenses. In addition, Canada counted life insurance as one of her most "substantial exports" and Canadian companies had over $6 billion of life insurance in force in other countries.

Touching on other major areas of Canadian Government ownership, Mr. Manning said that while the country's two major railroad systems—one government-owned, the other corporately owned—showed that a free enterprise business and a publicly owned business could function in "the healthy atmosphere of competition," the situation differed in regard to the government-owned Trans-Canada Air Lines and the Canadian Broadcasting Corporation. TCA was "a government monopoly extending from coast to coast . . . the other lines are simply feeder lines and no direct competition on the Trans-Canada route is permitted . . . a similar situation exists in connection with the CBC with its radio and television services."

Mr. Manning mentioned the Canadian Wheat Board as "another monopoly" and suggested that Canadians are "wavering with respect to the justification" of these monopolies.

Coast Exchanges to Continue Private Wire

SAN FRANCISCO, Calif.—William H. Agnew, Chairman of the Board, San Francisco Stock Exchange, has announced that the private wire arrangement between this exchange and the Los Angeles Stock Exchange, which was installed on a 90-day trial basis July 25, 1955 has been approved as a continuing operation between the two exchanges by their respective governing boards.

Mr. Agnew said: "The operation of the wire on a trial basis for the execution of orders between the two exchanges has proved of great value to the public and members of the exchanges. During the period July 25, 1955, when the wire was installed, to the close of business Monday, Oct. 17, 1955 150,000 shares having a market value of $5,800,000 were executed between the two exchanges. We expect the volume over the wire to continue to improve with the increasing efficiency in its operation."

Changes Firm Name

The German American Oversea Exchange, 205 East 85th Street, New York City, has changed the firm name to German American Trading Co.

Now W. T. Olson Co.

(Special to THE FINANCIAL CHRONICLE)

ST. LOUIS, Mo.—The firm name of Olson, Donnerberg & Company, Inc., 509 Oliver Street, has been changed to W. T. Olson & Co., Inc.

With Barry Mitchell

(Special to THE FINANCIAL CHRONICLE)

LAKE PROVIDENCE, La.—Hugh Breckenridge has joined the staff of Barry Mitchell & Co., Federal Land Bank Building.

Foreign Conditions

By ROGER W. BABSON

In reviewing foreign conditions, Mr. Babson notes that England is prosperous, Germany is booming, but situation in France is not so good. Finds growing economic possibilities in Africa and China, and concludes "We Americans had better worry more about our economic future than that of other nations."

Reports of so much grief have come from Europe, readers may be interested in a true summary of conditions received from my personal associates who are just returning from abroad.


Roger W. Babson

Business expansion is evident on every hand. This includes new houses, as well as new businesses. The people seem to have no fear of Russia. They are greatly interested in automation and atomic energy. The only cloud in the sky is credit inflation. The English people have been held down so long by restrictions that, with unlimited freedom, the pendulum is now beginning to swing the other way.

I have been especially interested in getting reports of the thriving state of agriculture with the use of mechanical equipment. So long as World War III does not occur, England will continue to forge ahead and will need very little help from us. She again leads the world in marine insurance and foreign shipping.

Germany Is Booming

While the English people have the faith, their unionization prevents them from doing their utmost. The German people have both the faith and the freedom from unionization. This, added to their technical and inventive genius, is causing them to forge ahead of the rest of Europe. We should not forget, however, that the United States has been pouring billions into Germany. This can be cut down somewhat, but not too much all at once.

As readers know, West Germany has voted to arm and is very anxious for a reunited Germany. Since this means a bitter pill for Russia to swallow, it will not come about at once. It rather looks as if Germany might now be at the height of its present domestic prosperity. In event of World War III, Germany may join England and try to remain neutral; but she is not in any mood to do this today.

Am Sorry for France

Poor France lacks both the faith and the desire to work. The country has been overrun so many times that its people are "tired out." This has resulted in the Communists gaining considerable influence. I believe that we must continue our aid to France in order to keep the Communists from getting control.

France, Switzerland, Belgium, and Holland are dependent upon exports to the United States. It could be suicidal for our country to increase tariffs on any of their products. In fact, I believe that American parents must ultimately choose between lowering all tariffs, even with the possibility of some unemployment or reduced wages, or, as an alternative, sending their boys to Europe to fight.

Italy is fortunate in having the largest amount of water power of any of the free nations. She also has an advantage in being close to Africa, which will have a great future when uranium and hydrogen are used for power.

Africa and China

Africa has a large population of hard workers, and when these are directed to mass production, they could give the rest of the world serious competition. The Black African has a character and physical strength which has great possibilities. This is why he is so feared in both Eastern and Central Africa. The British and French, however, are not restricting and abusing the Blacks, as does the Government of South Africa. This South African attitude is really a disgrace to the Caucasian race.

One of my business associates has spent many years in China. His conclusions are as follows: China will free itself from Russia; China will come back as a powerful nation probably with some form of totalitarianism, but not of the Russian brand. It will take 20 or more years, however, for this to come about. He states that my readers should not expect such sudden economic changes in China as are taking place in Europe. He further believes that both China and Japan will become, more and more, a competitor of ours in mass production. **We Americans had better worry more about our own economic future than about that of any of the nations discussed above.**

A. L. Oliver Partner In Sanders & Newsom

DALLAS, Tex. — Sanders & Newsom, 1309 Main Street, investment firm in Dallas since 1937, has announced the association of Allen L. Oliver, Jr., as a partner in the firm, effective Oct. 15.


Allen L. Oliver, Jr.

Mr. Oliver has been a resident of Dallas since 1939. He is a graduate of Missouri University, and of the Harvard Graduate School of Business Administration. Except for the war years, at which time he was head of the Contract Administration Department at North American Aviation in Dallas, he has been in the securities business continuously in this city—first with Beckett, Gilbert & Company, then after the war with Merrill Lynch, Pierce, Fenner & Beane, and since the opening of its Dallas offices, with E. F. Hutton & Company, where he handled orders for unlisted stocks in this area in addition to the accounts of his own customers.

Named Directors

The stockholders of the Boston & Maine Railroad at a special meeting on Oct. 20 voted to increase the number of directors from 19 to 21 and to elect as directors Patrick B. McGinnis and Oliver D. Appleton. The election of Mr. McGinnis, President of the New York, New Haven & Hartford Railroad, is subject to the approval of the Interstate Commerce Commission. Application for such approval has been made. Mr. Appleton, a substantial stockholder, is a partner in the investment firm of Cyrus J. Lawrence & Sons and is a trustee of St. Lawrence University.

THE MARKET . . . AND YOU

By WALLACE STREETE

The flow of earnings reports and yearend dividend action reached full tide this week. But from the market's actions, it indicated mostly that the good news had been well discounted to a considerable extent in specific cases. In a few cases, outright disappointment was apparent, including Revere Copper which merely declared a regular payment and postponed any yearend action for a month.

A Welcomed Surprise

Surprise was the main ingredient necessary to stimulate good market action on the dividend news. Allied Chemical's first small stock dividend in nearly a quarter of a century, apart from the 4-for-1 stock split of five years ago, was something of an unexpected melon and gave at least a temporary lift to the issue. Last year a small special cash dividend comprised the yearend action.

Even the cases where the traders hadn't been anticipating largesse weren't able to buoy the entire market, which put on a somewhat undistinguished performance roughly in the middle of the range between its all-time high and the reaction low. A beating such as the list has had to take for nearly a month doesn't furnish the market background conducive to overly exuberant action. In fact, there was something of a disposition to sell on the good news, which kept enthusiasm well restrained.

Nor did it help that the dividend news, while calling for a rather general lifting of the average yield to sounder levels, actually showed little signs of wanton generosity by managements when measured against the vastly larger earnings being reported.

Merger News

Another of the traditional market props — merger news —also was given a lukewarm reception, no case more divergent than the Mohawk-Alexander Smith deal in the carpet industry. On the news Mohawk promptly posted a new high while Smith slumped to a new low as the terms were digested. But even the fanfare in Mohawk subsided rather abruptly as both issues dropped back into a backing and filling rut.

Among the chemicals the reaction to the news brought a mixed reaction. Union Carbide holders, obviously, had expected better news and despite a good yearend payment, the issue was roughly handled. Schering went the other way, doing well and posting a new high on excellent earnings even in the face of a steady dividend payout.

Oils turned a bit irregular after starting to show some signs of a new interest in them after the long neglect during which the bull market largely passed them by. Standard of New Jersey, whose directors don't meet for a week yet, was one of the more buoyant at times. The issue has long been held a split candidate on most such tabulations. Gulf Oil and Amerada were also able to show a bit of demand at times although with perspective added, it was far from a rousing overall performance.

Re-activated Blue Chip

Wm. Wrigley, which has been something of a neglected blue chip throughout the market runup, was able to put on an independent show of strength. It didn't hurt, moreover, that the company—one of the few that pays monthly dividends — larded this yearend schedule with no less than two extra payments, a dollar payable in December and half a dollar payable just after the turn of the year, along with the monthly 25-cent disbursements.

Wrigley could be an illustration of how much more potent stocks splits are as market influences. It hasn't had one since 1923 and, despite the frequency of its dividend payments, only this year managed to stretch its record high as much as half a dozen points ahead of the highwater mark of 1940. Earnings per share have consistently run ahead of the 1940 figure ever since 1947, and dividends have been equal to or better than the 15-year ago level ever since 1948, but the market enthusiasm passed it by largely. The stock is a favorite with those hunting quality of a "behind-the-market" nature.

Aircrafts Point Upward

For group action the well-depressed aircrafts have been standing out rather consistently. Even in spotty markets the air section has been able to offer a couple of examples of better-than-average strength. For the technicians, some of them including Boeing and Douglas have reached critical recovery prices that could spur new bullish interest in them. This stems from recovery to levels that indicate the new strength isn't merely the normal seesawing but could be indication of important new interest. Both had reacted some 30 points below their 1955 highs in their own private correction long before the market took its recent spill. While this will keep them from the new highs tabulations for a rather protracted period, nevertheless they are left with a bit of clear territory before they reach their resistance levels.

The autos were cautious for the most, with market students trying to match price increases general throughout for the 1956 models against possible sales in the face of more stringent credit conditions. Studebaker-Packard was able to build up a bit of independent following, again largely because it has been so well depressed.

Among the tobaccos, which are another well-depressed group, each time they start to act better the lung cancer controversy is revived and while they are listed prominently on rolls of issues available for "liberal dividends," they have pretty well disappeared from discussions of issues that are in position for dynamic advances.

Store Stocks Liked

Stores stocks, however, while equally depressed with most nowhere near approaching even their 1946 peaks, are far more prominent on potential ability to do far better. A concomitant phase that makes them attractive is that the theory exists that any of the expenditures pinched by tighter auto credit would logically find their way into the soft goods lines and the department stores, principally, would benefit accordingly. The larger department store stocks, as a matter of fact, sell well below book value and mostly at around half of the peak prices reached in the bull peak of nine years ago.

The Technical Considerations

From a technical standpoint, it is still up to the market generally to indicate what the next move will be. In retracing roughly 40% of the correction on its best rebound so far, the industrials have succeeded in landing in dead center traditionally. A sizable gap overhead was left in the selloff, which tradition demands must eventually be filled in. However, chart work rather favors a test of the downside resistance level recorded earlier this month before any important sustained new rise could be generated. Time is running short before the traditional yearend rally is scheduled to get underway, if such a course will be followed this year. But this time it could merely postpone a final determination of what is ahead in the market's future.

[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.]

From Washington Ahead of the News

By CARLISLE BARGERON

There is more than meets the eye in the recent flush of stories about the Military having to send special planes to Europe to bring back Senators. The public reaction has likely been that the Military, trying to get by on a skimpy budget, only about $40 billion, and trying to economize the best it can, has these demands made upon it by junketing Congressmen who are penny pinchers in the matter of military appropriations which are designed to save us from the dreaded enemy.

Carlisle Bargeron

It is a matter that needs some airing from many angles. Every summer there are stories in the newspapers about junketing Congressmen, how they embarrass the various American officials abroad who have to receive and entertain them. The impression sought to be created is that our American officials abroad are all men dedicated to the exacting proposition of representing America in the best possible light and the visiting Congressmen, just simple representatives of the American people, looking in upon their work, are nuisances. When the foreign representatives of American businesses or the American newspapermen abroad are visited by their bosses, they put themselves out to please and make a good impression. But when the bosses of the diplomats and of the military, the members of Congress, go visiting abroad, the stories invariably crop up that they have taken up the time of the diplomats and the military leaders and prevented them from going about their daily duties.

It is amazing that newspapermen write these stories and that their stories are printed. Because they are the greatest free riders of all. It is most unusual that a newspaperman leaving here for Europe or the Orient or for places in the Mediterranean doesn't travel free in a military plane. They did this during the war and they do it now. Because of this facility small town newspapers think little of sending their men to the far reaches of the earth as an example of their journalistic enterprise.

I have in mind at least four organized junkets by the military for newspapermen in the past year.

Yet they are forever writing about junketing members of Congress.

In the particular incident being bandied back and forth in the newspapers about the Military having to send special planes for certain Senators and their denial that any such special planes were ordered, it is interesting to know the origin of the story. It came from a newspaperman who himself had just gone to Europe on a Military plane and who has, in fact, traveled pretty much all over the earth on Military planes.

But he didn't pick the story out of thin air. High Military officials abroad pedalled it to him. They wanted to get in a snide dig at Congressmen, and from the way in which the Defense Department in Washington at first handled the story, they wanted to do the same thing. They have finally apologized but not until after the story of their having to go to an extra expense for junketing Senators got full play in the public prints.

Regardless of the merits of the case, there was a time when the Military would not have dared do anything like this. It would not have dared criticize Congress or members of it. But the Military now feels that it is big enough to criticize Congress, to browbeat it.

The Military is feeling its oats and that is bad for this so-called peace loving nation of ours. No longer does it go before Congress importuning it for appropriations. It demands this or that and all too many members of Congress are shaping their political careers on how close they are to Military leaders, how close they are to this General or Admiral or that one. Too many members of Congress are anxious, in a campaign, to have a letter of recommendation or a pat on the back from a Military leader.

In the matter at present in the public eye, the Military happened to pick on a couple of influential Senators and have had to backtrack. But the fact that the Military attempted to belittle these Senators is significant.

I do not mean to say that Senators and members of Congress do not abuse their prerogatives and throw their weight around. But this is a characteristic of important men and I submit that Senators and members of Congress are important men and that the Military should be subservient to them, not the other way around.

Edmund J. Cashman Opens

MINEOLA, N. Y.—Edmund J. Cashman is conducting a securities business from offices at 178 Second Street under the firm name of Edmund J. Cashman Company.

Forms Bryant Fischler Co.

BROOKLYN, N. Y. — Bryant Fischler and Dr. Raymond M. Chaitin have formed Bryant Fischler & Co. with offices at 2113 Avenue U to engage in a securities business.

F. B. Mack Opens

FLUSHING, N. Y. — Fred B. Mack is conducting a securities business from offices at 159-04 Sanford Avenue.

I. I. I. Secs. Formed

I. I. I. Securities Corporation is engaging in the investment business from offices at 76 Beaver St. Officers are John C. Van Eck, Jr., President; Jay G. Merwin, Vice-President; Raymond L. Brittenham, Secretary and Treasurer. Mr. Van Eck was formerly a partner in Steckler & Moore. Mr. Merwin was with R. W. Pressprich & Co. and Sutro Bros. & Co.

Conway Brothers Branch

DES MOINES, Iowa — Conway Brothers, 205 Equitable Building, Des Moines, Iowa, announce the opening of a branch office at 115A 1st Street S. E., Mason City, Iowa. The office will be under the management of Rae E. Wallace.

Reginald M. Schmidt 50 Years in Wall St.

Wall Street saluted one of its most respected members on Oct. 20 at a reception in the Bankers Club in honor of Reginald M. Schmidt, Vice-President of Blyth & Co., Inc., on his 50th anniversary in the investment business.

Reginald M. Schmidt

As Manager of Blyth's municipal department since 1932, Mr. Schmidt has been prominently identified with nearly all the major pieces of revenue bond financing, including the Port of New York Authority (1935), the Triborough Bridge & Tunnel Authority (1937), the California Toll Bridge Authority (1939), Chicago Transit Authority (1947), the Pennsylvania Turnpike, Ohio Turnpike, Massachusetts Turnpike, the New Housing Authority, New York State Power Authority and New York State Thruway.

Mr. Schmidt started in the bond business as a $7-a-week office boy with Libbey & Struthers on Oct. 20, 1905. After six years, Mr. Schmidt joined Estabrook & Co. as its midwest representative as a salesman in Chicago and Detroit. In 1921, he returned to New York in charge of Estabrook's municipal department here and has specialized in municipals ever since.

He formed his own company in 1926 which was merged with Emmanuel Ziegler & Co. in 1929 to form Emmanuel & Company. He joined Blyth on Sept. 1, 1932, was made a Vice-President in 1941 and a Director in 1953.

One of the earliest of the Wall Street fraternity to enter the revenue bond field, Mr. Schmidt is a charter member and Past President (1950-51) of the Municipal Bond Club. He is a member of the Bond Club of New York, the New York Stock Exchange Luncheon Club, the Garden City Golf Club and the West Side Tennis Club.

Robert Frey Joins Montgomery, Scott

PHILADELPHIA, Pa. — Montgomery, Scott & Co., 123 South Broad Street, members of the New York and other leading stock and commodity exchanges, announce that Robert U. Frey is now associated with them as a registered representative.

Mr. Frey retired as Assistant Vice-President of the Pennsylvania Company for Banking & Trusts, now the First Pennsylvania Banking & Trust Company on June 30, last. Active in the banking field for many years, Mr. Frey was also Secretary and Treasurer of the Trust Division of the Pennsylvania Bankers Association and Secretary and Treasurer of the Corporate Fiduciaries Association of Philadelphia. He has also been active in the American Institute of Banking. While with the Pennsylvania Company, Mr. Frey specialized in loans and investments.

With Blyth & Co.

PORTLAND, Ore.—Paul C. Delzell is with Blyth & Co., Pacific Building.

Joins B. I. Barnes

(Special to The Financial Chronicle)

BOULDER, Colo.—Alvin L. Miller is now affiliated with B. I. Barnes, 2007 Thirteenth Street.

Public Utility Securities

By OWEN ELY

Electric Bond and Share Company

Electric Bond and Share, which recently celebrated its 50th anniversary, has now virtually ended its status as a utility holding company, hearings on the company's application to the SEC for exemption under the Act having gotten underway in September. When exemption is obtained, the company intends to register under the Investment Company Act. The final act paving the way for this application was an offering of 525,036 shares of United Gas common stock to EBS stockholders at $28 a share in June. Together with the dividend of June 13 (1.8 shares of United Gas for each 100 shares of EBS) this step reduced the company's holdings of United Gas to 640,498 shares or 4.97% of the total outstanding amount. This met the SEC's requirement in interpretation of the Holding Company Act, that retention of less than 5% does not constitute control. As of June 30, the company's assets were as follows:

	% Common Held by EBS	Market Price	Value (Mill.)	Per Share of EBS	% of Total Assets
Net Current Assets and Short-Term Investments	---	---	$56.5	$10.74	34.6
American & Foreign Power	53.5	14⅛	54.6	10.40	33.5
United Gas Corporation	4.9	32⅜	20.7	3.95	12.7
Ebasco Services Inc.	100.0	*	10.4	1.98	6.4
Other Investments:					
Having quoted mkt. valuations	---	---	18.8	3.58	11.5
Not having quoted market val.	---	---	2.1	0.41	1.3
Total			$163.1	$31.06	100.0

At the annual meeting held June 22, President George G. Walker reported that the backlog of service contracts of Ebasco Services was nearly 50% higher than at the end of 1954, and about 9% ahead of the year previous; while the construction backlog showed similar gains of 60% and 30%, respectively. Important electric and industrial construction contracts were in the active negotiation stage.

The anticipated major expansion in demand for electric power in the next 15 years, Mr. Walker said, will be helpful to Ebasco. He pointed out that by the end of 1970 use of electricity is expected to be three times what it is today, and that power companies are expected to spend $70 billion between now and 1970 for construction.

Regarding the outlook for American & Foreign Power, he stated that the anticipated large growth in the population of Latin America, which is expected to increase by 60% in 20 years, should further increase the demand for electricity in Latin-American countries. He also pointed out that in two major countries, Argentina and Brazil, the trend is toward development of their own oil resources which should materially benefit the economy of both countries, as it has in Venezuela, Colombia and Peru. Factors of this kind should help to increase Foreign Power's income from investments in Latin America, some of which have been underproductive for a number of years.

Electric Bond and Share now has the problem of reinvesting the proceeds of its sales of United Gas stock and other holdings of former subsidiaries which it was required to dispose of. Part of the funds have been placed in a diversified portfolio of high-grade marketable stocks, but the company also plans to invest rather heavily in special situations as opportunities present themselves.

Substantial progress is being made in the construction of a large petro-chemical plant near Pensacola, Fla., in which Bond and Share is a partner with United Gas and National Research. By the end of the year EBS will have invested about $5-$6 million in this situation. A 40% equity investment has also been made in the Peace River Glass plant near Edmonton, Alberta, designed to manufacture glass fiber mat and other materials. Production of mat for pipe wrap is now getting under way.

American & Foreign Power recently announced plans to place at once orders for the construction of three 10,000 kw. atomic reactor power plants in South American countries at a total cost approaching $15 million. Ebasco Services will handle the designing and building details. Approval will have to be obtained from the State Department, the AEC, and a Congressional committee as well as the governments of the countries where plants are to be located. Regardless of potential profits, this move should improve business relations with the Latin-American governments and thus better the general outlook for the company.

In the 12 months ended June 30 EBS earned $1.31 a share compared with $1.29 in the previous period. The increase in earnings was due in part to larger income from American & Foreign Power Co. and from other securities, which more than offset the decline in dividends from United Gas stock resulting from the decreased holdings of that issue. A further decline in income from United Gas will occur in the second half. At the present dividend rate of $1.50 for United Gas, income from the present stockholdings would approximate $960,000 compared with income of $2,165,000 in the 12 months ended June 30; this substantial decline will, of course, be partially offset by income from reinvested cash. However, for the present EBS earnings may decline somewhat from the June 30 level.

The company will soon initiate a program of paying semi-annual cash dividends. Such dividends will be "tax-free" for many years (due mainly to historic book losses on the investment in American & Foreign Power)—i.e., they will be subject only to an eventual capital gains tax rather than to current income taxes. It appears likely that the initial payment in December will range between 55c and 60c, but future payments should improve as the large backlog of cash is invested and begins to bring in a more substantial return than is afforded by the interest on commercial paper, etc.

At the recent price around 26, an annual dividend rate of $1.10 would yield a return of 4.2%, and with an estimated eventual future payment of perhaps $1.25, the return on the present price would increase to over 4.7%.

LETTER TO THE EDITOR:

Holds National Debt Should Be Paid Off

Richard Spitz, Attorney of Biddeford, Me., says if debt remains unredeemed, it becomes a "frozen asset," and should not be held by banks.

Editor, Commercial and Financial Chronicle:

One of the outstanding financial writers of our time recently stated that the national debt now standing at about $275 billion will never be repaid, but refunded often.

The service interest on that debt of $6½ billion per annum is glossed over; a recent examination of a savings bank financial statement shows $2 million of $6 million in assets were in government bonds, that, without fiscal amortization or repayment, will always be refunded but never repaid. Thus, one-third of the total deposits of that bank is in "frozen" assets, for an unredeemable promise of an individual or corporation is termed a "frozen" asset, so why treat an asset of government bonds any differently?

We modern men may be efficient but not sufficient to establish to enternity a label, an asset, when we know that it will never be repaid without fiscal amortization, in fact.

In our quest for security have we the right of heritage to bring insecurity to our economy, our families, our government, by piling up an indebtedness now in the realm of $275 million and blithely go on our "never had it so good" way, without any thought of repayment, but always postponing the day for payment, by extending the promise to pay, by refunding, refunding, refunding!

George Washington admonished the people of America to avoid the accumulation of debts and not "ungenerously throwing upon posterity the burden which we ourselves ought to bear," and discharge the debts incurred in our own times.

It was Louis Adolphe Theirs, advocating a sinking fund for repayment of the governmental debt of France, who said he had reached the conclusion that "to defer for a period beyond 30 years the extinction of debt was tantamount to deferring it indefinitely." Do we want the security of repayment or the insecurity of refunded promises with a $6½ billion service charge from here until eternity?

RICHARD SPITZ

Fortune's Rocks,
Biddeford, Maine,
Oct. 1, 1955.

C. Alfred Bailey Now With Mercantile Bank

C. Alfred Bailey

DALLAS, Texas — C. Alfred Bailey has been elected Vice-President of the Mercantile National Bank at Dallas. Mr. Bailey formerly conducted his own investment business in Dallas under the name of C. Alfred Bailey & Company.

Joins Honnold Staff

DENVER, Colo.—Earl G. Tilton has become connected with Honnold and Co., Inc., 524 17th Street.

Britain's Wage Spiral

By PAUL EINZIG

In pointing out the wages spiral is the most important factor contributing to inflationary conditions in Britain, Dr. Einzig decries theory that excessive factory building is the main cause, and lays this to increase in consumer expenditure. Discusses influence of instalment selling, and concludes with high domestic consumer demand in Britain, there is no adequate inducement for a real export drive.

LONDON, Eng. — Many factors have contributed towards the development of inflationary conditions in Britain, but the wages spiral is by far the most important amongst them. Obvious as this may seem, it is remarkable how many people are trying to explain British inflations on other grounds. Excessive government expenditure is blamed by Conservatives, excessive profits and capital gains is held responsible by Socialists, excessive capital investment by Keynesian economists, excessive expansion of instalment buying by others.

Paul Einzig

Beyond doubt, excessive government spending is an evil thing, because it necessitates the maintenance of taxation at practically its war-time maximum level. But precisely because the excessive public expenditure is covered by excessive taxation, it does not create inflationary conditions. The additional purchasing power created by high government expenditure is mopped up by high direct and indirect taxes.

Profits have increased considerably during the past year or two. But, owing to high taxation, the business firms that earn these increased profits play largely the role of tax collectors for the Treasury. They themselves surrender to the taxation authorities half of their earnings, and retain for their own use a large part of the other half. What reaches the shareholders in the form of dividends is again subject to high income tax and surtax. Only a very small proportion of the increased business profits causes an increased demand for consumer goods.

The situation is different concerning capital gains which are free of tax in Britain. But a large part of such gains is reinvested. And in any case during recent months, the capital gains were largely offset by capital losses due to the marked decline of equities.

Capital investment is the favorite scapegoat of Keynesian economists, because they utterly fail to realize that conditions have fundamentally changed since Keynes published his "General Theory" in 1936. Seven years earlier, in 1929, he came out with the proposal of large-scale public works to relieve chronic unemployment. In his book he endeavored to create theoretical foundations for that practical proposal, and to that end he sought to exaggerate the relative importance of capital expenditure as the initiator of business trends. The need for employment-creating government expenditure on capital projects has long ceased, and Keynes himself would undoubtedly have realized this. Not so the Keynesians, who consider it their duty to uphold their prophet's words in their entirety, irrespective of changed conditions.

For this reason we hear so much about excessive factory building as the main cause of inflation. Yet compared with the increase of consumer expenditure, this factor is of secondary importance. In any event, Britain's salvation lies in an increase in the productive capacity of her industries. Expansion of industrial capital investment no doubt contributes towards creating excessive consumers' purchasing power. But in itself this would not cause much trouble, were it not for the much larger expansion of consumer purchasing power resulting from the operation of the wages spiral. Industrial investment is causing inflation mainly because consumer demand absorbs an unduly large proportion of the country's resources. If only workers and their unions moderated their appetites, the much-needed modernization of Britain's industrial equipment could be carried out without causing inflation.

Expansion of instalment business is an obvious immediate cause of inflation. But it is almost entirely due to the spectacular increase of earnings by industrial employees. Owing to the increase in their basic wage rates, additional overtime earnings, and bonuses paid by employers competing with each other for the scarce supply of labor, millions of wage-earners are now in a position to buy costly consumer durable goods against deferred payment. After each round of wages increases or other forms of increases in the earnings of industrial employees, more money becomes available to pay the initial deposits and subsequent instalments on bigger and better cars, television sets, etc.

Surely the basic cause is the inflationary wages spiral, but for which the expansion of instalment business would be moderate. This fact is not realized by many people. In his annual report, the chairman of one of the largest instalment finance houses emphasized with pride the sharp increase in his firm's turnover, and immediately after doing so he delivered a strong attack on excessive wages demand, without realizing that, had it not been for those demands, he would not have been in a position to claim credit for an expansion of his turnover and of his profit.

Any efforts directed against the various alleged causes of inflation would be useless unless the wages spiral could be brought to a halt. During recent years wages increases exceeded the rise in the cost of living index, and even more the rise in the output. Additional consumer demand is generated without a corresponding increase in the volume of consumer goods. Moreover, amidst the inflationary atmosphere in the domestic markets, industrial firms do not feel the need for making a supreme effort to expand their overseas markets. It is much easier to satisfy the growing domestic demand than to increase exports. So long as the domestic demand is capable of absorbing such a large proportion of the output, there will be no adequate inducement for a real export drive without which the balance of payments gap is bound to continue.

Joins Intermountain Secs.

(Special to THE FINANCIAL CHRONICLE)

DENVER, Colo.—Lloyd D. Auten has joined the staff of Intermountain Securities, Inc., 1714 So. Broadway.

Close Arrangements for Loan for Allegheny County Sanitary Authority

Financial and public officials close arrangements for a $100,000,000 loan by a group of 23 banks to the Allegheny County (Pa.) Sanitary Authority, which will build and maintain a vast new sewer system in the Greater Pittsburgh area. The loan, secured by the immediate purchase of government securities, will serve as "interim financing" for the Authority, which will repay it through the sale of its own long-term bonds during the next four years. Final arrangements for the loan were made at Mellon National Bank and Trust Company, which headed the group of banks. Shown here are (standing, left to right), James N. Land, Senior Vice-President, and A. B. Bowden, Vice-President of Mellon Bank; Charles Fisher, Singer, Deane and Scribner, fiscal agents for the Authority; and John F. Laboon, Authority Executive Director. Seated, left to right, are John J. Kane, County Commissioner; Edmund Ruffin, Authority Chairman, and David L. Lawrence, Mayor of Pittsburgh.

Construction Economist Forecasts $600 Billion Building Outlays in Next Decade

Dr. George Cline Smith, economist for F. W. Dodge Corporation, says this forecast does not anticipate any construction boom, but simply a normal growth in line with the expansion of the nation.

According to Dr. George Cline Smith, economist for F. W. Dodge Corporation, construction news and market specialists, the American economy during the next 10 years will pour some $600 billion into building materials and construction labor and services. In the same period, somewhere in the neighborhood of 12,000,000 to 13,000,000 new housing units will be built. These predictions were made at the annual Fall meeting of the Producers' Council, Inc., at Detroit on Oct. 4. The Producers' Council is a national organization of manufacturers of building materials and equipment.

Dr. George C. Smith

Dr. Smith told the audience he estimated that $450 billion would be spent for new construction in the coming decade, and that although adequate figures on the present level of maintenance and repair construction are not available, $150 billion seemed to be a minimum estimate for that category, making a total construction outlay of $600 billion.

"This forecast," Dr. Smith said, "is conservative. It does not anticipate any construction boom, but simply a normal growth in line with the expansion of the nation.

"Most people have difficulty realizing the magnitude of that expansion," he said. "In the next 10 years, our population will grow enormously. By the most conservative estimates, the increase will be greater than the present combined populations of Canada and Australia. The pressure that a population increase of this size will put on construction will be tremendous.

"But growth is not the only important aspect of population. Americans are traditionally restless, and they will continue to move about. In recent years, eight or nine million families have moved their homes annually, and about a million and a half of these have moved to different states. This movement places additional demands not only on residential building but on most other types of construction.

"Providing for the wants of these new people, plus the constantly improving standard of living that the rest of us have come to expect, will require a large expansion of the national economy. Total output today, as measured by Gross National Product, is running at about $385 billion a year. The President's Council of Economic Advisers expects it to rise to at least $500 billion by 1965. In the light of these figures, and the historical relationship of construction to total output, $450 billion of new construction in the 10-year period would actually be a relatively modest figure.

"Since this expansion of construction is moderate, relative to the expansion of the total national economy, there should be little over-all difficulty in financing it if the nation's fiscal affairs and credit management are handled with reasonable prudence. There may be occasional periods of credit stringency, but there seems to be no reason to forecast that financing of construction will be any great problem for the period as a whole.

"Home-building should continue at a high rate. Some idea of the basic demand may be gathered from the fact that net non-farm household formations in the past year are estimated at more than 800,000, and that some 300,000 to 400,000 housing units are estimated to be withdrawn from the market each year. Non-farm household formations should begin to rise substantially after 1960. While many other factors influence housing demand, the pressure of these household formations, combined with the disappearance of existing housing through demolition, destruction, and conversion should provide a basic annual market for 1,200,000 to 1,300,000 housing units a year during the decade.

"Obviously, this forecast does not envision a major war or depression during the decade, because there seems to be little basis for expecting either. On the other hand, it does not assume a runaway boom, but actually would allow leeway for a mild recession during one or two of the 10 years."

Skyline Secs. Adds

(Special to THE FINANCIAL CHRONICLE)

DENVER, Colo. — Norman P. Goldberg has been added to the staff of Skyline Securities, Inc., 1719 Walton Street.

Continued from page 6

New Answers to Old Questions

World War II led to direct controls over wages, prices, and the distribution of goods ranging from sugar to steel.

Worry Over Controls

That experience led to growing concern over the effect of a straitjacket of controls on the economy's productive capacity, and the price that would be exacted in terms of individual liberty if the harness of wartime economic controls were carried over into the postwar years.

Such a straightjacket of the economy is wholly inconsistent with our political institutions and our private enterprise system. The history of despotic rule, of authoritarian rule, not merely in this century but throughout the ages is acutely repugnant to us. It has taken a frightful toll in human misery and degradation.

The transformation of this country from a wilderness to a highly developed civilization demonstrates the results that can be obtained through a system which is directed toward releasing, not shackling, energies and abilities. The fruits of these energies and labors are shared in growing abundance, not by primitive barter, but by the processes of the market place.

The advantages of a system where supply capacities and demand wants and needs are matched in open markets cannot be measured in economic terms alone. In addition to the advantages of efficiency in the use of economic resources, there are vast gains in terms of personal liberty. Powers of decision are dispersed among the millions affected instead of being centralized in a few persons in authority.

The basic concept of the market system has remained with us since the founding of the nation. It has remained the cornerstone of our society to this day, although we have done some extensive remodeling of the structure as a whole from time to time.

We have in the past done some remodeling for the admirable purpose of correcting structual defects and distortions. Competitive, freely functioning markets are one thing, and rigged markets are another. Rules and regulations to prevent rigging are necessary and essential to a sound structure.

Other remodeling has come about because the American people have refused to accept economic goals as their sole objective. That was true in older generations, as well as our own. Our family inheritances have, I am glad to say, usually included the beliefs that man cannot live by bread alone, and that in a properly equipped home library the Bible should occupy a more important place than a manual of arms or a mail order catalogue. Let it be said, to our credit, that American economic action has often been determined by balancing material advance against other human objectives.

"Free Markets"

For these reasons, and perhaps others, our market system has been modified continuously throughout this country's history. Ideas of market places functioning with no rules or regulations except the "law of the jungle" have, quite justly, gone the way of the great buffalo herds. When we speak today of "free markets" we of course mean markets that are only relatively free, as the freedom of speech we enjoy is itself only a relative freedom. The essential characteristics of free markets have nevertheless been retained.

It is true that in a great emergency we have been willing to make a departure from our market structure, but our mood has been that of the man who has to leave home for the confines of a bomb shelter. When a war comes on, we are willing to put up with all sorts of economic controls and dictation of even small details of our economic life. The dignity of the individual gets submerged in the necessity to win the war. The law of supply and demand is suspended temporarily, but it cannot be permanently repealed. It is always with us just as is the law of gravity.

When peace is restored we do not continue to ignore it. We cannot substitute the judgment of a few in authority for the free and independent judgments of the community as they are expressed in the market place. We cannot do so, that is, and retain our concept of freedom in a competitive, private enterprise economy.

I am not unaware that freedom entails certain hardships on the nervous constitution. It gives us opportunity to choose, but it also requires the making of choices. The pleasure of having a choice to make is counterbalanced by not only the necessity for making a choice, but also the responsibility for accepting the consequences of that choice, whether good or bad. Naturally we like the consequences only when our choice proves right. That's one reason it is easier to make a mistake than to admit one.

It requires no strain on my imagination to suppose that there might be some, even in this audience, who occasionally feel a nostalgia for the pegged money market that came into existence during the war and continued until the Treasury-Federal Reserve accord of March 1951 turned us back in the direction of a freer market.

Free markets, like free economies, have a way of going down as well as up, and thus reminding us that our system is one of profit and loss, entailing penalties as well as rewards. During the last four and a half years the Federal Reserve has pursued a monetary policy characterized by flexibility, or prompt adaptation to the sharply changing needs of a dynamic economy. It has been necessary in this period to combat both the forces of inflation and of deflation.

There are some who contend that a little inflation—a creeping inflation—is necessary and desirable in promoting our goal of maximum employment. My able associate, Allan Sproul, President of the Federal Reserve Bank of New York, put his finger on the fallacy in this contention in testifying before a Congressional committee earlier this year when he said:

"Those who would seek to promote 'full employment' by creeping inflation, induced by credit policy, are trying to correct structural maladjustments, which are inevitable in a highly dynamic economy, by debasing the savings of the people. If their advocacy of this course is motivated by concern for the 'little fellow,' they should explain to the holders of savings bonds, savings deposits, building and loan shares, life insurance policies and pension rights, just how and why a rise in prices of, say 3% a year is a small price to pay for achieving 'full employment.' They should also explain to all of us —little, big, and just plain ordinary Americans — what becomes of our whole system of long-term contracts, on which so much of our economic activity depends, if it is to be accepted in advance that repayment of long-term debt will surely be in badly depreciated coin."

If inflation would in fact make jobs, no reasonable man would be against it. But as I have frequently emphasized, inflation seems to be putting money into our pockets when in fact it is robbing the saver, the pensioner, the retired workman, the aged — those least able to defend themselves. And when the inevitable aftermath of deflation sets in, businessman, banker, worker, all suffer. That doesn't mean jobs. It means just the opposite.

There have been some rather wide swings in attitudes toward monetary policy during recent years. In the depression, a great number came to the conclusion that monetary policy was ineffective as an instrument for promoting recovery from economic decline. Following World War II, some were troubled by the move from direct controls to restoration of the general control involved in monetary policy because they feared it could not restrain the inflation then prevalent—not, that is, without being so drastically exerted as to plunge us into a devastating depression.

Nowadays, there is perhaps a tendency to exaggerate the effectiveness of monetary policy in both directions. Recently, opinion has been voiced that the country's main danger comes from a roseate belief that monetary policy, backed by flexible tax and debt management policies and aided by a host of built-in stabilizers, has completely conquered the problem of major economic fluctuations and relegated them to ancient history. This, of course, is not so because we are dealing with human beings and human nature.

While the pendulum swings between too little or too much reliance upon credit and monetary policy, there is an emerging realization more and more widely held and expressed by business, labor and farm organizations that ruinous depressions are not inevitable, that something can be done about moderating excessive swings of the business cycle. The idea that the business cycle can be altogether abolished seems to me as fanciful as the notion that the law of supply and demand can be repealed. It is hardly necessary to go that far in order to approach the problems of healthy economic growth sensibly and constructively. *Laissez faire* concepts, the idea that deep depressions are divinely guided retribution for man's economic follies, the idea that money should be the master instead of the servant, have been discarded because they are no longer valid, if they ever were.

Nor does the discarding of old ideas and the substitution of new ones mean that we are throwing basic laws or principles overboard. It is the return to first principles in many parts of the free world that is the most significant aspect of world-wide recovery and progress outside of the iron curtain. And that, in turn, vastly brightens the hope of lasting peace.

By first principles I mean time-tested basic concepts of the market place and the development of competitive private enterprise, with only that degree of government interference or regulation necessary to prevent abuses and excesses. We see a return to these concepts here and abroad because other concepts have failed, and where there has not yet been a revival of these concepts economic troubles are acute.

As I suggested at the outset, the basic problems, the questions, remain pretty much the same always. The answers are different —and no one would be so rash as to say that we have ultimate solutions for all of our problems. We can say confidently, I think, that we have discarded some wrong answers—that we have returned to some of those fundamental principles under which our society, our institutions, have flourished with incomparable benefits, benefits not merely material.

Going Through the Wringer

There will always be some, of course, who think we must go through the wringer periodically to purge the economy. There will always be cynics and defeatists, no doubt, who say that because there have always been disastrous depressions and more disastrous war, we must accept these visitations as inevitable. If there are enough hopeless Jeremiahs, enough defeatists and cynics, those calamities are indeed inevitable. If we do nothing about it, if we do nothing to prevent inflation and thus avoid the inevitable aftermath of deflation, then of course we are defeated. Today's generations will accept no such fatalistic philosophy.

Your Responsibilities

If we fail to apply the brakes sufficiently and in time, of course, we shall go over the cliff. If businessmen, bankers, your contemporaries in the business and financial world, stay on the sidelines, concerned only with making profits, letting the government bear all of the responsibility and the burden of guidance of the economy, we shall surely fail. I am as weary as you are of pious platitudes and after dinner preachments about leadership and financial statesmanship. But the fact is that the government isn't something apart and remote from you. It is you—all of us. If those responsible for major decisions in business, finance, labor, agriculture, are irresponsible, government can't compel you, short of moving in the direction of dictatorship, to be reasonable, or moderate, or prudent.

In the field of monetary and credit policy, precautionary action to prevent inflationary excesses is bound to have some onerous effects—if it did not it would be ineffective and futile. Those who have the task of making such policy don't expect you to applaud. The Federal Reserve, as one writer put it, after the recent increase in the discount rate, is in the position of the chaperone who has ordered the punch bowl removed just when the party was really warming up.

But unless the business community, leaders in all walks, exhibit moderation, prudence, and understanding, then we will fail and deserve to fail. I cannot believe we will be so blind. I have a deep and abiding faith in that undefinable yet meaningful phrase we frequently use — "the American Way of Life."

Whitehall Secs. Opens

Whitehall Securities Corporation is engaging in a securities business from offices at 52 Wall Street, New York City.

Young's Secs. Co. Opens

LUBBOCK, Texas — Sam L. Young is conducting a securities business from offices in the Fields & Lewis Building under the name of Young's Securities Company.

Joins Greenberg, Strong

(Special to THE FINANCIAL CHRONICLE)

DENVER, Colo. — Cletus W. Bowers, Jr. is now with Greenberg, Strong & Co., 1700 Broadway.

With Hamilton Manage'nt

(Special to THE FINANCIAL CHRONICLE)

DENVER, Colo. — Walter M. Bakula is now with Hamilton Management Corporation, 445 Grant Street.

Joins R. P. Lipton

(Special to THE FINANCIAL CHRONICLE)

DENVER, Colo.—Cecil R. Middleton has joined the staff of Robert P. Lipton, Paramount Building.

Continued from page 2

The Security I Like Best

est banks, a loan has been made to a company holding reasonably similar property equivalent to 3¼ cents per MCF of proven reserves and 50 cents per bbl. on oil and/or distillate. Under such a formula the loan value of the assets of Texas National would be $9.55 per share. These figures are admittedly rough but we believe conservative, especially since almost half of the above values are based on proven reserves estimates of Aug. 1, 1954, and, substantial additions have reportedly been added since that date. The loan value alone of the company's reserves may be estimated to be at least much over the current market value of the company's stock.

One of the most interesting features of this company is the contract between it and El Paso Natural Gas. Under this contract lease, rights for gas above the base of the Mesaverde formation on 26,409 gross acres were assigned to El Paso at no cost as of Jan. 4, 1954. This company retained all rights below the Mesaverde and all liquids below 50 degrees at any depth.

El Paso assumed all development and operating cost and agreed to develop fully in accordance with official spacing rates, all acreage under contract, within seven and one-half years.

El Paso agreed to take or pay for a minimum of 25% of the open flow potential on an 80% load factor, with make-up privileges.

El Paso agreed to pay overriding royalties on all gas produced on a sliding scale beginning at five cents per MCF up to 10 cents in the 14th year and thereafter, also to pay one-third of all liquids above 50 degrees gravity.

In commenting on this contract, the President of Johnston Oil & Gas stated, among other things:

"A long-term market has been definitely established for substantially all of the company's leasehold gas reserves. Under this arrangement the company will receive approximately as much net income as if it had drilled its own wells."

The company estimates than an average of some 30 wells per year during the next five years will be drilled by El Paso in compliance with its development contract. El Paso has advised the company of its intention to drill 23 wells under the contract this year.

There are three essential problems faced by a production company—find gas, get a market, find drilling and development money. Lack of the latter severely penalizes stockholders, because the urgent and continuous need for additional financing may make dividends remote.

Many statistical comparisons of acreage, or proven reserves, are misleading because the true factors affecting earnings are lacking. Texas National possesses the basic factors which cause market appreciation.

The above are what the writer considers the essentials. In addition, there is a lot of romance, lots of acreage in promising areas such as Paradox Basin, some mining prospects and so on. In this particular case we do not believe the facts need any romance to justify a higher price for this security.

The capitalization is simple: 3,227,000 shares outstanding with management holdings totalling 1,965,000. The stock of Texas National Petroleum Co. is traded in the Over-the-Counter Market and is currently selling at about $5.

News About Banks and Bankers

CONSOLIDATIONS
NEW BRANCHES
NEW OFFICERS, ETC.
REVISED CAPITALIZATIONS

Chester A. Allen, President of **Kings County Trust Company of Brooklyn N. Y.**, has announced the association with the company of Martin J. Fox. Mr. Fox was formerly Chief Examiner of the Farm Credit Administration in Washington, D. C. He will serve in the capacity of Auditor.

* * *

At a luncheon in his honor on Oct. 20 August F. Biedermann was installed as a member of the Quarter Century Club of **The Lincoln Savings Bank of Brooklyn, N. Y.** The Club now has 57 members, 16 of whom are retired. John W. Hooper, President of **The Lincoln**, congratulated Mr. Biedermann in the presence of officers and trustees of the bank. August H. Wenzel, newly elected President of The Lincoln's Twenty-Five Year Club, presided at the luncheon, when an inscribed watch was presented to the new member. At the recent meeting of the Club, other officers elected were: Vice-President Arthur C. Fox; Secretary-Treasurer John Heinrich. At the Flatbush Office of The Lincoln, Mr. Biedermann is head teller.

* * *

The New York State Banking Department announced on Sept. 30 approval of a certificate providing for an increase in the capital stock of the **State Bank of Albany, N. Y.** from $4,269,000 in 426,900 shares, par $10 each, to $4,509,000 consisting of 450,900 shares of the same par value. The Banking Department also issued an authorization Oct. 3 providing for the merger of the **First National Bank & Trust Co. of Hudson, N. Y.** into the **State Bank of Albany**, under the title of the latter. The proposal with respect thereto was referred to in our Sept. 1 issue, page 887.

* * *

The capital of the **National Commercial Bank & Trust Company of Albany, N. Y.** was increased from $3,000,000 to $3,300,000 on Sept. 9, by a stock dividend of $300,000, according to the U. S. Treasury Department Bulletin of Sept. 19. In our Sept. 29 issue, page 1316, wherein referring to the merger of the **Merchants National Bank of Whitehall, N. Y.** into the National Commercial Bank & Trust Co. of Albany, was noted, the capital of the latter on the effective date of the merger was indicated as $3,000,000.

* * *

The Marine Trust Company of Western N. Y. at Buffalo, N. Y. received approval, on Sept. 29, from the New York State Banking Department to increase its capital stock from $17,500,000, consisting of 875,000 shares, par $20 per share, to $17,700,000 consisting of 885,000 shares of the same par value. Authorization was also issued Sept. 30 to the Marine Trust Company of Western New York for the merger of **the Citizens National Bank of Springville, N. Y.** into the Marine Trust, effective Sept. 30. Plans for the merger were referred to in our issue of July 21, page 284.

* * *

A consolidation of the **Morris Plan Bank of New Haven, Conn.** (common stock of $260,000) was effected on Sept. 30 with the **New Haven Bank National Banking Association of New Haven** (common stock $1,000,000) under the charter and title of the latter. At the effective date of the consolidation, the consolidated bank had a capital stock of $1,325,000, in shares of 53,000 of common stock, par $25 each; surplus of $2,000,000 and undivided profits of not less than $450,000.

* * *

Kingsbury S. Nickerson, President of **The First National Bank of Jersey City, N. J.** has announced that the directors at their October meeting favorably considered another stock dividend of at least 2½% in addition to the regular cash dividend. Mr. Nickerson said that the amount of the stock dividend would be made definite at the November meeting of the Board after it has been approved in principle by the Comptroller of the Currency. The stock dividend must also be submitted for final approval to the bank's stockholders.

First National's first stock dividend in the 92-year history of the bank was paid in January 1955. At that time a 2% stock dividend was paid in addition to the regular annual cash dividend of $2 per share, and increased the capital stock of the bank to 122,400 shares. This, in effect, produced a dividend, based on the market value of the stock at the time, of $2.89 ($2 in cash and $0.89 in stock). Giving consideration to the proposed increase in the stock dividend to 2½% each share of stock would receive a regular annual cash dividend of $2 plus additional stock worth $1.36 at current market value, for a total dividend of $3.36.

* * *

In the Newark "Evening News" of October 4 it was indicated that two changes in the executive staff of the **National Newark and Essex Banking Company of Newark** were announced by Robert G. Cowan, President of the bank. The item reported that Bradford Cochran, Vice-President formerly in charge of Public relations and business development has taken over a new post in the commercial loan department. Mr. Cochran, it is added, who joined the bank in 1948, has headed up the Business Development Department since 1953. The item further said that Russell C. Buchanan will succeed Mr. Cochran in the Business Development Department. Mr. Buchanan also takes on Mr. Cochran's other duties as director of advertising and public relations.

* * *

The Morristown Trust Company of Morristown, N. J. plans to increase its capital funds by $40,000 through payment of a year-end dividend in stock. Similar action was taken last year and at the 1953 year-end. The present proposal would raise the bank's capital stock from $960,000 to $1,000,000. In a letter to its stockholders, the bank states that it plans to increase the number of its shares outstanding by 2,000 this December through payment of a stock dividend of one share for each 24 held. Par value would remain unchanged at $20 a share. Stockholders are to act on the proposal at a special meeting Nov. 3. George Munsick, President, explained that the directors were prompted to recommend the plan incident to the growth of the bank's business. At the end of last June The Morristown Trust Company's total deposits were $29,300,000 compared with $27,730,000 on June 30, 1954. Based on the present market price of the bank's stock, the proposed stock dividend it is stated would be equivalent to about $1.70 per share. If the proposal is approved by the stockholders' meeting, and approval is obtained from the State banking authority, the bank's 700 stockholders will be notified of the number of any full shares and the amount of any fractional interest to which each will be entitled by reason of the stock dividend.

* * *

Hubert J. Horan, Jr., President of the **Broad Street Trust Company of Philadelphia**, and J. Raymond Miller, President of **Interboro Bank and Trust Company of Prospect Park, Pa.**, announce that the directors of the two banks have agreed upon a plan of merger, subject to approval of the shareholders of both banks and of supervisory authorities. The merger plan calls for the exchange of three-fourths of one share of Broad Street stock for one share of Interboro stock. Mr. Miller, as well as Bert R. Parker, Sr., Chairman of the Board of Interboro Bank & Trust Co., would become directors of Broad Street Trust Company. Mr. Miller would also become Vice-President of Broad Street Trust, in charge of the Interboro Office. Mr. Parker and J. Bruce Maclay, who is Treasurer of Interboro, would become Vice-Presidents of Broad Street Trust. As of the close of business Oct. 11, capital funds of Broad Street Trust Co., were $7,107,252, and those of Interboro Bank & Trust Co. were $578,928. On Oct 11, Broad Street Trust Co. deposits were $103,260,000, and Interboro deposits $9,589,000. Upon completion of the merger, Broad Street Trust Co. would have a total of 12 offices, eight of them in Philadelphia, one in Glenside, Montgomery County, and three in Delaware County.

* * *

The Farmers National Bank of Beaver Falls, Pa., as a result of a stock dividend of $300,000, increased its capital as of Sept. 21, from $300,000 to $600,000.

* * *

Effective Oct. 7, the **National Bank of Washington, D. C.** increased its capital from $4,100,000 to $6,150,000 by the sale of new stock to the amount of $2,050,000.

* * *

It was made known on Oct. 19 that land has been purchased in Petersburg, Va. by the **Bank of Virginia** at **Richmond, Va.** and preliminary plans are underway for the construction of a new banking home for **The Bank in Petersburg.** George R. Dupuy, Vice-President who is in charge of the bank in Petersburg, said that the building will be started early in 1956 for completion the following year. The Petersburg office was the first **Bank of Virginia** established outside Richmond and was opened in November, 1922. The bank has other offices in Richmond, Roanoke, Newport News, Portsmouth and Norfolk.

* * *

While a brief reference was made in these columns Oct. 6, page 1409, to the consolidation of the **First National Bank of Lynchburg, Va.** (capital $1,000,000) and the **Lynchburg Trust & Savings Bank** (capital $400,000), it may be noted here that the merger was effected under the charter of the **First National Bank** and under the title of the **First National Trust & Savings Bank of Lynchburg.** At the effective date of the consolidattion the consolidated bank reported capital stock of $1,500,000, divided into 120,000 shares of common stock, par $12.50 each; surplus of $1,000,000 and undivided profits of not less than $200,000.

* * *

Consolidation of the **First National Bank of Martinsville, Va.**, with common stock of $200,000, and the **Bank of Fieldale, at Fieldale, Va.**, with common stock of $100,000, became effective Sept. 30, under the charter of the First National Bank, and under the title of the **First National Bank of Martinsville and Henry County.** The consolidated bank has a capital stock of $500,000 in 50,000 shares of common stock, par $10 each, surplus of $625,000 and undivided profits of not less than $75,000.

* * *

As of Oct. 11, the **Milford National Bank of Milford, Ohio,** reported a capital of $200,000, as compared with $100,000 previously. Part of the increase in the capital resulted from a stock dividend of $50,000, while an additional $50,000 was realized from the sale of that amount of new stock.

* * *

An increase in the capital of the **Lancaster National Bank of Lancaster, Ohio,** from $100,000 to $200,000, became effective as of Sept. 30. The additional capital resulted from a stock dividend of $100,000.

* * *

Announcement is made of the organization of Chicago's newest bank, the **Madison Bank & Trust Company,** which it is announced will begin operations with a paid-in surplus and reserves of $750,000 with the opening date scheduled for Dec. 1. Thomas W. Dower will be Chairman of the Board of the new institution, and E. A. Mattison will be President. The bank will have quarters on the Plaza on the Chicago "Daily News" building at 400 West Madison Street. The bank will offer complete commercial and savings service. Directors will be Mr. Dower, who is Chairman of the Russell Packing Co.; E. A. Mattison; Russell H. Matthias, partner in the law firm of Meyers & Matthias, J. F. Rosenthal, Executive Vice-President of Merchants Acceptance Company and President of Inland Investment Corp.; and Thomas J. Carroll, a Chicago attorney and general counsel and director of Thrall Car Manufacturing Co.; Messrs. Meyers and Matthias will serve as General Counsel for the new bank.

* * *

A charter was issued on Oct. 10 by the Comptroller of the Currency for a new bank in **Chicago** formed under the title of the **Consumers National Bank of Chicago,** with a capital of $500,000 and surplus of $250,000. In the primary organization S. L. Seltzer heads the bank as President, while D. E. Spore is indicated as Cashier.

* * *

The capital of the **First National Bank of Springfield, Ill.** was increased to $1,000,000 effective Oct. 5, the amount having been brought to that figure from $500,000 as a result of a $500,000 stock dividend.

* * *

A consolidation uniting four Michigan banks became effective as of Sept. 30, when the **Rochester National Bank of Rochester, Mich.** (capital $150,000), the **Utica National Bank of Utica, Mich.** (capital $250,000), and the **Grosse Pointe Bank of Grosse Pointe, Mich.** (capital $625,000), were merged into the **National Bank of Detroit, at Detroit, Mich.** (capital $22,831,250). At the effective date of the merger the enlarged National Bank of Detroit reported a capital stock of $23,318,390, divided into 2,331,839 shares, par $10 each; surplus of $68,681,610 and undivided profits of not less than $16,419,875.

* * *

Directors of **The Manufacturers National Bank of Detroit, Mich.** and the **Industrial National Bank of Detroit** have voted to call special stockholders' meetings to be held on Nov. 15, to vote on consolidating the two institutions, subject to final approval by the Comptroller of the Currency. An item with reference to the proposed merger appeared in our issue of Sept. 29, page 1317.

* * *

Consolidation of the **State National Bank of Maysville,** at **Maysville, Ky.,** with common stock of $150,000 and the **State Trust Company of Maysville,** with common stock of $30,000, became effective at the close of business on Sept. 30 under the charter and title of the **State National Bank of Maysville.** It is stated that the enlarged consolidated bank has a capital stock of $300,000 in 12,000 shares of common stock, par $25 each, surplus of $300,000 and undivided profits of not less than $100,000.

* * *

As of Oct. 6 the **Third National Bank of Nashville, Tenn.** increased its capital from $3,000,000 to $3,500,000. The enlarged capital results from a stock dividend of $500,000.

* * *

The recently chartered **Attala National Bank of Kosciusko, at Kosciusko, Attala County, Miss.** was scheduled to open for business on Oct. 15. The officers of the bank are: C. A. Bell, President; I. T. Shaw, Executive Vice-President; C. D. Maddox, Vice-President and C. C. Thompson, Cashier. The charter for the new bank was issued on Oct. 11. It has a capital of $150,000 and surplus of $100,000.

* * *

The new **National Bank of Commerce in Jefferson Parish, La.** announced Oct. 20 it would dedicate its three banking facilities on Oct. 21. Dale Graham, President of the new bank, announced that The National Bank of Commerce in Jefferson Parish will be capitalized for more than $1,000,000. Mr. Graham is also President of **The National Bank of Commerce in New Orleans.** He said that The National Bank of Commerce in Jefferson Parish is a legal affiliate of The National Bank of Commerce in New Orleans and will offer all banking services. The head office is at Jefferson and Labarre Road. J. Wensles Parra, Executive Vice-President, and F. M. Leguenec, Jr., Vice-President and Cashier, will have their offices in this structure. The Harahan office, located at Jefferson Highway at Oak Street, will be under the direction of Frank A. Greco, Assistant Vice-President. The Metairie branch at 2030 Metairie Road will be directed by Joseph S. Delaney, Vice-President, Louis H. Clay, Victor J. Kurzweg, Jr., Shelley Schuster and R. M. Walsmley, III, are Vice-Presidents of East Jefferson's bank, Numa J. Barrois and Harry E. Woods are Assistant Cashiers of the head office, and Edward Smira is Assistant Cashier of the Metairie Road office. The initial capital paid in by the shareholders was $1,050,000, and the organization group includes 52 Louisianians.

* * *

The Texas National Bank of Houston, Tex., formally opened its new quarters on Oct. 19 in the $10,000,000 Texas National Bank Building, Main and Polk Streets, it was announced by Harris McAshan, President of the bank. Fred Florence, President of the American Bankers Association, (and also President of the **Republic National Bank of Dallas**), officially opened the new quarters of the Texas National. The opening was featured by a three-day open-house period. One of the pioneer banks of the State, Texas National, founded in 1886, will occupy part of the basement, part of the street level and all of the second and third floors of the 21-story skyscraper. The building, jointly owned by Texas National Bank and Continental Oil Company, will have office rental space from the fourth through the 10th floors. The Continental Oil Company will occupy the 11th through the 20th stories.

* * *

A stock dividend of $150,000 effective Oct. 10, has enlarged the capital of the **First National Bank**

& Trust Company of Helena, Mont. from $600,000 to $750,000.

* * *

Merger of the **Valley National Bank of Alhambra, Calif.** with **First Western Bank and Trust Company of San Francisco** became effective on Oct. 17, it is announced. Simultaneously, Les Allen, formerly President of the Valley National, became Executive Vice-President of First Western. Announcement of the merger and Mr. Allen's appointment was made by T. P. Coats, Chairman of First Western's board of directors. He said that banking authorities and the shareholders of both banks have approved the consolidation. The Alhambra bank has four banking offices, which have become branches of First Western effective at the opening of business Oct. 17. Employees of the Valley National, it is stated, are being retained without loss of seniority. Reference to the plans for the merger appeared in our Sept. 8 issue, page 982.

* * *

Andrew J. McIntosh, Assistant Vice-President of **The Bank of California, of San Francisco,** died on Oct. 10 in Providence, R. I., where he and his family were residing following an operation he had undergone. He was 63 years of age. Mr. McIntosh joined The Bank of California on Oct. 1, 1948, and became Assistant Manager of the Foreign Department in January, 1950. He was elected Assistant Vice-President in December, 1952. Well known in the Far East and in Import-Export circles, Mr. McIntosh, prior to joining The Bank of California had served in the Foreign Service of the **Chartered Bank of India, Australia, and China** from 1913 to 1948; the last 12 years as Manager of that bank's various offices in Tientisin, Peking, Hongkong, and Manila.

* * *

The sale of new stock to the amount of $500,000 has served to increase the capital of the **City National Bank of Beverly Hills, Calif.** from $500,000 to $1,000,000, effective Sept. 19.

* * *

Merger of the **First National Bank of Sunnyvale, Calif.** into **First Western Bank and Trust Company of San Francisco, Calif.** has been approved by shareholders, it is announced, and was to take place Oct. 24. This was made known on Oct. 19 by T. P. Coats, Chairman of First Western's Board of Directors. The Sunnyvale bank will become an office of First Western and it is indicated that the First National Bank's employees will be retained in their present capacities without loss of seniority. First Western has an office in adjacent Mountain View, and it also has two offices in nearby Los Altos. The new Sunnyvale office will bring to 52 the number of California cities and towns served by First Western.

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James G. Fowler, Vice-President of the **Puget Sound National Bank of Tacoma, Wash.,** has been elected by the board of directors as Executive Vice-President. Mr. Fowler located in Tacoma in 1925 and joined the bank staff in 1942 after having been in the investment business. In 1951 he was elected to the board of directors and has since been Secretary of the Board and Vice-Chairman of the bank's Executive Committee.

* * *

As a result of the sale of $500,000 of new stock and the declaration of a stock dividend of $500,000, the capital of the **Peoples National Bank of Washington, in Seattle, Wash.,** was increased, effective Sept. 20 from $3,000,000 to $4,000,000.

Robt. Connell Adds

(Special to THE FINANCIAL CHRONICLE)

DENVER, Colo. — Eldon D. White has been added to the staff of Robert J. Connell, Inc., 818 17th Street. Mr. White was previously with Brereton, Rice & Co.

Butler, Wick Adds

(Special to THE FINANCIAL CHRONICLE)

YOUNGSTOWN, Ohio—Charles D. Arnott is now with Butler, Wick & Co., Union National Bank Building, members of the New York and Midwest Stock Exchanges.

With Colo. Investment

(Special to THE FINANCIAL CHRONICLE)

DENVER, Colo. — Eugene A. Jones has become associated with Colorado Investment Co., Inc., 2951 Jasmine Street. Mr. Jones was previously with Robert J. Connell, Inc., and Brereton, Rice & Co., Inc.

Opens Planned Inv Program

JAMAICA, N. Y. — Warren M. Hamburger is conducting a securities business from offices at 84-69—150th Street under the name of Planned Investment Programs Co.

LETTER TO THE EDITOR:

Condemns Dr. Willford I. King's Plan of Preventing Depressions

George F. Bauer, Vice-Chairman, U. S.-German Chamber of Commerce, says Dr. King's policy would have a highly disquieting effect on the exchange value of the dollar and make difficult the sound conduct of international commerce.

Editor, Commercial and Financial Chronicle:

"The Commercial and Financial Chronicle" of Sept. 22 carried a letter from Dr. Willford I. King, entitled "Can We Prevent a Depression?", in which he stated the proper preventive device to be as follows:

George F. Bauer

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

The King recommendation involves first, the theory that if economic maladjustments occur which require readjustment a business recession should and can be prevented by pumping an additional supply of currency into circulation.

Mr. King would seem to favor the creation of the additional money through monetization of the Federal debt. This method has been practiced in the United States and has helped greatly in reducing the buying power of the dollar. In Germany, during and after World War I, this device was used, and it ended in the destruction of the value of the mark.

He also puts forth the frequently disproved theory of the relationship of the supply of a nation's currencies to prices.

Statistics, however, reveal the lack of any close relationship between the volume of money and deposits outstanding, on the one hand, and prices and business activity, on the other. Then, too, he assumes that because the indexes of consumer and wholesale prices have been remarkably steady for the last three years this "makes promising the outlook for scientific action preventing any serious aftermath when the present boom collapses." This assumption, however, evaporates because there was a stable index of wholesale prices for the period 1923-1929, especially for 1927-1929 and yet it was followed by an economic collapse.

A policy of the kind Dr. King has in mind could also have a highly disquieting effect on the exchange value of the dollar in terms of foreign currencies and make difficult the conduct of international commerce on a sound basis.

Against the King theory, according to which a few money managers in government circles are supposed to be able to stabilize the price level and to maintain economic health by turning on and off through a spigot the supply of currency and without regard to its nature—this writer would put, as a wholesome reminder the following summary paragraph from a statement by the Board of Governors of the Federal Reserve System, March 13, 1939:

"Experience has shown . . . that (1) prices cannot be controlled by changes in the amount and cost of money; (2) the Board's control of the amount of money is not complete and cannot be made complete; (3) a steady average of prices does not necessarily result in lasting prosperity; and (4) a steady level of average prices is not nearly as important to the people as a fair relationship between the prices of the commodities which they produce and those which they must buy."

Sixty-six monetary economists of experience and good standing endorsed that statement by the Board as being "in harmony with well-established economic principles and with the facts of monetary history."

GEORGE F. BAUER,
Vice-Chairman,
United States—German
Chamber of Commerce, Inc.
11 Broadway,
New York 4, N. Y.

Carolina Dealers & Municipal Council Hold Joint Meetings

The Securities Dealers of the Carolinas, affiliate of National Security Traders Association, held its annual meeting at Mid-Pines, N. C., Oct. 13-14, jointly, with the North Carolina Municipal Council and the South Carolina Municipal Committee. Mr. Louis V. Sutton, President of the Carolina Power & Light Company, gave the principal address.

McDaniel Lewis

Officers for the coming year were elected as follows:

President: McDaniel Lewis of McDaniel Lewis & Co., Greensboro, N. C.

Vice-President: Henry J. Blackford, A. M. Law & Co., Spartanburg, S. C.

Treasurer: Joseph H. Sanders, Robinson-Humphrey & Co., Columbia, S. C.

Secretary: James E. Holmes, Jr., Alex Brown & Sons, Winston-Salem, N. C.

New officers for the North Carolina Municipal Council were elected as follows:

President: W. Kelvin Gray, Raleigh, N. C.

Vice-President: W. Herbert Jackson, Raleigh, N. C.

Secretary-Treasurer: T. B. Johnson, Jr., Britt & Harrison, Cincinnati, Ohio.

Directors: Charles R. Vance, Chairman, Vance Securities Corp., Greensboro, N. C.; McDaniel Lewis, McDaniel Lewis & Co., Greensboro, N. C.; Logan V. Pratt, R. S. Dickson & Co., Charlotte, N. C.; S. S. Lawrence, Branch Banking and Trust Co., Wilson, N. C.; E. B. Wulbern, Pierce, Carrison & Wulbern, Inc., Jacksonville, Fla.

Halsey, Stuart Offers Wisconsin Natural Gas 1st Mtge. Bonds

Halsey, Stuart & Co. Inc., yesterday (Oct. 26), offered \$2,500,000 of Wisconsin Natural Gas Co. first mortgage bonds, 3⅜% series due Oct. 15, 1980, at 101¼% and accrued interest, to yield better than 3.30%. The underwriter won award of the issue at competitive sale on Oct. 25, on a bid of 100.37%.

Net proceeds from the financing will be added to the general funds of the company to be used to retire presently outstanding short-term bank loans aggregating \$470,000; to finance the cost of continuing additions and improvements to the company's utility plant, and to reimburse the treasury for capital expenditures previously made.

The bonds will be redeemable at regular redemption prices ranging from 104.25% to par at maturity, and at special redemption prices receding from 101.28% to par at maturity, plus accrued interest in each case.

Wisconsin Natural Gas Co. is engaged principally in the purchase, distribution and sale of natural gas in the cities of Racine, Kenosha, Waukesha, South Milwaukee, Cudahy, Watertown, Fort Atkinson, Oconomowoc, Whitewater and 50 other communities in southeastern Wisconsin. Estimated population of the territory served by the company's gas system at Dec. 31, 1954, was about 386,000.

For the 12 months ended June 30, 1955, the company had operating revenues of \$6,820,175 and adjusted net income of \$688,276.

Petaca Mining Stock At \$1.75 Per Share

Barrett Herrick & Co., Inc. on Oct. 25 offered 450,000 shares of Petaca Mining Corp. common stock, par 10 cents, to the public at a price of \$1.75 per share.

Proceeds from the sale of this new common stock will be used by the company for completion of mill facilities, for additional equipment, for operating expenses and working capital, and to repay outstanding obligations.

The company was incorporated by and has as its principal stockholder St. Michael's College Foundation, Inc., a non-profit educational, religious and charitable corporation, formed for the purpose of creating, maintaining and administering an endowment fund for the benefit of St. Michael's College, Santa Fe, New Mexico, an educational institution founded and operated by the Christian Brothers Order. The company's principal business will be the milling of mica obtained from the the dumps on and the ore mined from its Petaca mining claims. The operation contemplated will include the separation of the minerals, the grinding of the mica, and the concentration of columbite, tantalite, monazite and other rare minerals which may be found in such ores. The company also owns a 50% interest in 77 uranium claims in San Juan County, Utah, and intends to explore these claims and develop them if feasible.

State Bond & Mtg. Adds

(Special to THE FINANCIAL CHRONICLE)

NEW ULM, Minn.—Andrew A. Meyer has been added to the staff of State Bond & Mortgage Co., 28 North Minnesota Street.

Two Join A. M. Kidder

(Special to THE FINANCIAL CHRONICLE)

ORLANDO, Fla. — Richard E. Clements and Paul S. Liker have become connected with A. M. Kidder & Co., 127 North Main Street.

Continued from first page

1955—A Year of Great Progress for Gas Industry

reach a new high of 66 billion therms.

We continue to add more than 800,000 new customers a year and should reach a new peak of over 29 million utility gas customers in 1955, in addition to 7½ million LP-Gas customers. Total revenues from the sale of gas will amount to nearly \$3½ billion this year, which also would be a new record, nearly 12½% ahead of the 1954 figure.

The A.G.A. Bureau of Statistics predicts that by 1975, based on present rate of population increase and present per capita consumption of gas, our industry will be serving over 40 million consumers with about 170 billion therms of gas. Truly that is challenge enough for any industry.

Indications are that we will score impressive sales marks in gas ranges, gas water heaters and central heating units this year. As for the future in the gas appliance field, I recall that a recent A.G.A. survey showed a potential market for the sale of nearly 59 million gas ranges, water heaters and gas heating units in the five years from 1954 through 1958 at present economic levels.

Even our competition recognizes that we are making progress. No later than August, 1955, "Electrical Merchandising" Magazine, a powerful spokesman for our competition, declared:

"There is one area in which the electrical industry is fast losing ground to the gas industry and that area is the national promotion of electricity as a fuel. Many individual manufacturers are doing a splendid job of promoting electric ranges and water heaters. And many individual electric companies are waging a stern fight to promote electric cooking and water heating loads. But at the national level, it is about time we admitted that the gas industry is running with the ball and taking the spotlight away from us. This is curious because gas is the entrenched competition, and electricity, only in recent years, has become an important challenger. Yet the gas people, far from being complacent, are waging the more spirited campaign to educate the public to use their fuel and appliances."

Other Fuels Hard on Heels of Gas Industry

While it is pleasing to hear such praise, we cannot overlook the fact that other fuels and energy sources — oil, electricity, atomic energy—are hard on the heels of the gas industry.

Perhaps what the future holds was best indicated by a Washington, D. C., taxi driver who was showing the sights of the capital to a group of tourists. When they passed the Archives Building with its inscription: "What Is Past Is Prologue," one of the tourists asked what it meant.

"It means," quipped the driver, "You ain't seen nothin' yet!"

It's just that way with our private enterprise economy — "you ain't seen nothin' yet!" Most experts are agreed that American Industry has been able to cross up the prophets of boom, bust and doom, because of one factor: constant, dynamic improvement of markets. If the gas industry, a vital part of the economy, is to continue to improve, it too must have a dynamic forward look.

I emphasized to the Independent Natural Gas Association last month, and I re-emphasize to this Convention, that many of us may have taken public acceptance of gas too much for granted. It is dangerous to assume that gas, or any fuel, will automatically outsell competition. Consequently, I feel that I would be neglecting my responsibility as President of A.G.A. if I did not urge that an integrated selling effort be launched by the entire gas industry — distributors, pipeliners and producers alike. Such a program might well be a sound first step toward building industry unity. If components of this industry were to try to get together on a selling program they would, of necessity, learn one another's problems.

John Merriam at last year's A.G.A. Convention expressed it this way: "Part of a team cannot win and part of a team lose. The whole team either wins or the whole team loses."

The American gas industry now faces the need to decide a major question of policy. That question is—"In what area can greater accord be found in the light of sound public policy?"

I do not minimize the differences that have been aired between different companies and sectors of the gas industry in recent months. Certainly competition between independent producers and arms-length bargaining between producers and pipeliners are healthy conditions that should be continued. Nevertheless, I believe it is essential that we make a strong effort to mitigate differences between ourselves, that we bind up any wounds we have shown in public and prepare to go forward with a united program.

An Appraisal of A.G.A. Activities

Now with reference to association functions, I think it is usually rewarding when an industry or an association can take a new look at itself. Sometimes such soul searching is more productive if done with the aid of an independent authority. This year we have had the benefit of such an independent appraisal of A.G.A. activities.

As many of you know, Fuller & Smith & Ross, marketing and advertising specialists, last year made a study to evaluate the organization and activities of the association. After months of study and personal interviews with a substantial cross-section of the industry, the agency presented an analysis of its findings and offered some far-reaching recommendations. These recommendations have been thoroughly reviewed by various committees, by delegates to the A.G.A. Executive Conference, and by the A.G.A. Staff. It was concluded by the Executive Committee and so reported to the Executive Board, that many of the F&S&R recommendations would help strengthen A.G.A. and the gas industry. Among such recommendations were the following:

That the headquarters staff of A.G.A. re-evaluate all of the numerous association conferences and meetings. The present Executive Committee urged that this review and analysis of A.G.A.'s committee structure and activities be expedited to provide an improved organizational pattern for A.G.A. in 1956.

Activities under the PAR Plan have assumed a long-term importance. Therefore, the related activities of A.G.A. sections should be integrated more closely into PAR where economy of time and expense or better results can be achieved.

The Executive Committee recently endorsed plans for holding a series of regional executive meetings in 1956 where the gas industry development program and the action demonstration city experiences, together with PAR and other Association activities, will be presented to utility top executives, in an effort to engender further active participation in industry-building activities.

It recommended similar meetings be held later for company sales and advertising managers in order to uncover ways and means of making these sales aids more adaptable and more effective for local company use.

Strong sentiment was expressed that the Association should be used in every feasible way to convince all segments of the industry that their growth and economic welfare are inevitably tied in with the sale of gas at the consumer's meter.

Competent groups are agreed that we should attempt to put together an evening television program of real caliber with ample opportunity for local emphasis and tie-in. An A.G.A. Television Committee has been appointed and has held initial meetings to discuss the possibilities of such a program, and progress was reported to the executive board meeting yesterday.

The Executive Committee recommended that the present public information and public relations activities of the association be continued within the PAR Plan and urged broader company participation and financial support.

At this year's Executive Conference, the question of what kind of an association the gas industry needs was considered.

Mr. James F. Oates, Jr., Chairman of The Peoples Gas Light and Coke Co., and a director of this Association, presented a statement of policy so clearly that I would like to quote parts of it, as follows:

"The Association should be Democratically controlled so that all views will have careful hearing and fair appraisal . . .

"The determination of policy should be in the hands of the volunteer representatives of the industry. They and only they can command the continuing loyalty of the membership. Such support will follow from their unrewarded services, their practical experience and their democratic selection for limited terms. The Board, which should manage, will have the help of committees in the determination of policy.

"Policy, once determined, should be implemented and pursued by the professional staff—which has the time, training and facility to do the jobs which have been formulated to serve the interests of all.

"We, the volunteer laymen . . . should argue out our differences and hammer out conclusions in the forums of the committees and the boards.

"The existence of the Association cannot depend upon the continuing allegiance of overwhelming industry support for one leader, however clever and wise and good he may be. Every association president and board member is, however, expendable. In fact, they serve only for limited times.

"The Institution run by the strong man with the iron fist has a very limited life expectancy—at least in that form.

"In short, we need an organization that can do on a national level those things in which we all have a great interest—things that cannot be done as well, or at all, by individual companies acting separately and alone . . . we do not need or want an organization reaching out to the local level through regional offices or otherwise to replace the principles or methods of local management . . . or to promote a fixed pattern of approach to operations in any field of our industrial activity. The local companies will be the stronger the more they can be encouraged and inspired to develop their own patterns to deal with their own problems."

Subscriptions for 1955 to the PAR Plan have exceeded $2,300,000 for gas utilities and more than $250,000 additional for pipeline research, a record attainment. Many companies also subscribed to the new public information program under the PAR Plan.

Some $1,230,000 will be spent this year in promotional and advertising activities, and this amount will be augmented greatly through advertising and promotional expenditures of utility companies and appliance manufacturers. It is estimated that A.G.A.'s cooperative work with appliance manufacturers has brought about more than $1 million of additional national advertising by such manufacturers. We welcome the advertising support being contributed by the GAMA group of equipment manufacturers under the leadership of Al Rockwell. It is only through the united support of our gas company and manufacturer members that we have been successful in bringing the story of gas and modern gas appliances to the public.

About $1,000,000 will be devoted to research this year, with more than 50 projects devoted to gas utilization and gas operations. An original appropriation of $200,000 for air conditioning research probably will be increased to $300,000 before the year-end with a like amount earmarked for this important research work next year.

Several very interesting air conditioning processes have been under review by the industry as a whole and subjected to intensive research. We hope to have something definite to show by 1956.

Gas Production

Gas production occupies a prominent position in the PAR research program with extensive work being done in peak shaving and substitute gases. About $300,000 per year is being devoted to perfecting methods of producing a gas from coal or oil that can readily be substituted for natural gas. The work of A.G.A. in this field is additive to that being done by the Bureau of Mines, by Pittsburgh Consolidated Coal, and some of the pipeline companies.

In closing, I wish to offer my sincere thanks to all who have helped me so greatly during the past year. Without the help and support of my fellow officers, the membership of A.G.A. and the competent and hard-working staff of the Association, little or nothing could have been accomplished.

This year has faced the staff and the employees of the Association with a problem unusual indeed. Without the personal direction of Managing Director Carl Wolf throughout that year, they have none-the-less met the challenges of extensive review of the Association activities with vigor, and at the same time have advanced the Association's achievements.

Bank and Insurance Stocks

By ARTHUR B. WALLACE

This Week—Bank Stocks

As was to have been expected the leading New York City banks issued excellent earnings figures for both the third quarter and for the 12 months through September 30. And, it should be borne in mind, without very much benefit from the higher interest rates for these were not at the 3¼% level prior to Aug. 2, and hence affected only the very short-term loans on the banks' books. But the banks did get the benefit of the higher rates on renewals in the three months that have intervened, and on new loans.

The increase in dollar earnings for the 13 leading banks in the city was from $183,160,000 for the 12 months ended Sept. 30, 1954, to $201,480,000 for the 12 months just closed. This amounted to 10%. And, as for a number of the banks, the last quarter of the calendar year is the best of the four, it is highly probable that when the full year's earnings are in they will exceed this 10% increase by several additional percentage points.

The quarter and 12 months' figures were as follows:

Earnings

	Third Quarter		12 Mos. to Sept. 30	
	1954	1955	1954	1955
Bankers Trust	$1.03	$1.11	$4.20	$4.51
Bank of New York	3.79	4.69	16.34	17.88
Chase Manhattan	0.79	0.68	3.28	3.91
Chemical Corn Exchange	0.77	0.90	3.23	3.39
Empire Trust	3.00	3.42	12.70	14.05
First National City	0.96	1.07	3.98	4.15
Guaranty Trust	0.95	1.31	4.37	4.80
Hanover Bank	0.62	0.50	3.43	3.79
Irving Trust	0.45	0.52	1.77	2.00
Manufacturers Trust	1.44	1.56	5.82	6.32
J. P. Morgan & Co.	3.93	5.04	16.11	17.77
New York Trust	1.19	1.22	4.54	4.81
United States Trust	4.00	4.59	20.05	24.42

As the four mergers took place within the 12 months, pro forma data have been used for the earlier periods to give effect to the mergers: Bankers-Public; Chemical-Corn Exchange; Chase-Manhattan; National City-First National. Also adjustments have been made to give effect to the 20% stock dividend of J. P. Morgan & Co.: that of 11-1/9% of Hanover Bank; and for the two-for-one splits of Bank of New York, Hanover Bank and New York Trust.

Another tabulation that ought to be of interest to bank stock holders is that which gives for Sept. 30, 1954 and 1955, the amount of invested assets (that is, working assets) per dollar of market price for the stocks on the same dates:

Invested Assets Per Dollar of Market Price

	September 30			September 30	
	1954	1955		1954	1955
Bankers Trust	$9.24	$7.78	Hanover Bank	$10.11	$8.47
Bank of New York	10.00	8.97	Irving Trust	8.59	7.20
Chase Manhattan	11.72	8.49	Manufacturers Tr.	11.48	9.92
Chemical Corn Ex.	10.58	9.41	J. P. Morgan & Co.	8.57	6.52
Empire Trust	9.72	8.78	New York Trust	7.70	6.19
First National City	9.87	8.54	United States Tr.	4.90	4.18
Guaranty Trust	6.30	5.87			

The same adjustments have to be made to arrive at these figures as were made in the first tabulation.

Two observations should be made on this schedule. First, that on average the amount of invested assets: price ratio has declined in the 12 months by approximately 15½%. However, as total invested assets in the period increased a negligible 1/10 of 1% averaged over the same group, it becomes obvious that the 15½% decline may be accounted for only by reason of the better market for these bank shares in the 12 months.

Secondly, not all of bank operating earnings are derived from so-called invested assets, which consist mainly of investments, loans, realty and mortgages. All of these banks do some trust business, which involves no invested assets (or in any case only relatively small amounts of invested assets), but does produce earnings. Thus, United States Trust, which derives some 59% of its operating earnings from fees, commissions, etc. (trust activities), on Sept. 30 had only $4.18 of invested assets per dollar of market value of the stock. Plainly their activities were directed into other channels than those requiring the investing of assets. Gross income derived from trust and similar activities varies among the New York banks from about 15% to 59%, and this factor should have weight in cases where the invested assets: price ratio appears to be low relative to the group.

Continued from page 3

1956 Business to Reach New Peaks

mortgage credit. Most of the recovery, however, appears due to private initiative and enterprise.

The key roles in the early phase of the business recovery in 1954 were assumed by the automobile industry and by residential building. Major styling changes in the 1955 automobile models whetted the public's appetite, and the market for passenger cars has remained strong throughout the year. Housing starts, which spurted sharply in the closing months of 1954, have since eased somewhat, but other types of building and construction have continued upward, so that total private construction outlays have reached record proportions. In addition, after lightening inventories in 1954, business early this year shifted its policies and endeavored to rebuild its stocks; later, business also increased its expenditures on plant and equipment, which have reached new peaks. Consumers meanwhile have demonstrated a continuing willingness to spend liberally and also to go into debt in order to sustain and expand their purchases especially of durable goods. Thus the business upturn has gained in strength in the course of the year and is now supported by record levels of private spending.

Life Expectancy of Recoveries—Finally, additional encouragement with regard to business conditions may be gleaned from the duration of past recoveries. In recent decades, cyclical business upturns have generally persisted for more than 12 months and have run as long as 18 to 24 months. Furthermore, after the upturn tapered off, business has frequently moved on a plateau for several months before turning downward, and upon occasion the plateau was succeeded by renewed expansion instead of a decline. Such comparisons are obviously more useful as incentives to further analysis rather than as dependable guides to the future, but it nonetheless is reassuring to note that the present economic advance as yet does not appear long-lived in historical perspective.

Appraising Prospective Demands

The course of the business upturn to date, therefore, presents a fairly heartening picture. The recovery has been broadly based, the economy has reached new peaks under its own power, and the upturn still appears to enjoy a reasonable life expectancy. Before reaching a conclusion on the outlook, however, it is necessary to review the main sectors of the economy in order to assess the sources of support to business activity in the perod ahead.

Consumer Spending—Continued high consumer expenditures helped cushion the 1953-54 downturn and contributed importantly to the recent recovery. While much attention has been directed to the strength of the automobile market, consumer buying of other goods has also increased. Outlays for home furnishings and equipment have expanded with the high level of home building, and even expenditures on clothing, which in recent years have tended to lag behind the rise in personal income, have recently shown increased strength.

Indications are that consumer spending will continue strong in the period ahead. Employment is at record levels, payrolls are being bolstered by overtime, and another round of wage raises is spreading throughout the economy. In addition, disposable income in 1956 is likely to be augmented by reductions in individual income taxes, which now appear all the more likely in view of the prospect that election-year considerations may be fortified by an approximately balanced budget in the current fiscal year. An increase in personal exemptions by $100, which appears as the minimum relief to be granted, would raise disposable income by about $2¼ billion a year. If this step is coupled with a modest decrease in rates or a blanket percentage reduction in the tax bill, the figure might run as high as $4-$4½ billion annually.

Some uncertainty surrounds the outlook for automobile sales at this time. While some observers believe that passenger car sales in 1956 could match the 7.6 million anticipated this year, it should be recalled that record sales in 1955 have reflected a combination of major model changes for most makes of car, generous trade-in allowances by dealers, and a rapid expansion in instalment credit, facilitated in part by a relaxation in lending terms. With 1956 models likely to bring only moderate "face-lifting" changes and with the competitive relaxation in lending terms not likely to persist for another year, there are grounds for anticipating a lower automobile year in 1956. Admittedly, however, automobile sales in recent months have not as yet shown any weakness to support this cautious view.

Building and Construction — Record levels of building and construction provided strong support to the economy in 1955, and the outlook is for new high marks to be set in 1956. For nonresidential building and construction activity, sustained strength this year heralds further gains for the year ahead: commercial construction has been in an upward trend for several years; industrial construction is rising sharply and contracts are high; while construction of schools, highways and other public projects is maintaining the steady growth of the postwar era.

The outlook for residential building is more difficult to appraise. In recent months, some steps have been taken to restrain building activity. Down payments on Government-insured and -guaranteed mortgages have been increased by a modest two percentage points, and maturities have been shortened from 30 to 25 years. Also, efforts have been made to curb the practice of mortgage warehousing by commercial banks and of advancing funds to savings and loan associations by the Home Loan Banks. Some people in the industry profess to foresee a drasic decline in housing starts in 1956 if present credit policies and lending terms are not relaxed in the near future, while others are much more sanguine in their expectations. In any event, the policy of restraint presumably was decided upon in view of the tight supply of building materials, rising construction costs and the general shortage of investment funds relative to demands; a modest reduction in the level of housing starts, therefore, would not necessarily be sufficient reason to relax the mild and moderate restraints employed so far. Obviously, if housing starts should drop to a greater extent than consistent with economic stability, policy decisions are likely to be reversed rapidly.

For the months ahead, substantial assurance against sharp cutbacks in housing starts, on a seasonally adjusted basis, is provided by the practice of forward commitments for financing; at the same time, these commitments make for delays before credit restraint takes hold and complicate appraisal of the outlook. However, even with some reduction in the number of starts in 1956, dollar outlays on residential building will be supported by the trend toward more expensive units and by rising expenditures on home repair and modernization. For these reasons it is doubtful that the outlook is for a drastic decline in residential building in 1956; neither is it likely that a modest decline in the level of housing starts from recent levels will usher in a general business downturn.

Business Inventories — Toward the end of last year, business policies shifted from inventory liquidation to accumulation, and the trend has continued during 1955. It is estimated that business is currently building inventories at a slightly higher rate than in the first half of 1953. Earlier in the year, the buildup was mainly at the retail level, largely in automobiles; more recently, increases have been reported in manufacturing and trade, although little of the rise in manufacturing inventories is in finished goods.

Measured by past standards, inventories still appear low in relation to sales. However, expanding output, large backlogs of orders and rising sales suggest that businessmen will continue their efforts to build stocks in coming months, the more so as a more liberal inventory policy is encouraged by advancing prices and by scarcities in some basic materials. In fact, the incentive to add to inventories is probably greater than at any time since the Korean War boom in 1950. Consequently, although there are no definite indications of the inventory situation getting out of hand at this time, the possibility of excessive and speculative accumulations cannot be dismissed completely.

Plant and Equipment Programs—After a two-year decline, business spending on plant and equipment began to advance in the second quarter of 1955 and is now in a rising trend that may be expected to carry well into 1956 at least. Recent surveys indicate impressive upward revisions in spending plans, with most major industries participating in the advance. This evidence is confirmed by sharply higher orders for new machinery and equipment and by contracts for industrial building. The upturn in business spending is one of the most important sources of confidence in the outlook to emerge in recent months.

Government Expenditures — In contrast with 1954, when Government outlays were declining, Federal spending has held virtually level in 1955. Defense spending has stabilized; reductions in military manpower and foreign aid are being offset by higher pay, expanded procurement and the new reserve training program. Nondefense expenditures have shown a rising tendency, reflecting mainly larger outlays for farm price supports.

Current prospects are for Federal spending to remain near present levels or perhaps even to increase modestly in the period ahead. Major cutbacks in defense expenditures must await more concrete evidence of a real improvement in international affairs, while powerful pressures are operating in the direction of greater outlays for price supports and public works. State and local government expenditures, of course, are certain to continue their sustained upward course.

Laggards in the Recovery — Against this record of current and prospective strength in most major sectors of the economy must be set the fact that some industries and areas are lagging behind the general business upturn. Agriculture in particular, and especially the small farmer, has certainly not done well; while agricultural prices have been weak, prices of equipment and materials purchased by farmers have advanced, and net income of farmers has declined.

However, it does not seem likely that conditions in the lagging industries or communities are of sufficient gravity in the aggregate to have a pronouncedly adverse effect upon the general level of business activity. Most of the industries in question are troubled more by their inability to share in the present prosperity rather than by serious economic difficulties. Even the farmers, despite their adversities of recent years, are still not in a depression. Liquid asset holdings of farmers, as a group, are large and purchases of farm equipment have been reasonably well maintained in 1955. In all, while the absence of a fully balanced recovery admittedly poses some political and social problems, it does not seem to have created a drag upon recovery that would preclude the maintenance of a high level of business activity in the period ahead.

Indebtedness and Credit Policy

A review of prospective demands thus suggests that business activity will continue to be supported by substantial and possibly increasing demands during the year ahead. However, the existence of large demands does not by itself necessarily rule out the possibility of the economy becoming vulnerable if areas of overextension or overexpansion should develop. Specifically, overextension of credit at times has contributed to the vulnerability of the economy and to an ensuing business decline. Since the current business advance has been accompanied by a record rise in bank loans, instalment credit and mortgage credit, we may properly ask whether economic stability may be jeopardized by developments in the credit situation, either through excesses in credit expansion or in consequence of a credit policy designed to restrain such excesses.

Credit Expansion and Private Indebtedness—To date, there is no evidence of widespread speculation financed by short-term credit—a development which in the past has so frequently been a source of economic trouble. It would assuredly be surprising if inventory speculation were entirely absent in the current environment, but, as already noted, there are no signs that such speculation is overt or extensive. Nor is credit contributing to speculation in the stock market; in fact, despite the length and strength of the bull market, speculation on small margins appears to be far less widespread than in comparable periods of the past; stock market credit has remained relatively modest in size and has tapered off in recent months. Also, the expansion in real estate credit is related mainly to new construction rather than to speculative trading. By and large, therefore, the economy today seems less vulnerable than in the past to a collapse resulting from the abuse of short-term credit for speculative activities.

Instalment credit, on the other hand, has increased by almost 20% in the past 12 months, and it is obvious that this rate of growth cannot be maintained for an indefinite period. Furthermore, this increase has been attained with the help of a relaxation of lending standards, and this likewise cannot be continued indefinitely. While this situation cannot be contemplated with equanimity, present prospects are that the competitive liberalization of terms will come to an end, and that the rate of repayments will gradually approach the level of new credit extensions. Obviously, if these expectations materialize, the economy in 1956 may be deprived of the boost provided by the rapid rise of consumer debt this year. In view of the many other supporting factors at work, however, the result on balance is more likely to contribute to some easing of upward pressures than to an economic downturn.

Mortgage debt resembles instalment debt in that here, too, record expansion has been promoted by liberalization of lending terms, although recent developments have helped to eliminate some extreme practices and have resulted in some tightening of terms. The amount of mortgage debt outstanding on 1-4 family houses has risen by more than 15% within the year. However, while it is unlikely that such rapid growth can be sustained over the long-run, there is no evidence to suggest that mortgage debt is likely to become an unsettling factor in our economy in 1956. In fact, in view of the longer payout periods and lower interest costs prevalent today, individuals are probably able to carry a larger mortgage indebtedness, in relation to their income, than in past periods of rapidly rising home mortgages.

Credit Policy — Turning to the other side of the coin, the argument has been advanced that a threat to economic stability might emerge from the prevailing Federal Reserve policy of credit restraint. These contentions have been made despite the fact that restrictive measures so far have been fairly moderate, involving the gradual use of general credit policy and some tightening of lending terms for real estate. Even though the American economy, at least for the time being, may be facing problems of scarcities and inflationary tendencies, the heritage of the Great Depression—fear of unemployment and deflation—is still with us, and this complicates the task of credit policy in the present period.

Obviously, the goal of the credit authorities is not to turn business downward but to prevent the development of an economic boom which in the past has invariably been followed by troublesome corrections and adjustments. The danger of such a boom developing is immeasurably increased if credit remains easily available while productive facilities are approaching capacity utilization. On the other hand, if restraint is applied early enough and credit policy receives the support of bankers, business and the general public, the chances of mitigating business fluctuations are greatly enhanced. The business adjustment of 1953-54, for example, reflected the end of the Korean War, cutbacks in defense spending, and shift from business inventory accumulation to liquidation; a decline from the 1953 boom levels would assuredly have developed regardless of credit policy. By restraining the spurt in the first half of 1953, however, a restrictive credit policy very likely helped hold the subsequent downturn to very modest proportions.

Some Further Imponderables

While the economic outlook is generally favorable, it would be unwise to ignore the important imponderables which at all times make predictions of the future a hazardous undertaking. In particular, fluctuations in the stock market, in the political situation at home and in world affairs could all have significant but unpredictable effects upon government policies, upon business confidence and public psychology, and upon the course of economic activity.

The Stock Market — We are clearly in one of the great bull markets of American business history. Stock prices have advanced better than 175% since 1949 and have risen 75% over the past two years. Much, perhaps most, of this great rise seems to reflect solid investment demands based upon the high levels of corporate earnings and the continued growth of the American economy.

Nonetheless, a sustained rapid advance in common stock prices raises the prospect of equities being valued so liberally as to make them vulnerable should business conditions prompt even a slightly less favorable reappraisal of the outlook. The recent correction in the stock market, therefore, may have had a generally salutary result for the economy. It may have dampened some luxury spending and may also have had some sobering effect upon excessive business optimism; if so, the correction may have helped to restrain exuberance in such matters as inventory policies, where some moderation would be beneficial. It seems doubtful that the market decline has had any appreciable effect upon the plant program of business, nor is it likely to deter equity financing on the part of established companies.

Although many years have elapsed since the stock market last had a major effect upon the course of business, sharp fluctuations in stock prices have occasionally contributed to economic instability and could well do so again in the current environment. Definite signs that we have entered an outright bear market could well have more serious consequences upon business plans and business sentiment, and would then be a negative factor in the economic outlook.

Political Uncertainties — Looking further into 1956, the possibility needs to be considered that political developments also could contribute to business uncertainty. There is little doubt that business confidence has been unusually high in recent years, presumably in large part because of the expectation that government policies would be more conducive to a high level of private investment activity and to orderly economic growth than in previous periods of our recent history. This confidence could well suffer a setback if political trends in the coming months should indicate the greater prospect of a change of Administration in next year's elections. This is not to say that such developments would necessarily have significant repercussions upon business activity in the aggregate, but it does point up the prospect of politics being of greater potential influence upon business conditions in 1956 than has been the case for several years.

World Affairs—While this year has brought some relaxation of international tensions, the struggle between the Communist and the Free World continues; it will probably be with us for as far ahead as we can see. At best, progress toward laying the ground for peaceful coexistence is likely to be slow and uncertain, marked by fluctuations between hope and frustration, and this will have its effects upon business plans and government policies.

Questions abound also in the economic sphere. In most countries, industrial expansion is being accompanied by growing shortages of labor and of investment capital and by rising prices; several important countries are experiencing difficulties with their balances of payments. Details vary from country to country, but in general, attempts are being made to achieve some restraint through credit policy and in some instances also through fiscal policy and taxation. To date, there is little evidence of resort to tighter import quotas and other trade restrictions that would adversely affect the market for United States goods and hence United States business. Here again, however, the situation is fraught with considerable uncertainty and the consequences for our economy could conceivably become more significant.

Summary and Conclusions

This review of business conditions and prospects leads to the conclusion that considerable vigor is still to be found in the major sectors of our economy. Some uncertainty is encountered in appraising the outlook for automobile production and home building, but nonresidential building and construction, business plant and equipment expenditures, consumer spending and government outlays are all likely to display continued strength.

Gross National Product, which has been on the rise since the middle of 1954, is expected to total $385 billion or more this year; in the first quarter of 1956, it is likely to be some 5% ahead of the comparable 1955 period. Prospects are reasonably good for the total output of goods and services in 1956 to exceed 1955.

However, a tapering off is to be expected in the rate of economic expansion that has prevailed in the past 12 months. With unemployment reduced to 3% of the civilian labor force, and output in many important industries approaching capacity levels, there is little slack left in the economy, especially as production in some cases may become limited by tight supplies of basic materials. Consequently, the increase in business activity in the coming months is likely to become more modest.

A sharp economic decline in 1956 does not appear likely at this time. In view of the many imponderables in the outlook, however, the economy could well show some fluctuations in the course of the year. The possibility of an easing in output some time in 1956 is a very real one.

There is ample evidence of inflationary pressures at work in the current business scene. For the most part, these are the inevitable concomitants of an economy operating at or near capacity, where prices of industrial raw materials are being boosted by scarcities and where wage rates are being raised more rapidly than productivity. Barring a war scare or the like, the current rise in prices is not likely to be as inflationary as the one under way in the immediate postwar years and again after the outbreak of war in Korea. Nevertheless, we now seem to be at that stage of the business upturn where the dangers of excesses are becoming more acute. The common goal of labor and business, bankers and investors, Government officials and the credit authorities must be to exercise the restraint required to avert such excesses and to achieve a balanced and orderly rate of economic progress.

With Hamilton Managem't

(Special to THE FINANCIAL CHRONICLE)

DENVER, Colo. — William B. Russell is now affiliated with Hamilton Management Corporation, 445 Grant Street.

With Intermountain Sec.

(Special to THE FINANCIAL CHRONICLE)

DENVER, Colo.—Fred W. Pool is now affiliated with Intermountain Securities, Inc., 1714 South Broadway.

Shaiman Adds

(Special to THE FINANCIAL CHRONICLE)

DENVER, Colo.—Alan K. Moore has been added to the staff of Shaiman & Company, First National Bank Building.

Easy Money Sparked The Housing Boom

By JOHN R. WHITE
Adjunct Professor of Real Estate
New York University

Mr. White finds that the major factor in stimulating the residential housing boom, aside from the contributing fact of FHA and VA loans, was the plethora of institutional funds seeking investment and the accompanying easy money conditions. Says recent steps taken to curb the boom may be "too little and too late."

What factors are responsible for the fantastic spurt in housing construction over the past year or so?

It was generally felt that the passage of the National Housing Act of 1954 in July of that year provided the initial stimulus since the Act liberalized FHA regulations by lengthening loan maturities to 30 years and by decreasing down payment requirements for both new and used housing. A review of the statistical record since that time, however, tends to disprove this conclusion although it is obvious that it was a contributing factor.


John R. White

The boom in housing actually preceded the passage of the legislation. April, May and June of 1954 witnessed housing construction with an aggregate excess of 6,321 starts over the corresponding period in 1953. Furthermore, the effects of the Act could scarcely have been felt until September or probably October of 1954. The fact is that the boom was in high gear by that time.

An analysis of FHA statistics yields a surprising picture of only a minor (10%) increase in the number of FHA housing starts, with FHA insured mortgages totaling only 23% of the 1954 annual housing supply. On the other hand, VA starts increased an astounding 96% in 1954 over 1953 and rose from 15% to 26% of the 1954 annual housing supply.

What makes these figures all the more remarkable is that there was no further liberalization in 1954 of the VA regulations. The 30-year self-liquidating mortgage bearing 4½% interest of which the VA guaranteed 60% or $7,500, whichever was the smaller sum, remained unchanged. Down payments, if any, were at the discretion of the lender. How can we thus explain this construction spurt if the Housing Act of 1954 was not directly responsible? Why did VA mortgages double in 1954 (and continue to hold this gain to date) while the percentage of FHA starts remained virtually unchanged over former years?

It is apparent that the tremendous increase in the supply of loanable funds in the hands of institutional lenders has been the culprit in this situation. Easy credit regulations merely made it easy to put the money to work. Swollen, record level savings accounts, regular amortization and pre-payments, and a significant increase in the volume of life insurance has created a pressure on the lender to invest the money. The major portion of it had to be invested in mortgages to permit the lenders to pay their depositors and annuitants the higher interest return demanded. Thus, the relative over-supply of mortgage money was the prime factor; the liberal FHA and VA credit regulations were a contributing factor.

The ease of credit accommodations engendered by liberal governmental regulations has already resulted in disturbing overtones in the housing market. In the past year while wholesale and consumer commodity price indices have registered surprising stability, housing costs and land prices have sustained substantial increases. Liberal credit has created such an artificialized demand for housing that the available supply of labor and material has been strained to the point where the price of labor and material rose. Investment activity and speculation in land has also been marked by rising prices as builders have competed actively for the remaining choice building sites.

A record era of prosperity has accompanied the housing boom. The gross national product, that is, the national income from all goods and services, has reached the annual rate of $380 billion. Steel, motor, aircraft and other industries have reached new highs. Some of this record level of wages, salaries, profits and dividends has been deposited in banks, savings and loan associations and used to buy life insurance. Pressure to lend this money on bonds and mortgages was enormous. The temptation of government guarantee and insurance was irresistible since the risk of loss was minimized and the lender took advantage of this fact.

Perhaps too late, the Federal government has recently taken steps to mitigate the excesses of the boom. VA regulations have been amended to provide for a 2% down payment, plus closing costs, and the self-liquidation period has been reduced to 25, rather than 30 years, in recognition of the alarming VA mortgage increase. A similar 2% increase in FHA down payment requirements as well as the reduction of the mortgage term to 25 years has been decreed. These steps, plus the action of the Federal Reserve in raising rediscount rates to member banks to 3¼% plainly demonstrate the government's concern over rising housing prices and the possibility of a relative oversupply. Whether these steps are "too little and too late" only time will tell.

Thomas Call Joins Battles & Company

PHILADELPHIA, Pa. — Battles & Company, Inc., 1528 Walnut Street, members of the Philadelphia-Baltimore Stock Exchange, announce that Thomas D. Call is now associated with their firm in the trading department. Mr. Call was formerly a partner in Lilley & Co.

With American Secs.

(Special to THE FINANCIAL CHRONICLE)

GREELEY, Colo.—Roy Lundvall has become connected with American Securities Company, 1515 Eighth Avenue.

Joins Kidder Staff

(Special to THE FINANCIAL CHRONICLE)

CLEARWATER, Fla. — Charles H. Champeau is now associated with A. M. Kidder & Co., 405 South Graden Avenue.

Securities Salesman's Corner

By JOHN DUTTON

"World's Biggest Market Continues to Flourish"

The foregoing caption is the title of the article which appeared on the cover page of the "Chronicle" of Oct. 20, the subject matter of which, naturally, dealt with securities traded in the Over-the-Counter Market. Like its predecessors, the purpose of the article was to point up the large number of blue chip and potential blue chip securities which are available only in the counter market. This fact was well documented in the tabulations which were part of the article, a feature of which was the listing of the hundreds of unlisted stocks on which consecutive cash dividends have been paid from 5 to 171 years. A glance at these tabulations graphically illustrates why investors are turning increasingly to the unlisted market in their search for safe and highly attractive investments which can be counted on to produce not only eminently satisfactory investment income but substantial capital gains as well.

Another Reprint Available

As is well known, thousands of reprints of previous "Chronicle" presentations were mailed by broker-dealers to their clients and investors generally. However, the task is still a long way from being completed; hence the brand new and completely revised presentation in last week's issue of the "Chronicle" bearing the caption "World's Biggest Market Continues to Flourish." Reprints of it will be available at a cost of 20c each in lots from 1 to 199, and 15c each in greater quantities. The list of over-the-counter dividend payers from 5 to 171 years alone makes interesting reading, and the information pertaining to this market is presented in a manner that even the most unsophisticated investor can understand.

This excellent sales promotion literature is being made available by the "Chronicle" as heretofore in an attractive pamphlet which fits neatly in a Number 10 envelope. "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.

Advertising the Product

Using a double return card, or a newspaper advertisement, copy along this line might be productive of interested inquiries.

"World's Biggest Market Continues to Flourish"

Send for a free list of sound, growing unlisted companies whose common stocks have paid cash dividends consecutively for 5 to 171 years. A free booklet, *"World's Biggest Market Continues to Flourish,"* 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, U. S.

Without cost or obligation please mail me a copy of your pamphlet on *"World's Biggest Market Continues to Flourish,"* containing data on unlisted stocks that have paid consecutive cash dividends from 5 to 171 years.

Name ________________________________

Address_______________________________

Why Advertise?

This booklet should be sent to all clients, and it should be advertised in the newspapers for the simple reason that it will break down sales resistance against unlisted securities. Every day that your salesmen are out talking with potential clients and investors they are faced with the unnecessary burden of explaining and apologizing for the fact that some security they may be offering is unlisted. If you will only look around and see the opportunities for capital growth that have gone across your trading desk during the past 10 to 15 years in the unlisted market, there will be no doubt in your mind that something positive should be done to continuously awaken the investors of this country to the fact that one of the most important areas for capital growth, income, and for the location of sound conservative investments is in the unlisted market.

The "Chronicle" Is Taking the Lead In This

In my opinion, too much can not be done to bring the facts contained in the "Chronicle" articles before the public. The unlisted security is still on the defensive when it goes out to compete for the investor's dollar merely because up to now no concerted effort has been made to educate the public on the attractive investments available in the Over-the-Counter Market. But this should not be so because the unlisted market is not just a place where cats and dogs are traded—yet too many people still seem to think this is so.

The only way to overcome investor apathy toward securities traded in the Over-the-Counter Market is to mail such literature as this "Chronicle" reprint to your customers—advertise this article in the papers and send it out to prospective clients—and if you want to do something even more constructive along this line do some affirmative advertising about unlisted securities in your local papers and make it a cooperative effort backed up by several of the leading firms in your community. One of the most remarkable jobs of "hiding light under a bushel" I have ever seen is the way that the investment business has neglected to inform the public that some of the most important firms in America have their stocks traded over-the-counter; that some of the best growth situations in America are traded over-the-counter; and for yield comparative security, and breadth of choice it is the Over-the-Counter Market that offers the investor the largest stock market in the world. Yes, larger than the New York Stock Exchange, the American Exchange and all the regional exchanges.

Your customers should know these interesting facts. Won't this help your salesmen to do more business with less resistance?

Southeastern IBA Group to Meet

WASHINGTON, D. C. — The 35th Annual Meeting of the Southeastern Group, Investment Bankers Association of America is called for 10 a.m., Saturday, Oct. 29, 1955 at the Greenbrier, White Sulphur Springs, W. Virginia.


Roderick D. Moore

The following nominations for officers have been made:

Chairman, Roderick D. Moore, Branch, Cabell & Co., Richmond, Va.; Vice-Chairman, Charles H. Pinkerton, Baker, Watts & Co., Baltimore, Md.; Vice-Chairman, W. O. Nisbet, Jr., Interstate Securities Corp., Charlotte, N. C.; Secretary-Treasurer, Harvey B. Gram, Jr., Johnston, Lemon & Co., Washington, D. C.

In addition to the above officers, the following have been nominated for election to the Executive Committee:

Wilfred L. Goodwyn, Jr., Goodwyn & Olds, Washington, D. C. (for one-year term); Joseph W. Sener, John C. Legg & Company, Baltimore, Md., Ex-officio; J. Murrey Atkins, R. S. Dickson & Co., Inc., Charlotte, N. C., Ex-officio.

Members of the nominating committee were:

John C. Hagan, Jr., Chairman, Mason-Hagan, Inc., Richmond, Va.; Mark Sullivan, Jr., Auchincloss, Parker & Redpath, Washington, D. C.; W. Carroll Mead, Mead, Miller & Co., Baltimore, Maryland.

Murray Hanson, General Counsel of the Association, and Sinclair Armstrong, Chairman of the Securities and Exchange Commission will speak briefly at the business meeting on Saturday morning. Walter Schmidt, Schmidt, Poole, Roberts & Parks, Philadelphia, President of the National Association, will address the dinner meeting in the evening. Harvey B. Gram, Jr. and John C. Hagan, III, are Co-Chairman of the Meetings and Entertainment Committee.

Harris, Upham Expands In South and Midwest

As part of an overall plan to expand its facilities for investors, Harris, Upham & Co., nationwide investment brokerage firm with 35 offices coast to coast and members of the New York Stock Exchange, is expanding its regional facilities in Omaha, Neb., and Orangeburg, S. C. It was announced by Henry U. Harris, a senior partner of the firm.

The Omaha office, which represents a new location in that city, will be on the ground floor of the Service Life Building, and will be in charge of James P. La Velle, and Karl A. Lininger, resident managers of the firm's present operations in the Omaha-Council Bluffs area.

The new sales facilities in Orangeburg will be in charge of Donald D. Salley, Jr., prominent former automobile distributor in that state, who will maintain offices at 150 Doyle Street in that city.

With A. M. Kidder Co.

(Special to THE FINANCIAL CHRONICLE)

FT. LAUDERDALE, Fla.—Allen F. Carpenter is now affiliated with A. M. Kidder & Co., 207 East Las Olas Boulevard.

Continued from page 10

Our Economic Policies and The Philosophy Behind Them

higher wages, with greater purchasing power and less strikes than at any time in history, and they have peace to boot.

On the basis of this record, it will be pretty hard to convince the wage earners of America that the economic policies of the Eisenhower Administration have been bad for them.

Let us see what else the wage earner wants and how the Administration measures up in meeting his desires.

He wants security for the future. The normal tendency in discussing this issue is to point with pride to the extension of Social Security and Unemployment Insurance to millions not previously covered.

But far more important than these significant advances is the fact that the Eisenhower Administration's fiscal policies guarantee full security rather than cut-rate security to the millions of Americans trying to save and plan for the future.

Let's look at the record.

The man who saved a dollar in 1942 and invested it in Social Security, life insurance, or government bonds received only 61 cents back if he retired in 1952.

But the man who saved a dollar in January, 1953, will find that his dollar will still buy a dollar's worth of goods today, over two and a half years later.

The 90 million Americans who have life insurance, the 55 million who have Social Security, the 40 million with government bonds can now have confidence that the dollar they earn and save today will be worth a dollar 5, 10, or 15 years from now when they retire if the sound fiscal policies of the Eisenhower Administration are continued.

If this is what a businesslike approach to government fiscal policy does, the American people want more of it rather than less.

Consider for a moment the new so-called guaranteed annual wage contracts which have been negotiated in some industries. There may be disagreement as to the wisdom of these contracts. But of this much we can be sure:

The contracts could be negotiated in the first place only because of the unprecedented prosperity of the Eisenhower era.

The payments under the contract can be made only if that prosperity continues.

That prosperity will continue if the Eisenhower economic policies remain in effect.

What else do the 65 million wage earners want from government?

The great majority want their government to be progressive and dynamic in dealing with the problems for people — not static and reactionary.

It is in this respect I believe those of us who espouse conservative economic policies must do some soul searching. Too often in the past we have allowed the advocates of big government to steal the ball from us on this issue and run away with it.

Whatever we may think of the proponents of the New Deal and the Fair Deal, they recognized the desire of a great majority of the American people for more housing, roads, and schools, for better medical care, for full development of our water and power resources. They offered the people a simple way to meet these objectives — the Federal Government would do it.

Too many advocates of conservative policies opposed the means without offering an alternative.

The people therefore assumed that they opposed the end as well.

What is the answer? It is very simple. Those who claim to be liberal in these fields talk better —the conservatives do better.

Their basic theory was that every problem should be solved by government action.

If there was unemployment, the government should make jobs.

If there was a need for houses, the government should build them.

If better medical care was needed, the government should provide it.

These programs all sounded good. The only trouble with them was they wouldn't work.

Basic Solutions Wanted

But it is not enough to point out that a Federalized program will not do the job. The people want and demand solutions to these basic needs.

It is here that the Eisenhower Administration has rendered one of its most significant services.

We recognize the needs. We are not content with the negative approach of "how not to do it."

In the words of the President, speaking on Jan. 4, "We believe that the slum, the outdated highway, the poor school system, deficiencies in health protection, the loss of a job and the fear of poverty and old age, in fact, any real injustice in the business of living penalizes us all. And this Administration is committed to help you prevent them."

And consequently we have offered to the country workable programs which we believe will build more roads, schools, and houses, provide better medical care, develop more power and water resources than our predecessors ever dreamed of.

One might ask, how do our programs differ from theirs?

The major difference is that we believe the way to real progress and prosperity is through programs which rely primarily on private rather than government enterprise.

The Federal Government should step in only where the job cannot be done more effectively by private enterprise or by state and local government.

In summary, the Eisenhower philosophy is that you can be progressive and humanitarian without being socialistic. And we believe that kind of approach has the approval of the great majority of the American people.

To rely on Federal Government programs to meet the needs is wrong on several counts, but it is primarily wrong because federalized programs are not adequate to do the job.

Here are some estimated goals in the fields of power, roads, schools, hospitals, and slum clearance. In the next 10 years America will need:

101 million kilowatts of power at a cost of approximately $20 billion.

3 million 348 thousand miles of highway at a cost of $100 billion.

927 thousand primary and secondary classrooms at a cost of $30 billion.

1 million 288 thousand hospital beds at a cost of $22 billion.

The replacement of five million housing units and the reconditioning of 15 million more at a total cost of $24 billion.

It is easy in all these fields to say, "Let the Federal Government do the job."

But when the Federal Government assumes the primary responsibility, private enterprise sources dry up and state and local activity is correspondingly reduced.

The inevitable result then is that federalized programs will not meet the needs.

All the resources of America must be tapped if we are to meet these needs which spell progress over the next 10 years.

The Eisenhower program which is based on the principle of the Federal Government working in partnership with private enterprise and local and state governments is designed to do just that, and that is why it will succeed where the federalized program is doomed to failure.

That is why I say that, on the issue of progress, dynamic conservatism will meet the needs of the people far more effectively than static federalism.

But some may shake their heads and say, "This sounds too New Dealish, too liberal."

The answer is that true conservatism has always been progressive, and to obtain the support of a majority of the people it must continue to be.

The choice is not between the Eisenhower program and something more conservative, but between the Eisenhower program and something far more radical.

The American people are not going to stand still. We believe that our programs, designed in the very best American traditions, will keep America on the road to progress.

We oppose the programs of our predecessors, not because they were too high, but because they were too low.

Our aim is a Gross National Product of $500 billion by 1965. If we attain that goal, the resources will be available to build the roads, schools, houses, and to meet the other great social needs of the American people.

What do we find than as we examine this so-called businessman's Administration in the light of the welfare of the 65 million American wage earners?

It meets every test with flying colors. Whether it is jobs, wages, purchasing power, security, or progress, America's wage earners have it better today under Eisenhower than they've ever had it before.

Getting back to the original charge, is this a business Administration? My answer is yes, to this extent.

The Government of the United States is the biggest business in the world.

As such, President Eisenhower believes it ought to have the best management in the world.

And no achievement of this Administration has been more in the national interest than getting businessmen the calibre of Secretary Humphrey and Secretary Wilson, and scores like them, to come to Washington to provide that kind of management.

May I conclude by making a prediction as to the future?

There are still prophets of gloom who try to frighten us with the spectre of 1929.

But they fail to take into account these elements of strength which assure further progress.

Our recent expansion has come primarily through activities of private rather than government enterprise.

It is based on the normal foundations of peace, rather than the crisis demands of war.

Our prosperity has a broad base. Seventy-six percent of the total income goes to labor. This is the highest percentage in history.

The relation between inventories and the Nation's business is favorable.

Credit terms which for a time were out of line now seem to be under control.

With our record prosperity at home we have steadily improving economic conditions abroad.

With this solid foundation, we need not fear for America's future. As long as we are not panicked into doing things wrong, as long as we avoid the panaceas—the economic pep-pills with the awful let-down, and as long as we remain true to the economic principles which have made America great, we can face the future with courage and confidence.

John Canavan Elected 33rd Degree Mason

John L. Canavan

DALLAS, Texas — John L. Canavan, Rauscher, Pierce & Co., Inc., has been selected for 33rd degree Mason by the Supreme Council of Scottish Rite.

Hayden, Stone Adds Two

(Special to THE FINANCIAL CHRONICLE)

BOSTON, Mass.—Jonathan W. Dodge and Arthur W. Murphy have joined the staff of Hayden, Stone & Co., 10 Post Office Sq.

Joins Inv. Planning

(Special to THE FINANCIAL CHRONICLE)

BOSTON, Mass. — George H. Pryde is now with Investors Planning Corporation of New England, Inc., 68 Devonshire Street.

Joins Keller Brothers

(Special to THE FINANCIAL CHRONICLE)

BOSTON, Mass.—Frank L. Wasserman has become affiliated with Keller Brothers Securities Co., Zero Court Street.

COLUMBUS AND SOUTHERN OHIO ELECTRIC COMPANY

RESULTS OF OPERATIONS

	For the three months ended September 30		*For the twelve months ended September 30*	
	1955	*1954*	*1955*	*1954*
Operating Revenues				
Electric	$ 9,888,203	$ 8,613,604	$38,575,211	$33,572,175
Heat	145	199	29,759	29,223
Total	$ 9,888,348	$ 8,613,803	$38,604,970	$33,601,398
Operating Expenses				
Fuel used in electric production	$ 1,546,407	$ 1,340,182	$ 5,886,429	$ 5,408,340
Other operation	1,964,788	1,843,413	8,162,904	7,593,772
Maintenance	699,518	851,964	3,039,553	2,686,502
Provisions for depreciation and amortization	1,118,215	966,715	4,121,859	3,613,859
General taxes	806,758	659,859	3,159,063	2,509,202
Federal income taxes	1,611,000	1,146,000	5,921,000	4,838,000
Total	$ 7,746,686	$ 6,808,133	$30,290,808	$26,649,675
Operating income	$ 2,141,662	$ 1,805,670	$ 8,314,162	$ 6,951,723
Other Income				
Rentals and interest income from subsidiary, less expenses	$ 31,546	$ 34,311	$ 121,757	$ 128,488
Provision for deficit of subsidiary (loss*)	7,723*	13,919*	8,484	123,353
Other	422*	5,917*	30,090	115,365
Total	$ 23,401	$ 14,475	$ 160,331	$ 367,206
Gross income	$ 2,165,063	$ 1,820,145	$ 8,474,493	$ 7,318,929
Interest and Other Income Deductions	527,383	538,803	2,094,475	1,949,634
Net income	$ 1,637,680	$ 1,281,342	$ 6,380,018	$ 5,369,295
Preferred Dividends	215,764	215,764	859,824	859,824
Earnings on common shares	$ 1,421,916	$ 1,065,578	$ 5.520,194	$ 4,509,471
Common Shares Outstanding at End of Period	2,401,360	2,401,360	2,401,360	2,401,360
Earnings per common share	$0.59	$0.44	$2.30	$1.88

*Denotes red figure.

This is an interim statement. The Company's fiscal year ends December 31, at which time its financial statements are examined by independent public accountants.

Continued from first page

Economics of Eisenhower Dynamic Conservatism

from being the whole of life. It was in this vein that the late Lord Keynes, in one of his most brilliant essays, voiced the hope that human beings would get on with solving the problem of daily bread in order that they might devote themselves more fully to the truly overriding pursuits of life in such realms as religion, art and poetry. Never was that provocative Englishman more perceptive.

For as long as he has lived on the earth, man has had to deal with the economic problem—the problem growing out of the stubborn and irreducible fact that his wants are unlimited, while the resources to satisfy them are limited. Economic history is the chronicle of how societies down through the centuries have organized themselves in an effort to match resources against needs.

A Variety of Economic Systems

Skipping across the pages of history we find today around the world a variety of systems designed to meet the economic problem. There is the Communism of Russia and China. There are the varying degrees of non-Communist-planned economies in Europe and elsewhere. There are the essentially free choice economies best represented by the United States and Canada.

None of these systems is a pure type; when judged by the fundamental criterion of ownership of the means of production, all are mixed, in greater or lesser degree. In Russia there is some private production, but it is very small and an exception to the prevailing doctrine of Marxian Socialism. At the other extreme, in our own country there is some public ownership, but it is small and an exception to the prevailing philosophy of private ownership in the economic process. Between these ends of the economic spectrum lie all sorts of mixed systems made up of varying private and public fractions.

In whatever degree the various national economies may be mixed as regards ownership, there is another and more discriminating criterion to apply in sorting out their essential difference. It revolves around the nature and capability of human beings. It may be put in various ways: does the prevailing philosophy favor the full release of the most productive attribute of the human race, the spirit of individual enterprise, or does it not? Does it place the power of making economic decisions in the hands of a central authority, or does it decentralize this power and rely on people to make decisions for themselves? Does it favor invigoration and growth of the private sector of the economy, or does it not?

In our country today, debate on economic policy centers mainly on this issue—on the question of the extent to which government should intervene in economic decision-making. Except in limited though vital areas, the focus of the debate is not on public versus private ownership. There is no serious discussion in America today of the proposition that a thoroughgoing system of socialism and nationalization of industry be openly substituted for what we have. Americans see no success story for socialism anywhere in the world that suggests the wisdom of such a radical reconstruction of our own concepts of ownership. For Americans, the choice lies between economic decision-making by individuals and economic decision-making by government.

A deep faith in economic decision-making by individuals, and an abiding conviction that it is the only way to a better and stronger America, are the foundation stones which undergird and pervade the economic philosophy of the President of the United States, Dwight D. Eisenhower.

The President's philosophy of government is in essence a conservative philosophy. In espousing it, he is the bearer of a long and honorable tradition which marks our history from the time of the Founding Fathers through Lincoln to our own generation. The continuity of our national institutions and the steadfastness with which we have upheld our Constitution are proof of the basic conservatism of the American people. Constitutional democracy, with its accent on liberty and the rule of law, has been the political hallmark of this tradition.

As history makes abundantly clear, this philosophy is neither standpattism nor reaction. It has little regard for those who would either seek to stop the clock of progress or turn it back. Many important advances and reforms in our national life owe their origin to the initiative of conservatives. Conservatism makes of change an ally by insisting that change be progress, that there be continuity and steadiness on the course. When changes are made, they must be made with a full sense of responsibility to what past generations have soundly done and to what future generations may rightly expect. Above all, conservatism takes the long view.

In its present-day resurgence, conservatism in our country has been given impetus largely through the high-minded leadership exerted by the President, who has described his philosophy as that of "dynamic conservatism." He has used a new term because we live in a day when old labels are no longer understood in the traditional sense, when "liberalism" and "conservatism" have taken on new meanings, when millions of Americans are seeking a new way to describe their political faith. To them the President's dynamic conservatism, in belief and action, is a living expression of their own beliefs. It is what I shall call Eisenhower Conservatism.

I

Features of Eisenhower Conservatism

The Eisenhower conservative believes that there are certain basic factors to which this country owes its phenomenal material growth. These are the features of our system that have helped advance us to the position where we are the rock upon which the coalition of the free world is built. These features, the Eisenhower conservative believes, are good in the American tradition. He seeks to conserve them in the service of his own and future generations.

First, he wants to conserve the system of free markets and private initiative as the best means yet devised to plan and organize the production that people want. He is not much taken with the idea that government price fixing, wage control, rationing, production planning and materials allocation can do the job better than the free market system—except, of course, in time of war when people are willing to make special sacrifices and to endure otherwise intolerable regimentation. The energy enterprise and imagination of the nearly 10 million centers of planning, represented by our private businesses and farms, have provided the unrivalled creative force for our economic growth. In an economy marked by such dispersion of the decision-making function, there is maximum freedom to innovate. While individual errors and failures and losses will ensue, they are less likely than errors of government planning, to prove disastrous for the economy as a whole.

Substitution of direct government controls for free markets and private initiative in the name of efficiency, stability or social justice would threaten us with a progressive atrophy of our wondrous power to innovate and so to change and so to grow. It can lead only to economic conformity, to slow death of the spirit to venture, to mediocrity and stagnation. And as economic freedom is thus weakened, so too is political freedom weakened.

To the Eisenhower conservative our kind of private economic organization is the key to the fabulous material well-being we enjoy. To him business—whether little, medium-sized or big—is a good word, because business is people. Business is the people who work at the job—the mechanic, the foreman, the truck driver, the technician. Business is the people who save from their incomes and put their savings into securities that provide for the purchase of steel and brick and mortar and tools to build and equip a factory and create jobs. Business is the people on farms and in mines who provide raw materials that are processed to satisfy consumer wants. Business is the owners and managers who provide the initiative, enterprise and organization to produce goods and services and to disburse incomes to the participants in the process. Business is responsibility—responsibility to consumers, to workers, to investors. And where it is not, where shoddiness or subsidy-seeking or monopoly practices or a medieval mentality exist among any participants in this complex process, then by so much is our system of private economic organization weakened and by so much must it be cleansed and strengthened to insure its survival.

Business is one of the most pervasive manifestations of America. It is the way a whole people organizes its economic life. The Eisenhower conservative deplores its reckless denunciation, either directly, as when its moral basis is attacked, or indirectly, as when attempts are made to drive out or keep out of government service those who have risen in its ranks.

Second, the Eisenhower conservative intends to conserve our tradition of incentive and reward. His is a deep conviction that in the economic race every man should have an equal place at the starting line, but he knows, too, that it has never been part of the American tradition to assure every man the right of breasting the tape at the same instant. He has a belief in equality that runs very deep in his nature. It is not, however, the equality of equal shares, but rather that of equal opportunity. In a word, he does not, as some do, confuse equity and equality.

Since, in the words of the ancient writer, God has created us brothers but has given us separate purses, the Eisenhower conservative seeks zealously to protect the right to earn more and to own more in order to evoke each man's best economic effort. Some of the ablest among the Founding Fathers, notably John Adams and Thomas Jefferson, gave much thought to this vital matter in relation to the establishment of our democracy. They concluded that an equalitarian society was both impossible and undesirable and that the only solution lay in a competitive society. It was with respect to this basic problem of the relation of one citizen to another that Lincoln, at a much later date, enjoined the houseless man to build a house for himself rather than tearn down that of his neighbor.

In our time, the conservative is the conductor of this strong current of our tradition when he seeks to foster incentives for excellence and adequate rewards for extra exertion, whether in the production of ideas or of goods. The application of this philosophy to the field of government calls for legislation "along the grain of human nature and not against it." In the area of revenue legislation, for example, it calls for higher purposes than the punishment of success and the socialization of incomes.

Third, the Eisenhower conservative wants to conserve the integrity of the people's money. He is cognizant of the thievery and worse that price inflation visits on the citizenry of a nation which is forced to undergo it. Moreover, he knows that inflation is the likely bringer of depression and of all the terrible human suffering and dislocation that can follow in its wake.

The Eisenhower conservative shares the President's vision of the future that we can have a $500 billion economy and more by 1965 with a money that retains its buying power. He rejects the doctrine that we must have a continuous cheapening of the people's money to keep the economy moving upward — the doctrine that our economy must always run a temperature to stay healthy. He rejects inflation as an instrument of national policy because it is unwise and unjust. He thinks of the millions of Americans who are holders of savings bonds, savings deposits, building and loan shares, life insurance policies and pension rights. If given a choice, they would never accept a deliberate policy of inflation that debased their savings by 2 or 3% a year in the name of keeping the economy afloat. Such a policy would hit hardest at the small savers for whom inflation is the cruellest tax of all. Nor need Americans accept this opiate of the inflationists, for there is a better way—the Eisenhower way.

Fourth, the Eisenhower conservative seeks to conserve the market mechanism when the government must act to avert a depression or inflation. Within the rules of the game embedded in our laws, this goal is maximum freedom in economic activity by individual Americans. When it is necessary for government to take measures in the interest of stability, they should be of the indirect type, mainly money and credit policy as well as tax adjustments and public debt management, rather than of the direct type, such as price and wage controls, export-import controls, and materials allocations. In the descriptive words of one observer, government should attempt to influence the economic weather and not try to ration raindrops. Such indirect measures leave the individual the maximum of freedom to make economic decisions within the somewhat altered conditions of the market brought about by the government action.

This is the approach that has marked the Administration of the nation's economic affairs by President Eisenhower. Upon assuming office in 1953, one of his first actions was to dismantle the controls on wages and prices which were still in effect. This he did in the face of advice from some men with little faith in free markets that to do so would be to loose a spiral of inflation upon the country. Confident in his conviction that such consequences would not ensue, the President ordered direct controls off. Since then, in accordance with his philosophy, the contraction of late 1953 and early 1954 and the subsequent vigorous expansion have been moderated by monetary and fiscal measures. It is a testimony to his judgment that during the whole intervening time the consumer price index has remained virtually stable.

Fifth, the Eisenhower conservative seeks to conserve and strengthen economic ties among free nations. He knows that we do not produce everything we consume, nor do we consume everything we produce. He believes in a growing international trade and defends the principle of competition, not only within national boundaries, but across national boundaries. He knows that an economic system based on international specialization, within the limits set by defense and other valid national considerations, can contribute more to the health of both the domestic and the world economy than can economic nationalism and autarchy.

A world-wide system of free currencies and of freely flowing, non-discriminatory trade, designed to let traders buy and sell where market considerations dictate, is the natural counterpart abroad of a free economy at home. But such an international economy can thrive only if the domestic economy is kept in balance and free. A policy of inflation and controls at home will eventually push us toward complementary government intervention in our foreign trade and investments, as has happened in so many countries. Even our own peacetime history includes examples of domestic experiments which threw disorder into our international economic relations. The 1933 devaluation of the dollar and the import controls that were provided as a part of the long defunct NRA, are illustrative instances of unhappy memory.

II

Eisenhower Conservative Is No "Standpatter"

These then are the durable sinews in our tradition that the Eisenhower conservative is determined to protect and invigorate; free markets and private initiative, incentive and reward, integrity of our money, indirect as against direct governmental measures to foster stable economic growth, and an open system of international trade and payments.

But the Eisenhower conservative is no standpatter. He knows history does not stand still. He is prepared, indeed, to study the old teachings "from new books." He recognizes change as the law of life and adjustment to it as the condition of life. But this adjustment he seeks to bring about in ways that do not compromise the time-tested tenets of his economic faith—in ways that insure that the needs of the present are met with a sense of responsibility to the future.

Recognition of these needs has involved a larger role for government in many areas as economic interdependence and urban industrialized society have grown. As a part of this development, profound changes have occurred in our habits and institutions in the last quarter century. New governmental programs were launched. Had they been conceived in a spirit of cooperation and harmony, they would have been better received and more effective. Had public understanding and willingness to help meet critical personal needs been better mobilized by people at the state and local level, more decentralization could have been built into these programs. But so was history written. And today, because on the whole these programs met real needs, they have been integrated into the American way and the Eisenhower conservative would not propose going back on their essential features. Rather, he seeks to improve upon them and to adapt them to the needs of a vital, self-reliant, and fundamentally united people. His goal is the creation of an environment in which the traditional forces of our free choice economy are strengthened.

To begin with, the Eisenhower conservative believes that we as a people must recognize that, like any other system, economic freedom entails certain human hazards and costs. Under an alternative system of regimentation, in which each person is fitted into his slot and decision-making is centralized elsewhere, the costs run in terms of human dignity, of personal freedom and resignation to a mediocre economic life. Under a system of economic freedom, if there are no safeguards for the individual, the costs are largely in terms of insecurity growing out of the dynamic nature of a free system.

The Eisenhower conservative is determined to support and strengthen effective measures to minimize these human costs of freedom. He strongly encourages every possible effort toward this end that can be undertaken privately and through voluntary association. Similarly, he regards as essential, and seeks to improve such government programs as unemployment insurance, social security, housing, collective bargaining, bank deposit insurance, securities regulation and agricultural price supports. To him, they are in principle consistent with his philosophy and, indeed, vital to it, strange as they would strike his predecessors in an earlier, simpler time. He regards effective efforts in these fields as essential to making the system of free choice operate efficiently in our modern world. He is concerned, however, that such programs be drawn and administered in such a way as actually to aid the functioning of a free choice economy and not to sap it or straitjacket it. For only in a vigorous and growing economy can these programs contribute to the real benefit of all the people.

Next, the Eisenhower conservative believes that government budget policy must be directed not only to the economical use of tax money and the balancing of outgo against income, it must also be geared to the goal of maintaining the stable growth of the economy.

He realizes that there is no substitute for the fiscal compulsion which the objective of an annually balanced budget puts upon the Congress and the Executive Branch of government. Its influence is salutary in the interest of the taxpayers. He does not arbitrarily assert, however, that an annually balanced budget is the *summum bonum* of fiscal administration. At times a departure in the direction of overbalance can help drain off purchasing power from an overexpanded economy. At others, a departure in the direction of a deficit may help increase purchasing power to offset a contraction in the economy.

The latter consideration was illustrated in early 1954. By maintaining taxes at existing rates, the President might well have been able to balance the budget in the following fiscal year. However, his judgment was that broad tax reductions at that time were essential for purposes of over-all economic stability and growth. Tax reduction was one of his major instruments in dealing so successfully with the mild economic contraction then underway. With that effective departure behind him, the President steadfastly resumed his course toward getting the Federal Budget into balance. He thus demonstrated the courage and wisdom to depart temporarily from the goal of a balanced budget and, even more important, the courage and wisdom to return to it.

Further, the Eisenhower conservative believes that we must keep the economy dynamic. To that end he believes there must be vigorous anti-trust law enforcement to prevent monopoly power from exerting its corrosive influence. To make equality of opportunity for all a living reality and not merely a camouflage for inequality, he vigorously supports educational and vocational programs and fights unremittingly against discrimination of all kinds in order that the rich vein of ability and creative genius, wherever it runs among our people, may be tapped. Appropriate government support for research and development activities must be provided to help produce the seed corn of economic progress. Likewise, there must be tax legislation favorable to that type of expenditure by private business so that more jobs may be created for Americans.

In all these areas the Eisenhower conservative has found strong leadership from the President, with whom he believes that these efforts are right and sound in the interest of all.

The economy's dynamic character must be fostered in another respect. There must be recognition of the role of government in resource development which opens the way to further private economic activity. To this end the Eisenhower conservative vigorously approves the President's leadership in reclamation and conservation, in opening to private initiative the peaceful development of atomic energy, in finally getting the great St. Lawrence Seaway project launched and in proposing a comprehensive road-building program to equip this nation for the first time with an adequate interstate highway system.

In another aspect of resource development the Eisenhower conservative strongly supports the President's partnership power policy against those who are still beguiled by the ideological enchantment of regional Federal power monopolies. Aside from his strong aversion in principle to such monopolies, he is impressed by this compelling fact: in the next decade, our nation's electrical energy requirements will at least double. If we are to meet these rapidly expanding power needs we will have to produce all the power we can; if its production is to be a Federal monopoly, we are plainly not going to get the power we need. As the President says, every instrumentality which can contribute to meeting the need must be encouraged to do so—local groups, public and private, as well as the Federal Government.

Quite apart from matters of basic principle, the President's approach has an immensely practical foundation. It is this: except in time of grave emergency, such as war or severe depression, the record shows that the Congress will not vote enough funds to provide Federal facilities to meet all our power needs. Opponents of the President's partnership policy have fallen victim to the Fallacy of The Unlimited Federal Budget.

The President's policy plainly recognizes another vital fact: there are many public needs which cannot be met through any other revenue source than the Federal tax dollars that we can reasonably hope to raise in peacetime. Therefore, if local groups, public and private, can help finance needed power facilities by mobilizing the savings of the people through the securities markets, the government, within safeguards provided by law and regulation, ought to get out of the way and let them do it. Such a course will not only help meet these power needs, but will free Federal tax dollars for other pressing public purposes.

This application of Eisenhower conservatism to power policy represents a practical taking-to-heart of Lincoln's century old advice:

"The legitimate object of government, is to do for a community of people whatever they need to have done, but cannot do, at all, or cannot, so well do for themselves in their separate and individual capacities. In all that the people can individually do as well for themselves, government ought not to interfere."

III
Vital Elements of Eisenhower Conservative Philosophy

Here then are the vital elements of the Eisenhower conservative's philosophy which he finds encompassed in the President's belief that we should conserve what has been tested in our history in moving boldly to meet the changing needs of the present. That philosophy looks toward a dynamic economy with a fair chance for all to become what they are capable of becoming, an expanding economy in which economic bulb-snatching is as obsolete as it has always been wrong, an economy expanding at no one's expense — where your "more" need not be my "less." That philosophy envisages a government with both a head and a heart; a government that recognizes the fact that healthy growth comes about through orderly change and that a vital function of government is to create conditions favorable to this life-renewing process. That philosophy demands that this process not be jeopardized either by private groups seeking to freeze the status quo for themselves or by government interventionists who, with even the highest motivation, can plan the economy into paralysis.

The resurgence of this philosophy has been world-wide as the shock of the Great Depression and the economic trauma of the war years have more and more passed. In country after country government intervention has declined, economic freedom has increased, and flexible monetary policy has been revived as the primary governor of economic stability. The way to a welfare society without the regimentation of a welfare state has been rediscovered. More and more men and women the free world over are discovering that freedom is a clean and bracing and fair wind, indeed.

Optimism is driving out the pessimism that has hung like a pall over the future of the free economies of the world—pessimism that large unemployment was permanent, that attainable levels of production and income would not utilize the labor force. There persists, however, a strong strain of this pessimism today. But, curiously enough, its adherents now submerge their pessimism in a new dogma. They have founded a cult of inflationism. This cult regards as the prime objective of economic policy the attainment of the maximum amount of gross national product in every quarter of every year. It proposes to repeal experience and produce a perpetual boom. It conceives of an unbroken, upward climbing trend of the value of total production. It contends that even minor fluctuations of the business curve can be abolished.

But these glittering goals reflect no abandonment of the cult's basic pessimism. It still does not believe a free economy can generate levels of output that will employ the labor force; hence it places its reliance in massive government intervention, mainly through deficit spending programs and super-easy credit. By such forced-feeding, the economy is constantly to be driven at maximum performance levels. Inflation, the energizing force of this process, is either to be given sway as the cost of achieving full employment, or it is to be dealt with through the application of direct controls on prices, wages, materials, production and trade.

The Eisenhower conservative rejects this policy with its conscious inflation and apparatus of controls designed to repress it. For he knows there is a better way. He has seen the President's program produce remarkable results in less than three years. Transition from the Korean war economy to a more normal peacetime economy was accompanied by a very mild adjustment, and today the American people are producing more, consuming more, saving more and investing more than ever in their history. Expanded private spending has offset by more than twice reductions in Federal spending. For three years consumer prices have averaged about the same. Unemployment is declining toward minimum levels for an economy of our size and diversity. Labor shortage rather than a labor surplus appears to be the problem of the future. Despite the fact that certain areas of the economy such as agriculture are still in a difficult period of adjustment from wartime conditions and need imaginative and forward-looking assistance, the overall performance of the economy is a compelling validation of the economics of Eisenhower conservatism.

It would, of course, be a mistake to omit from this evaluation of the Eisenhower conservative's economic philosophy the intrinsic spirit which pervades it. Surely one of the most distinctive marks of the economy during the Eisenhower years has been confidence. It has expressed itself among consumers in the volume of their spending and in their willingness to commit themselves to payments on mortgage and instalment debt. It has expressed itself also in huge capital expenditures by businessmen. There is widespread optimism about the future of the economy, in the prospect of good jobs at good pay, in the profitability of investment.

The President has implemented his philosophy in a way that is in keeping with its principles, and this by itself has contributed much to the prevailing spirit of confidence. In a generation that has gone in heavily for politicizing its economics, he has talked much plain sense. He has made clear that workers as well as investors have a stake in the kind of business taxes that stimulate investment. He has refused to go along with the easily merchandisable idea that the highest minimum wage is best for the workers concerned. He has plainly declined to join those who would try to make water run uphill by reverting to rigid price supports at unrealistic levels as a solution for the farm problem. He has been unwilling to succumb to the almost invincible temptation in public life of always taking the short run view —of indulging "the sovereignty of the present generation."

But, perhaps, the greatest contribution he has made to business confidence is his iron refusal to play politics with the people's prosperity. He has denounced no group in our society as greedy, or sinister, or bent solely on its own ends at the expense of others. Nor has he favored any. He has constantly urged the cooperation of all groups to the end of national well being. The economic consequences of creating this atmosphere in which to work out our knotty economic problems have been enormous for good. President Eisenhower has truly brought a new Era of Good Feeling, and great have been its dividends for all groups of our population. Down through the years, his successors would do well to follow his example.

This philosophy of Eisenhower conservatism is fit for today and many tomorrows because it is a living thing. It recognizes the primacy of moral values in a material world. It is the key to improvement of the standards of life without the sacrifice of traditional values of personal liberty and initiative. It is firmly rooted in man's long experience in facing up to the economic problem and it is responsive to the aspirations of men and women in each new time. Its basic beliefs have survived because free men in every generation have by their devotion and their exertions given them vitality and validity.

It is our responsibility to guard this heritage, so nobly enriched by our President, and to strengthen it for service to our generation and to the generations that will follow after us.

"Study from new books but from old teachings."

Yale University Has $452,898 Deficit

We have been advised by Charles S. Gage, Treasurer of Yale, that the University has incurred a $452,898 deficit for the past fiscal year when operating expenses reached the record high level of $22,191,297. Yale University was the Alma Mater of the late William B. Dana founder of the "Chronicle," and two of its past Editors, the late Arnold Guyot Dana and Jay E. Crane, now Vice-President of the Standard Oil Company of New Jersey.

Mr. Gage points out that this deficit resulted from the University's efforts to catch up on a long-deferred program of maintenance and rehabilitation of campus buildings However, the actual deficit was substantially lower than the $1,000,000 figure anticipated as the 1954-55 deficit a year ago.

The fact that last year's deficit was considerably lower than expected was attributed by Mr. Gage to increases in investment income and gifts from alumni as well as savings in operating expenses.

Mr. Gage also points out in his annual report that:

(1) The book value of the University's endowments stood at the historic peak of $151,908,717 as of last June 30, exceeded in the United States only by that of Harvard. The book value of Yale's endowment assets increased by $1,819,338 during the last fiscal year. The market value of Yale's endowment fund assets last June 30 was $214,938,932, an increase of $36,815,167 over the valuation given to them June 30, 1954.

(2) Yale's income from investments last year amounted to $7,-453,136, an increase of 473,454 over the previous fiscal year. The income from endowments is only slightly lower than the $8,619,-364 collected by Yale in term bills and other fees charged to students.

(3) Gifts and bequests to Yale in 1954-55 totaled $9,536,686. Only $2,132,175 of this was for permanent endowment, however, which, according to Mr. Gage, emphasizes the current trend among donors to insist upon the prompt expenditure of gifts for research and current operations rather than to build up endowments.

(4) In the past two years Yale has expended $5,707,000 for new construction and remodeling of existing buildings, the highest figure spent for this purpose since the early 1930s. Of this amount, Yale received $4,991,000 as gifts from alumni, friends and two foundations. The remaining $716,-000 came from University general funds.

On commenting on the 1954-55 deficit, which was charged against the University's endowment funds, Mr. Gage stated that Yale spent $2,130,551 for maintenance, alterations and repairs of University buildings last year, compared to $1,477,802 in 1953-54.

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Whats and Wheres of Our Energy Needs and Supplies

Keeping the basic premise of economic availability in mind, let us group the future sources of energy into those that are (1) currently economic and (2) probably economic in the foreseeable future, keeping for another day those possible sources, such as solar energy, that may be economic in the distant future.

Current Economic Sources of Energy

Our important sources of energy supply today come from falling water and the fossil fuels of petroleum and coal. The energy developed from the gravitational effect between different levels of water has been steadily increasing as new hydro-electric projects are completed. It is interesting to note, however, that in contrast to other sources, the percentage of energy from water to total energy supply has been relatively small[5] over the years. While water power has an advantage of regeneration over the exhaustible fossil fuels, this advantage is pretty much cancelled out by the seasonal vagaries of rainfall, silting up of reservoirs, and the fact that the power must be used relatively near the source.[6] Many of the hydro-electric projects have been feasible only because of the auxiliary functions performed, namely flood control, water storage for irrigation and soil conservation. Looking to the future, it appears that water will continue to furnish an important but relatively small part of our energy requirements.[7]

Natural gas and crude oil, the fuels of petroleum, plus coal, constitute the real backbone of today's requirements. Since both petroleum and coal are in the formations of the earth in some unknown but finite quantity, the ultimate available supply has been the subject of considerable study and controversy.

Petroleum

Petroleum presently contributes 68% of our energy supply.[8] The total energy production in the United States has doubled since 1920 and petroleum liquids with natural gas have provided almost all of the increase.

This phenomenal rise in petroleum consumption, as contrasted to the static position of coal, has been due to a variety of reasons. One of the more important is the inherent differences in special qualities between the three fuels. Liquid and gaseous fuels lend themselves to cheap, long distance pipeline or tanker transportation[9] which is denied coal because of its bulk characteristics. Nearly all modern transportation has been converted to or built upon the use of gasoline, diesel and jet fuels, and liquid bunker fuels which come from liquid petroleum alone. The cleanliness flexibility and convenience of natural gas have given it consumer preference even when prices exceed those of coal. It has been only in the field of power generation and metallurgical uses for the making of steel that coal has been able to hold its own in recent years.

Petroleum gas and petroleum liquids have inseparable relationships at the supply level. One-third of the nation's gas reserves are associated or produced as dissolved gas with crude oil. They both occur in the same kind of formations and are found in the same type of geological structures. The procedures utilized for extraction are identical and development methods are similar. A large part of our gas reserves have been found in the search for oil and the economic incentive to the present-day wildcatter is the hope that he will get one or both when he drills an exploratory well.

For these reasons, the future supply of both oil and natural gas have similar relationships and are interdependent at sources of supply although the patterns of transportation, distribution and consumption differ in many respects.

If we will draw upon our imaginations and picture a huge underground gas storage reservoir sufficiently large to hold all of the proven recoverable reserves of natural gas in the United States, we would find that it would have contained approximately 212 trillion cubic feet at the end of 1954, according to the estimates of your own association. Withdrawals were made last year in the amount of 9 trillion cubic feet. At first glance, these figures would indicate that our gas reserves would be depleted in 22 years. The problem is not that simple, however, for the following reasons: first, it should be emphasized that the ratio of production to reserves should not be confused with years of supply. Oil and gas cannot be produced at will and a state of declining supply, rather than a sudden stoppage, will ultimately occur. Secondly, withdrawals have increased each year and if we apply even a modest increase of 3% compounded annually in the future we find that the ratio drops from 22 to 17.[10] If the 8.7% average increase in annual production which has been experienced in the past five years continues to prevail, the ratio becomes 13 to 1. But here again we are assuming a false premise for as withdrawals have been made from this theoretical reservoir, they have been continuously replenished by the addition of new field discoveries which in the past have been more than enough to offset withdrawals, thus increasing known reserves each year.

A similar analogy can be drawn for domestic recoverable reserves of liquid petroleum except that the proved reserves would be 34.8 billion barrels and the 1954 withdrawals 2.55 billion barrels, resulting in a ratio of production to reserves of 13.6 to 1.[11]

The key to the whole future petroleum supply problem is the ability of industry to supplement consumption with new additions from undiscovered and undeveloped sources.[12] Indisputably every barrel of oil or cubic foot of gas produced leaves one less to draw upon but how large nature's storehouse may be is a matter of conjecture. Estimates made in the past have nearly always been revised upwards as the record unfolded.

Regardless of how much oil and gas will become economically available in the future, we do know that, with increasing demand, eventually a point of diminishing returns will be reached. Some think it's just around the corner, while others are more optimistic. It is important, however, to realize that it will be a gradual process allowing time for adjustments and not an overnight catastrophe.

Coal

Coal was the king of all fuels at the turn of the century when it accounted for 90% of our total energy. Twenty-five years later it still was tops but beginning to lose ground to petroleum. Today, coal's contribution to the total has dropped to 28%, less than one-half that which comes from petroleum.

Coal not only dropped in the percentage ratings as a fuel contributor but annual production has declined from a peak of 630 million tons of bituminous coal per year to below 400 million tons in 1954.[13] The declining position of coal has taken place at the same time that total energy consumption was increasing at a relatively high rate.

Coal's trouble has not been caused by the lack of potential reserves (indeed they are large) but from its inability to furnish fuel suitable to meet the needs of present day energy demands at the costs and convenience offered by its competition. Obviously, coal has been excluded from the huge market that has grown from the use of gasoline and jet fuels and now through railroad use of diesel, from a market that formerly was a principal outlet for coal when steam was a predominant factor in transportation power. Similarly, coal has been at a considerable disadvantage in the space heating field because competing fuels have so many more inherent advantages in handling, cleanliness and flexibility. Also, because coal is a bulk commodity and therefore dependent upon high cost rail transportation, there are definite limits in the distance it can be moved to competitive markets.

The economic availability of coal, therefore, has become static at approximately the current production level. Mines formerly profitable have been shut down, others are operating on a break-even or marginal basis and those that show reasonable earnings are for the greater part of the strip mining variety.[14]

Present thinking indicates that the fortunes of the coal industry are at the turning point,[15] that with the increasing requirements for energy (particularly fuel for electric power generation) there will be a growing need for coal as economic pressures divert petroleum products to other uses. Unless new methods can be developed that will result in cheaper mining or transport, coal production is not likely to increase appreciably until markets provide substantially higher prices.

The large coal reserves in the United States[16] are of great importance to future energy supply not only because they will be available for future needs but because of the challenge they present to industry and technologists for conversion to other useful forms of fuel.

Probable Future Sources of Energy

For many years, experimentation and pilot plant operations have been conducted in an effort to convert the great hydrocarbon deposits represented by oil shale and tar sands in usable forms at prices equivalent to that of competitive fuels.

Recently, The Union Oil Company of California has announced plans to build a 1,000-ton-per-day retort and a program of investing $5,000,000 to back their judgment that oil from shale can currently be produced economically. The American Gilsonite Company, whose stock is owned jointly by the Standard Oil Company of California and the Barber Oil Company, has announced a $10,000,000 project having mining and plant capacity of 600-700 tons per day for the conversion of Gilsonite into petroleum products.[17] While no specific ventures have been announced, interest has been revived concerning the feasibility of mining and extracting petroleum from the Athabasca tar sands of Canada. These projects could well be the start towards realization of energy from sources that heretofore have lain dormant. When business men are willing to make large capital expenditures, it is a good bet that they feel assured of success. All of these ventures are pointed towards supplementing the supplies of natural crude petroleum.

Shale Oil

The problem of producing oil from shale is not one of whether it can be done successfully but whether it can be done at costs that will be competitive in present day markets. Oil has been successfully processed on a commercial scale for many years in Scotland, Germany, Sweden and France when prices of liquid fuels furnished an incentive for its production.

Oil shale constitutes a large potential source of energy and the extraction of oil therefrom presently may be commercially feasible.[18] Its entrance into the liquid petroleum field will likely grow slowly until depletion of other oil sources dictate its urgent need.[19]

Tar Sands

The Athabasca tar sands of Alberta, Canada, have intrigued the imagination of entrepreneurs for years because of the promise of very great volumes of oil known to exist in these formations.[20] Problems in mining and extraction have weighed against the economic recovery of fuel from this source and until some new technological development or increased economic incentives occur, it is unlikely that they will become important as an energy source.

Imports of Energy

While the scope of this talk is directed towards energy needs and supplies in our own country, we are large importers of certain forms of energy and will likely bring in increasing amounts as time goes on. This nation became a net importer of oil in 1948 and has continued in that position since then. In 1954, imports amounted to 1,052,000 barrels per day which was equal to 13% of our total domestic and foreign supply in that year.

Projects to bring natural gas from Canada and Mexico into the United States are developing and no doubt will become important in supplying part of our future needs. Liquefaction of natural gas may also play a supporting role, at some future date, in bringing natural gas to markets from distant sources.

The desirability of petroleum imports has been a most controversial subject for many years. The problem is so full of diverse opinions, conflicting interests, and other ramifications, that it seems inappropriate to discuss it in this paper.[21]

Conversion of Coal and Hydrocarbons

It is technically possible to convert by heat, pressure, catalytic or chemical reaction, coal into gas or liquid hydrocarbons; natural gas into liquids and oil into gas. Here again it is a matter of economics dependent upon whether sufficient product values can be obtained

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5 Various estimates of energy supply from water place it from 1% to 3½% of total energy supply.

6 W. K. Lewis in his address at Rome, Italy, this summer citing as reference C. N. P. Phillips in the Edison Electric Institute Bulletin of June, 1953 said "An informative study of the relative costs in the United States of transmitting electric power in comparison with shipping the coal by rail is available. Primarily because of the cost of getting the coal off and on wheels at the start and end of shipment, electrical transmission is far cheaper for short distances but more expensive as distance increases. The break-even point depends primarily on the capital charges on the investment and on the block of power being transmitted. Even when handling 1,800,000 kilowatts the break-even point under American conditions is only 260 kilometers (approximately 160 miles) when total capital charges are 14% and 700 kilometers (425 miles) when they are 10%. For really long distances, transmission of electric power is uncompetitive.

7 Palmer Putnam concluded his analysis on water power by saying "There is no assurance that water power can ever bear more than a few percent of the energy load of the United States."

8 Wood as a source of energy is disregarded here because of the unreliability of information, however, its importance is insignificant.

9 Although waterborne coal is cheaply transported generally the loading and unloading costs and the rail transportation from mine to water and water to markets, result in a high total transportation cost compared to liquid and gaseous fuels.

10 The ratio of the annual production of natural gas to proven recoverable reserves, based upon A. G. A. estimates, are as follows: in 1946 the ratio was 33.5, in 1950, the ratio was 27, 1952—22.6, 1953—22.6, 1954—22.2. During this period of time 65 trillion cubic feet of gas have been produced and total reserves increased from 147 to 211.7 trillion cubic feet. Therefore, discoveries, additions and revisions have added 129 trillion cubic feet since 1946 equal to 88% of the total proven reserves of natural gas 9 years ago. It must be noted that large proven and potential gas reserves in Canada and Mexico can be important to our domestic supply.

11 The ratio of annual production of liquid petroleum to the A. P. I. estimate of proven recoverable reserves was 13.6 at the end of 1954. During the past 35 years, there has never been a time when this ratio exceeded 17 or dropped below 10. In the last 6 years, liquid petroleum production has amounted to almost 15 billion barrels while proven reserves in that period of time increased 8 billion, a total of 23 billion that has been added through new discoveries, extensions and revisions equal to 86% of the total proven liquid reserves of six years ago. In the case of liquid petroleum, supply has been augmented in recent years by importation from foreign sources.

12 Paul Torrey before the Interstate Oil Compact Commission at Denver, Colorado, made the following interesting observation regarding secondary recovery: "the recovery that can be obtained from application of fluid injection methods under the economic conditions that existed at the beginning of 1954, is a much more definite figure. It is believed that this amount of oil can be recovered in addition to the primary reserve. Therefore, the present crude oil reserves of the United States is predicted with considerable confidence to be in the range of 40 billion barrels rather than around 29 billion barrels" and ". . . the 183 billion barrels that will remain (unrecoverable under present practices) is, indeed, a challenging problem. . . ." Secondary recovery methods have been used and improved upon over the years and are directed towards recovering a greater amount of oil out of known fields. Torrey's estimate includes only crude petroleum and when the 5.2 billion barrels of natural gas liquids are added, his total would be 45.2 billion barrels.

13 Anthracite coal reached peak production of 99 million tons in 1917 declining to 60 million tons in 1946 and further declining to below 30 million tons last year.

14 I am informed by coal experts that the deposits of coal available for strip mining are already in a declining position due to depletion.

15 Recently, there has been some increase in coal production occasioned by an improved export market and the upsurge in industrial activity.

16 Total coal reserves remaining in the United States were estimated by the U. S. Geological Survey in its report on coal resources issued Oct. 1, 1953. This report indicates that there remained 1.9 trillion tons of unmined coal. Seventy-five per cent of these reserves were estimated to be in thin beds, "inferred" or existing at depths below 2,000 feet and could be recovered only at high cost. Discounting the very high cost reserves and using the U. S. G. S. 50% recovery factor, there appears to be about 237 billion tons of reserves available for future use when the economics of fuel demand sufficiently stimulates production. Further analysis as to quality and location no doubt would substantially reduce this figure but unquestionably potential reserves are large compared to current rate of production.

17 Gilsonite is a relatively pure, black solid hydrocarbon with a high resin content, occurring in fissures and believed to be a residual product of crude petroleum. Gilsonite is expected to yield 50% green coke, 35% gasoline and 15%—1400 B. T. U. gas. Known deposits of gilsonite are not considered large compared to other sources of energy and cited here only to illustrate the trend toward commercial utilization of previously undeveloped sources.

18 Union Oil Company's A. C. Rubel, before the Interstate Oil Compact Commission said "an installation including mines, retorts, coking and hydrogenation facilities, by-product recovery and utilities to produce 40,000 barrels per day of crude shale oil would represent an investment, at present labor and material costs, of approximately $75,000,000. A pipeline of 40,000 barrels per day capacity from Rifle to Los Angeles, a distance of approximately 815 miles, designed to transport the semi-refined, hydrogenated material is estimated to cost approximately $56,000,000. At these figures, the material could be produced and delivered to the Los Angeles market at a cost competitive with current crude prices, allowing reasonable rates of interest, depreciation and profit."

19 Mr. Rubel also said in "oil shale is not by any means the only answer to our liquid fuel problem in the future but . . . will supplement the natural crude and take up in a large measure the shortage."

20 Estimates of potential liquid petroleum reserves are similar to those estimated for oil shale in the United States but those reserves that are accessible for low cost mining are of a much lesser magnitude.

to justify the raw material and processing costs. Industry and government have sponsored research programs on various phases of hydrocarbon conversion and a few projects are now being undertaken here and in other parts of the world.[22]

Nuclear Fuels

The awesome news of the terrific release of energy generated by the atomic bomb gave birth to a major new and previously unanticipated province of energy supply. The enormous military significance of this new weapon accelerated and intensified its development and gave birth to a far greater potential destroyer of life and property—the hydrogen bomb. Today, because of the fearsome prospect of holocaust and destruction resulting from a nuclear war, supreme efforts are being made to utilize this new power as a benefactor to mankind rather than a force for his destruction. Governments have paved the way towards exchanging research and development information. Industry both here and abroad is taking a forward and active part to hasten the day when nuclear power will be a useful source of energy to a world at peace. The importance of these developments is being featured prominently in the news and particularly so since the recent Geneva Conference.

What does the impetus given to this new source of energy mean to those industries that currently supply the nation's energy requirements? Will nuclear energy supplant petroleum, just as petroleum itself has largely supplanted coal? Will you, in the gas business, find a new competitor at your customer's door armed with a price and product package that you cannot profitably meet?

Authorities who have examined these questions say emphatically "No."[23] No, because the technical problems of weight, safety and energy conversion to usable power are so great that it will be years before atomic energy can stand on its own feet competitively with other fuel industries.[24] In fact, the very premise upon which nuclear electric power generation is based is that competitive fuels will become more costly as time goes on and supply will be unable to cope with future demand. On the other hand, nuclear developments can well provide a whole new chain of useful products and the expansion of others that would give impetus to increased needs of present day fuels.

I have attempted to keep on the main road on this quick trip through the energy prairie, fully realizing that a number of important sideroads, such as location of industry at sources of energy supply, the heat pump, and solar energy have been left unexplored.

Looking down the energy road of the future, guided by our traveling experience to date, we will find many reliable and familiar landmarks, to point out the way, during the early years of such a trip. But, as we proceed further, these landmarks become less discernible and less reliable, as trends in which we can place confidence and value, until we finally become completely lost in a maze of conjecture, projections and assumptions.

Interesting speculations have been made of energy supply and requirements for the distant future using presently known sources of supply as a base. These inquiries tend to paint a gloomy and hopeless destiny for our successors in the 21st century. We, in our age, have been accused by some of squandering in a relatively short period of history, a legacy of capital energy which took nature millions of years of geological time to accumulate. But it must be remembered that over the centuries our energy resources have been lying dormant and it was only through the ingenuity and enterprise of man, in this century, that they became useful servants of society. For my part, I have great faith that research, accumulated experience and knowledge, will point out new horizons of energy supply, perhaps nuclear—perhaps undreamed of today, that will be available just as we today are utilizing energy sources that were unheard of in the 19th century. We cannot solve the problems that will confront our children's children's children except to will them a heritage of freedom, enterprise and progress; having this framework, they will probably make any fears we now have appear silly down the road.

Besides, we have pressing problems even today; so, let's get back to earth and sum up the foreseeable part of our journey into the future. It appears that we confidently can expect to see the following trends develop:

(1) Energy needs, barring catastrophe and a decline in living standards, will continue to grow at an increasing tempo.

(2) The need will be so great that the trend will not be substantially changed by nominally increased costs of energy production.

(3) Adjustments and changes will continue to occur in the demand pattern for different forms of energy as new uses develop and vary with the economics, desirability and availability of supply.

(4) The existence of potential sources of supply both at home and abroad are adequate providing a political and economic climate continues to encourage industry to make the necessary investments in plants, processes, discoveries and research.

(5) Nuclear energy will play a relatively small part in total energy demand for the next 20-25 years and will develop as a supplemental source becoming more and more important as a partner rather than a competitor to other forms of energy supply.

(6) The important contribution that energy has made to our national welfare can largely be attributed to two broad policies that have inspired progress and expansion of our economy. The first of these has been the freedom of consumers to utilize the fuels of their choice. The policy of freedom of choice provides the flexibility that facilitates the development of new sources of energy and the incentive to find new uses for old sources and has operated towards more and more efficient utilization of our energy supplies. Secondly, a policy of reliance upon competition and private enterprise to generate the necessary supplies to meet the nation's growing needs for energy. Competition and private enterprise have attracted the large volumes of risk capital and the intense, diversified effort for discovery, technology and development that are so necessary to maintain supply. Government management, except in certain areas of conservation and basic research, either through end-use control at the consumer level or the stifling of real competition at the supply level will in the long run operate towards higher energy costs and a diminution of future supply. So finally:

(7) It will be important that government provide the political climate that will encourage the maintenance of enterprise and competition, plus the ground rules of fair play; that industry continue forward and progressive policies of exploring all avenues of energy supply through continuous studies of trends and developments and individual and coordinated research programs; and that also there exist a better understanding of supply problems between all segments of the various energy industries and full encouragement towards their solution.

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21 The author made this statement before the National Industrial Conference Board at New York last May: "The processes of a vigorous discovery effort, improving technology, and wise conservation have served the nation well in providing petroleum energy supply, and their maintenance is of first importance for future supply. Nevertheless, these processes are means to enable economic extraction of petroleum that exists in some unknown but finite quantity and their function is to make available greater quantities of an exhaustible resource.

"This brings up the question of how much reliance can be placed upon domestic sources to continuously supply growing future needs. Will we, in spite of a progressive and dynamic discovery effort soon reach a point of diminishing returns? It has been stated in this connection that new fields are progressively deeper and more expensive to develop, that the success ratio of barrels of oil discovered to footage drilled has been decreasing. Recent statistics indicate a smaller ratio of barrels added to reserves for each barrel produced. Opposed to this reasoning are those who point out that the history of petroleum development is replete with forecasts prophesying an impending oil shortage but that seemingly impending shortages have always been offset by an increasing technological effort that has increased supplies. Oil and gas reserves cannot be depleted at will. When and if shortages do occur, they will come gradually and in a manner that will allow adjustments without serious impact upon the economy.

"There are good reasons in support of both contentions and it seems wise to pursue a course directed towards keeping all avenues of supply open to meet our future needs. Such a course calls for balance and perspective and would have a threefold objective of maintaining a dynamic, capable domestic industry, the maintenance of outside sources of supply and the provision of flexibility for the utilization of other forms of energy when they become available and desirable."

22 In a personal communication from Mr. Joseph Pursglove, Jr. of the Pittsburgh Consolidated Coal Company, he said "several years ago, the Bureau of Mines completed a monumental research program costing some $80,000,000 with these goals in mind (conversion of coal to liquid and gaseous hydrocarbons). Big demonstration plants were built and it was proven that American coals could be converted to gas and oil by the old German processes, Fischer-Tropsch and Bergius. Beyond that, extensive programs were also undertaken by private industry during that same period including the oil industry, the chemical industry, and ourselves among others. All these efforts led to the general conclusion which, as far as I can gather is now widely accepted, that it is not possible at this time to produce either methane or gasoline from coal competitively with the natural products . . . we here, and I am sure many other companies, continue to work in their laboratories on schemes which would promise significant improvements. . . ."

23 Dr. Robert E. Wilson in "The Probable Impact of Atomic Energy on the Petroleum Industry" after a detailed discussion concluded "I believe the impact on our industry will be negligible over the next twenty or twenty-five years. Beyond that, I believe we will welcome its aid in helping to take care of the country's rapidly growing needs for power."

Arthur D. Little, Inc. consultants for The First National City Bank of New York on nuclear energy had this to say: "it must be emphasized that atomic energy will not supplant coal and oils, rather it will supplement them. At some time in the future, we may find it advantageous to turn to atomic energy for stationary power plant operation, so as to conserve oil and liquid fuels derived from oil, natural gas and liquid fuels derived from coal for small portable power plants, such as automobiles, and for petrochemical industries. This *long term view* is perhaps one of the strongest incentives for the development of atomic energy.

"It should be realized that essentially, all that nuclear-fueled equipment will do is replace the boilers and the fuel in the conventional operation of power systems. Over the last 50 years, fuel and purchased energy cost have, on the average, not exceeded 3% of total cost of manufacture, nor exceeded 7% of value added by manufacture, in the United States. . . . As far as the average householder is concerned only about 17% of his current electric bill reflects the overall fuel costs involved in generating his electricity. Even if atomic furnace operation were cheaper than costs for present conventional uses, his savings would not amount to more than a few percent."

24 Commercial use of nuclear energy for propulsion power is extremely remote. From the military standpoint, where consideration of refueling outweighs weight and cost factors, application of nuclear energy to power submarines, surface fighting ships and possibly aircraft, and locomotives, is feasible and probably desirable. But no such yardstick can be used in its commercial application where costs are the dominant factor. Dr. Wilson points out that in the field of power generation where nuclear energy has its most likely application, only 18% of the natural gas currently produced is utilized in the power generation markets. It has been possible to supply this market in off-peak times, producing a better load factor for the distribution systems and making it possible, in many cases, to take the excess natural gas produced coincident with the production of oil and thereby eliminating waste. Underground storage, petrochemical uses and possibly new methods such as gas liquefaction are trending towards a reduction of load factor sales and it is safe to assume that the 18% going to electric power generation now will become a smaller and smaller factor in the future. Similarly only 3.3% of the U. S. crude volume (largely residual oil) and a smaller percentage of its dollar value goes into power generation and here again the economics of refinery operation continue to reduce the production of residual fuel oil towards increasing the percentage of those products that have greater value.

Seemingly, the impact of nuclear power therefore would fall most heavily upon coal but when it is considered that the growth of electric power generation is doubling every ten years, it is expected that the demand for coal will become greater rather than smaller.

Railroad Securities

Great Northern

One investment grade rail stock that had been in the doldrums for some time and has been attracting considerable buying interest in recent weeks has been Great Northern. Even with the price recovery that has taken place from the year's low, the stock is still selling to yield about 6.2% on the present $2.50 dividend. Analysts are pointing out that this is an unusually attractive return for a stock of this quality, particularly as the dividend is rather modest in relation to indicated earning power. Great Northern has long been recognized as a sound railroad operation. Over a period of years its transportation ratio has consistently been lower than that of the industry as a whole and just as consistently its pre-tax profit margin has been wider than the Class I average.

While its operating performance in the past has been highly favorable, it is indicated that the full potentialities have not even yet been realized. Further substantial reductions in costs appear to be in prospect during the next year or so. The company is building a new fully mechanized hump yard at Minot, North Dakota, which may be considered the hub of the system, and this should be completed within the next 12 months. Electric operations are being abandoned on the Cascade Division—diesel power is being substituted. The entire cost of this project, which should be completed some time next summer, will be covered by salvage from the electrical installations. The road will then, to all intents and purposes, be 100% dieselized. The company is seeking ICC approval to start joint operations with Soo Line between certain points in Minnesota and North Dakota which will allow abandonment by both roads of some duplicate mileage. This could mark the start of a potentially very favorable trend with implications for important future savings. All of the above developments should work toward even greater operating efficiency.

From a traffic standpoint the company's past record has also been good and here again indications point strongly toward continuation of the favorable trend. There has been a powerful stimulus to the growth of the company's industrial traffic from the extensive hydro-electric developments in the service area. This has been highlighted by, but not confined to, the aluminum industry. Also, the irrigation projects incident to the power development have resulted in the opening up of vast acreages of formerly barren land to agriculture, which, in turn, has led to the establishment of many food processing plants along the company's lines. These potentialities for broadening the traffic base have not even yet been fully exhausted—another new link in the hydro-electric chain was completed this year on the Columbia River, and additional projects are under construction or in the planning stage.

The industrial growth of the service area and higher revenues from wheat and other agricultural commodities cushioned the impact on Great Northern of the general economic letdown last year and earnings of $4.21 a share were not off too much from the record $4.92 a share reported in 1953. Conversely, the upturn in revenues in the current year has not been so wide as that of many other Class I carriers or the industry as a whole. Also, Federal income tax accruals have been considerably heavier this year than last. Nevertheless, with the continued improvement in operating efficiency, share earnings on the stock for the eight months through August rose to $3.12 compared with $2.36 a year earlier. If there were to be no further year-to-year gains in the final four months of the year, earnings would still move forward to another new all-time peak by a small margin. Actually, further gains should be realized in subsequent months with the possibility that 1955 earnings might reach as high as $5.50 a share.

Blyth Group Offers Pacific Gas & Elec. 4.36% Preferred Stock

A nationwide investment banking syndicate headed by Blyth & Co., Inc., and including 198 other underwriters, on Oct. 25, publicly offered 1,000,000 shares of 4.36% redeemable first preferred stock ($25 par value), of Pacific Gas & Electric Co. at $25.50 per share.

Proceeds from the sale of the new preferred will be added to the company's treasury and used to finance the company's construction program.

Pacific Gas & Electric Co. supplies electric service to approximately 1,659,000 customers and gas service to approximately 1,360,000 customers (of whom 88% are estimated to be also electric customers) throughout the major part of northern and central California. The system extends into 46 counties containing about one-half of the total California population. Gross operating revenues for the year ended July 31, 1955, of $421,802,000 were derived 66% from electric service and 33% from gas.

Birely & Co. Formed In Washington, D. C.

WASHINGTON, D. C.—Birely & Company is being formed with offices at 1700 K Street, N. W. to engage in the securities business. Officers are Victor M. Birely, President; William C. Birely, Executive Vice-President and Treasurer; Kenneth R. Robertson, Vice-President and Secretary; and Lawrence H. Mayer, Assistant Treasurer. Victor Birely and William Birely were formerly partners in Rouse, Brewer & Becker, with which Mr. Mayer was also associated. Mr. Robertson was formerly in the trading department of Folger, Nolan-W. B. Hibbs & Co., Inc.

F. Wilder Bellamy

F. Wilder Bellamy passed away Oct. 24 at the age of 68 following a long illness. Mr. Bellamy was a limited partner in Dominick & Dominick.

Continued from first page

As We See It

the idea really is. With his usual felicity, Mr. Stevenson the other day rather aptly gave the politician's version of the notion. He said: "Our objective for agriculture is equality with the other parts of our economy.

"Our yardstick for measuring this equality is parity —a formula for fairness based on relating what a farmer gets for what he sells to what he must pay for what he buys. And 90% of what is fair is certainly not unfair or too high. Support by government loans at 90% of parity for basic commodities is all the more necessary at the present time when farmers' income is falling and we are moving further away from the goal of equality."

This type of smooth politician's version of the matter has doubtless won much support for the plan. When so put, it sounds vaguely fair and reasonable, and all too many do not take the trouble to inquire what the plan really is, and if they did they, of course, could not find the answer in these words of Mr. Stevenson or in the phrases of other politicians whose main interest is to get the farmers' votes while losing none elsewhere. But what, really, is this thing we call "parity"?

What Is "Parity"?

Well, in the early New Deal years self-styled friends of the farmer selected certain pre-World War I years—generally 1910-1914—and set up the claim that prices in this period were normal and fair for the farmer. The relation between the prices he was getting during those years to the prices of things he habitually bought was right and fair, so the claim ran. But thanks to World War I and various other factors, this relationship no longer existed, so they said. Various other factors in the economic system had been able to raise their prices a good deal more than had the farmer.

Since no way was at hand to reduce other prices, and in fact at that time no one—not even the politicians—wanted to reduce any prices, the task seemed to these economic managers to be to raise the prices of farm products to match the increases that had taken place in other prices, or at least such other prices as directly impinged upon the farmer.

Various technical changes in procedure and possibly some slight modification of original concepts have occurred as the years have gone by, but basically that is still the concept of parity and it is the purpose of "support" loans to restore and maintain this kind of "equality" for agriculture. Now it is evident to all who care to consider the matter carefully that we have here a scheme for fixing by fiat or by government interference an artificially chosen relationship, unaltered and unalterable through time, between one sector of the economy and other sectors. It denies or forbids that eternal change which is the breath of life to any economic system.

Of course, such relationships as these are eternally changing from year to year and from decade to decade. How hopelessly we all should be shackled and impeded if this were not the case. The fact of the matter is that since 1910-14 many large segments of industry have not done as well price-wise as has the farmer. Some of them have gone by the board, as they ought to have gone. Others have found ways and means of adjusting themselves. None have cried for help from Washington and none have received any.

Where is the carriage making industry of a half or three quarters of a century ago? What would have happened if a "parity" scheme had been launched in behalf of this industry and at the expense of the taxpayer? Absurd? Of course. But why more absurd than "parity" for the farmer?

The chemical industry is now able to ask prices a good deal higher than those it got in 1910-14, but not as much higher as the price of farm products. It has asked no help from Washington and is getting none — unless tariff rates are to be so regarded, and no one supposes that the industry is more dependent upon tariffs than it was a half century ago.

A Basic Industry, Of Course

Agriculture is, of course, a basic industry, but it is a great asset to the country precisely because properly managed it can stand on its own feet and provide us all with food and certain other products at prices we can and are willing to pay. No industry can rightly claim greatness and basic essentiality which must be spoon fed from government in order to live. These things are, or ought to be, well known to the politician, who would lose no time in proclaiming them from the house tops if some other industry (which commanded no votes of consequence) were to enunciate them and undertake to dip its hand into the public till in the way that the farmer persists in doing.

The old saw, born of earlier political campaigns, that farming is not an industry, but a way of life is equally absurd, and is soon found to be when analysed dispassionately. If it is a way of life, or whatever it is, can it be so essential to the nation if it must be subsidized? Do we make sense when we year after year pay large segments of our population to continue in a "way of life"? Farming, self-reliant, independent, and self-supporting, may well be a "way of life"—though we confess we do not know precisely what the words mean—but hardly if it must be supported by taxation.

Continued form page 11

The Best Insurance Against Depression

prosperous years in mankind's history, and we're doing it again in 1955.

So in the light of the failures of the gentlemen and ladies of my cult, who are given to making predictions, one can hardly call this a profession — they have nothing much to profess.

We Are Worring Over a Coming Depression

Let us, then, examine first the facts and then the future. Doing that we might get an idea of whether or not we can have another depression. There are certain facts that we know: We seem to have developed an astonishing new national characteristic which confounds the rest of the world. As Americans we have become the worryingest lot of people on the globe. The more we prosper, the more we seem to worry about a depression. It has been 25 years since our last economic catastrophe and there has hardly been a day since then that some official hasn't worried aloud about its recurrence.

We have subscribed wholeheartedly to the theory of economic cycles and we believe in them to such an extent that we are certain in our hearts there is going to be another depression. The only thing that bothers us is that we don't know when it's going to come.

One of the things I find most annoying in the current studies about the nation's economy is the fact that the analysts will pick out three or four statistical tables or charts and go ahead and make predictions from them. As you know, there are more than 390 major statistical compilations to measure different parts of the economy, like steel production, carloadings, port collections, kilowatt hour production, the "Herald Tribune" investors' stock averages, and I believe there's another stock average called—let's see—I believe they call it the Dow Jones.

Anyway it seems downright unethical to me for an analyst to pick a couple of these measuring devices out of the whole context and on the strength of what one or two of them register, go ahead and make predictions. It wouldn't be so bad if he covered what was happening to all of the other tables. Fact is, there has never been a time in economic history when a nation has been more prosperous than ours is right now. More important, there has never been a time when a nation had clearer obstacles to overcome to keep its prosperity level and stable.

There is no sense in my reciting all of the statistics and figures. You know that employment is at a peak. Unemployment is at one of its lowest points. Income has hit a new record. Corporate profits have established new highs. Expenditures for plant and equipment are rocketing ahead. Nearly every statistical indicator is bursting through the top of its chartlines.

In fact, they should be. It's only by sensible apprehension that we will eliminate the things that woud trip up our economy and thrust us backward. So, let's worry a little. But before we do that, let's explore some of the safeguards, some of the safety devices we have to prevent us from sliding back to another depression.

Is the Depression Coming?

Will we have another depression? Can we return to the bleak days of the early 1930s with breadlines and soup kitchens and Oakies and 12,800,000 unemployed Americans?

If you listen to some of the economic forecasters today, they'd scare the pants right off you. They'd have us going back to 1930 in the next few months. But there's an amazing array of safeguards to prevent, or at least, to forestall an economic catastrophe like the one that followed the 1929 crash.

Today there are built-in stabilizers which were either less effective or not in existence in 1929.

Just regard the six most important stabiiizers:

(1) The Federal Reserve System, which is perhaps the most potent and least-understood balance wheel of our economy. As you know, it can create money, withdraw money from the nation's business machinery, expand credit, or limit it, and can exert tremendous influence on the market for government bonds—those innocent and wonderful pieces of paper that represent not only the indebtedness of all taxpaying Americans, but their credit as well.

(2) The Federal Deposit Insurance Corporation which insures savings and thrift accounts up to $10,000 so that if a bank should fail—and what an unusual event a bank failure is these days—the depositors will get their money intact.

(3) The Securities and Exchange Commission, which polices all securities on the stock exchanges with the result that there are few, if any, worthless stocks offered for sale through the legitimately established channels.

(4) The Council of Economic Advisers—which is now consolidated in one man (Dr. Arthur F. Burns), whose duty it is to detect the threat of recession or the indications of inflation in time to recommend counter-action.

(5) Unemployment compensation, the state-controlled setups for supplying income to those laid off, and

(6) The Social Security Administration which aids an increasing number of Americans who have reached retirement age or are incapable of earning their own living.

These are the principal man-made built-in stabilizers to help us avoid another 1929. It's comforting to think of these things. They're like cops on the beat protecting your property while you're occupied with other chores.

But actually it's a little silly to compare our economy today with that of 1929. For example — my son is always saving, Give me a For-Instance—so I'll give you a For-Instance: For Instance:

National income today is 241% higher than it was in 1929—that boom year before the bust.

Two hundred forty-one percent! Is this just inflation?

Hardly, when the Gross National Product, that total measure of the output of goods and services, is up by 241% over 1929.

And the disposable income of Americans — before taxes — is up by 204% over 1929.

Earnings of all types are up by 225%.

Yet it costs us—believe it or not—only 56% more to live than it did in 1929.

In the past few weeks the stock market has surged with new vigor. And some of the prices soared to new highs for 25 years, and the market reacted like an old man with his first dose of hormone pills, the gloomy Gusses of Wall Street shook their heads and said: "Just like 1929 all over again!"

Well, let's see if they're right. The Dow-Jones average of 30 industrial stocks should be a pretty good measure to see how right these fellows are.

The Dow, this week hit 478.80. On Sept. 3, 1929, the high for that year, the Dow as 386.10.

"Herald Tribune" averages Sept. 8 high, 242.59, 6.1% above Sept. 3, 1929.

So can we rightly say that the stock market is over-priced—that we've overextended ourselves—over-gorged ourselves—or created another inverted economic pyramid that will topple as it did 25 years ago?

I don't think you can rightly say that.

Let's just consider the nation's economy as a scale that has to be balanced.

Back in 1929 it was out of kilter. On one side of the scale we put our individual indebtedness of $43 billion; our stock average of 386, and our consumer price index of 73.3. On the other side of the scale we tried—and failed—to balance with total assets of $266 billion; a dollar whose purchasing power was worth 81 cents; national income of $87 billion and a Gross National Product of $103 billion.

Today We Are in Balance

Today we're in balance — even tipping toward the beneficial side of the scale.

On the one side, indebtedness of $100 billion—stock average of 478.80; a consumer's price index of 114.7.

On this good side of the scale you'll find: Assets of $800 billion —purchasing power of the dollar at 52 cents; national income of $320 billion (estimated);—a Gross National Product of $384 billion, or more.

There's enough under us — enough of a strong, powerful foundation to support the weight of our indebtedness, our stock prices and our high cost of consumer products.

It's an easy thing to say that inflation has eroded our earnings to a point where the economy is imperiled.

But is that true? Back in 1930 when the average hourly earnings were only 56 cents, the purchasing power of the dollar was high enough so that this 56 cents was the equivalent of 77 cents—based on the 1935-39 average equalling a sound dollar of 100 cents.

Pretty good, it's true, to earn 56 cents and have it be worth 77 cents.

But let's not be too uncharitable with our own present situation. Today the average hourly earnings of Americans are $1.76. After allowing for the erosion of inflation—and figuring the dollar as being worth only 52 cents — that gives us average hourly earnings of $1.56.

I suggest that $1.56 in real income is better than 77 cents in real income, even though in 1930 you earned less and realized more, while today you earn more and realize less.

Another bad habit of the academic economists is to contrast our American situation with the situations in other countries—and it happens very often that the foreign countries look better in these comparisons.

Thus I'd like to clear up a point about the French. Throughout history the French have received the plaudits of all other nationalities for being the world's greatest lovers. I have been looking at some of our own American statistics which show that insofar as the French are concerned this is a vastly overrated ability and the Americans are far ahead of them.

The figures I cite are, of course, the figures on the birth rate. This is watched with scientific interest by the economists. It is now estimated that by the year 1970 we will have a population of 200,000,000 Americans — consumers all — spenders, savers, workers, every one of them.

Just think of the demands on our resources—for food, clothing and shelter. In some countries this might not be a happy trend. In strictly agricultural nations like China or India or in economically unbalanced nations like Italy, such a whopping crop of kids would throw the economy into turmoil.

A Nation of Suppliers and Buyers

But not here. Here we have a unique version of capitalism. Ours is not a system of conservation—nor is it merely a system of production. We are a nation of suppliers and buyers. The more we buy, the more we have to supply—and the more employment is created.

On this basis consumer wealth in the United States has risen above three-quarters of a TRILLION dollars — an increase of more than 50% since the end of World War II.

The asset holdings of the consumers in this country of ours—the cash, insurance, homes, business interests and other liquid or easily salable possessions are now in excess of $800,000,000,000. Against this there are offsetting debts of $100,000,000,000.

Half the families of our republic now have a net worth of $7,500 or more. A sixth of them own more than $30,000 in net assets. Less than one-tenth of the families have more debts than assets.

For there has been in the past 20 years a radical change in the composition of our economic structure. Until a few years ago, our economy was like a pyramid, with a few rich people at the top and a lot of poor people at the bottom. Today it's like a diamond —with a very few rich at the top, a very few poor at the bottom—and the vast bulk of people getting enough to put them into the "middle income bracket."

It's significant that nearly four-fifths of the families who earn under $5,000 a year own nearly half of the nation's wealth.

There's not much sense in worrying. I read a piece just the other day put out by the United Nations, suggesting that by the year 2000 there would be so many people on Earth, we'd have trouble feeding them all. There's your typical economist for you! He's worried. Sure we'd have trouble feeding them if our crop yields and methods of farming remained the same as they are today. But who says they're going to be just the same in the year 2000? I'll bet the fathers of these same economists said it would be ridiculous for Henry Ford to make so many cars because there weren't roads enough to hold them.

Meanwhile, your job and my job is to persuade people to spend a lion's share of their earnings. For spending is what makes our economy move, what makes us prosperous.

The only thing I fear is what we may do to ourselves in the ballot boxes. We might vote more socialistic legislation—ever heavier and more confiscatory taxes.

But over the long range, I do not fear a depression.

You know, people are not allowed to be moderate any more. You can't be a moderate thinker about the G A W, for instance—you're either pro-G A W or anti-G A W. You're either pro-Eisenhower or anti-Eisenhower.

Well, if I can't be an economic moderate and must choose between being a bull or a bear — then count me on the side with the BULLS.

We're just entering the atomic age—yet we've hardly scratched the chemical age or the electronic age. Before us there are tremendous achievements and glamorous unknown fields to conquer.

You've taken a strong part in the past growth. You'll take an active part in the growth of the future. Why be afraid? A depression's the last thing to fear.

Republic Electronic Stock at $1 a Share

Keene & Co., Inc., of New York City, on Oct. 25 publicly offered an issue of 300,000 shares of common stock (par 10 cents) of Republic Electronic Industries Corp. at a price of $1 per share as a speculation.

Republic Electronic was incorporated in New York in April, 1951, and is engaged in the development, manufacture and sale of precision electronic equipment. For the year ended April 30, 1955, net sales amounted to $597,255 and net profits after taxes were $53,148. This compares with net sales of $426,380 and a net loss of $42,688 for the preceding fiscal year.

In order to expand further its commercial and industrial business and in recognition of the intensive new-home building program throughout the United States, Republic, in September, 1955, acquired all of the outstanding stock of Dorphone Inc. which is now an affiliate of Republic. This affiliate is now producing a low priced intercommunication system for the home called the "Dorphone" and is presently developing a group of differently styled radio and radio-clock combinations. The company plans to sell them in quantity to home builders.

The net proceeds from the sale of the stock will be used to pay for expansion of production facilities for research, development and testing of new products; for working capital and other general corporate purposes.

H. L. Robbins Adds

(Special to THE FINANCIAL CHRONICLE)

WORCESTER, Mass. — Sheldon M. Fechtor has become associated with H. L. Robbins & Co., Inc., 40 Pearl Street.

With Merrill Lynch

(Special to THE FINANCIAL CHRONICLE)

DETROIT, Mich.—Carl A. Pohly has become associated with Merrill Lynch, Pierce, Fenner & Beane, Congress and Shelby Sts.

Our Reporter on Governments

By JOHN T. CHIPPENDALE, JR.

The trend toward higher interest rates, which was again emphasized when the prime bank rate and other loaning rates were advanced, seems to have been pretty well taken by the Government bond market. The near-term issues of Treasury obligations, which bore the brunt of the reaction to the recent increase in interest rates by lending institutions, appear to have regained a part of their equilibrium for the time being, at least. On the other hand, the more distant Government securities were not too much disturbed by the upward trend in loaning rates. Demand for the longer Treasury issues is still growing, which is a favorable factor.

However, current opinions, although constructive as far as the longer term obligations are concerned, do not appear to expect a great deal more than a firm trading market, with periods of ease being looked upon as buying opportunities. Portfolio adjustments, along with the year-end new money raising and refunding of the Treasury, will probably tend to keep the Government market from going too far in either direction.

Discount Rate Change Not Expected

The money market continues to remain on the tight side and no immediate change is indicated in the policy of the powers that be. The Central Banks are furnishing the money market with enough funds, so that the tightness does not become acute. Federal funds are still available to those commercial banks that are not inclined to borrow from the Federal Reserve Banks.

Accordingly, the money markets continue to be orderly with indications now available that the mild squeeze which was evident in the short-term issues, especially Treasury bills, has passed for the time being. With the yield on the most recent offering of Treasury bills under the rediscount rate, it does not seem as though there will be any change now in the rate which the Central Banks charge the member banks for borrowings.

It still appears to be the opinion of many money market specialists that the powers that be, will not be inclined to move too fast as far as a change in the rediscount rate is concerned. It is felt in these quarters that more time will be needed by the authorities to see what takes place in the money markets as a whole, in spite of the increase in the prime bank rate and the other lending rates.

Long Bond Market Acting Well

The long-Government market continues to give a good account of itself, in spite of the higher rates which are being charged for all types of borrowings. This means that the more distant maturities are moving into stronger hands and it is reported that the 3s of 1995 are being well taken by investors around the 100 level. It is indicated, however, that there still is a fairly ample supply of the longest Government bond when quotations get around the cost levels of certain institutional holders of this obligation.

Tax switches continue to play an important role in the Government market, with indications that the extending of maturities is still going on in most of these operations. It is reported that the intermediate term maturities are being disposed of in quite a few cases, with the proceeds being reinvested in the more distant Treasury issues.

Corporate and Municipal Bonds in Favor

The favorable action of the Government market, particularly in the longer end of the list, has had a compensating influence upon other sectors of the bond market. Recent offerings of corporate bonds have gone quite well, with insurance companies and pension funds being among the prominent buyers of these new issues. Likewise, the tax free obligations have been well taken in most cases, with indications that the longest maturities of these offerings have found rather sizable buyers among institutions that are interested in tax-exempt income. It is also indicated that some of the intermediate maturities of state and municipal obligations are getting a bit more attention than was the case not so long ago. Part of the money which has been going into the middle-term maturities of the tax-exempt issues has come from the sale of intermediate-term Treasury obligations.

Commodity Credit Corp. Issue Expected

Although it is still a bit early to be giving too much consideration to the year-end financing of the Treasury, some discussion is being heard now as to what might take place at that time. The debt of the Government is bumping right up against the legal limit, so there is not a great deal of leeway available for the new money-raising operation of the Treasury. This probably means that there will be an offering in the near future of Commodity Credit Corporation securities in order to ease the debt limit position of the Government. It is also believed that the year-end new money raising venture and refunding of the Treasury will be taken care of through tax notes, along with some kind of an option deal to holders of the maturing issues.

Form Valley State Brokerage Incorporated

SALT LAKE CITY, Utah — Valley State Brokerage Inc. has been formed with offices at 2520 South State Street to engage in a securities business. Officers are Eugene D. Eyre, President; Harlow L. Jones, Vice-President; L. C. Eyre, Secretary, and Glen L. Crandall, Treasurer.

William Bayne

William Bayne, partner in F. S. Moseley & Co., passed away Oct. 22 after an extended illness.

P. & S. Division to Hold Annual Dinner Nov. 9

Anthony P. Rizzuto, of Hayden, Stone & Co., President of the Purchases and Sales-Tabulating Division of Wall Street, Association of Stock Exchange Firms, has announced that the Annual Dinner of the Division will be held at the Hotel Statler of Wednesday, Nov. 9, 1955.

Bert Seligman, of Thomson & McKinnon, Chairman of the Entertainment Committee, stated that about 600 members and guests are expected at the dinner.

Ronald Beaton Joins Group Securities

ST. PETERSBURG, Fla.—Ronald A. Beaton, previously Executive Vice-President of McCleary & Co., investment dealers, has been appointed southeastern regional manager for Distributors Group, Inc., sponsors of the mutual funds of Group Securities, Inc. The southeastern territory includes Florida, Georgia, Mississippi, Alabama, Louisiana and part of Tennessee.

Ronald A. Beaton

Mr. Beaton's broad investment experience includes earlier posts as Florida West Coast Sales Manager for A. M. Kidder & Co. and branch managerships of both Merrill Lynch, Pierce, Fenner & Beane and Goodbody & Co.

Mr. Beaton will make his headquarters at 1321 22nd Avenue, North, in St. Petersburg. He is a past governor of that city's Chamber of Commerce and past President of the Children's Service Bureau. He is also active in both the City and Community Welfare Councils.

Form F. C. Whaley Co.

As of Oct. 27 F. C. Whaley & Co., members of the New York Stock Exchange, will be formed with offices at 71 Broadway. Partners will be Frederick C. Whaley, member of the Exchange, general partner and Daniel M. McKeon, limited partner. Both have been active as individual floor brokers.

A. G. Becker Officer

SAN FRANCISCO, Calif.—William V. Murphy will become Assistant Secretary of A. G. Becker & Co., Inc., with headquarter in the San Francisco office, Russ Building.

Shaskan Co. Changes

On Nov. 1 George F. Shaskan, Jr., general partner in Shaskan & Co., 40 Exchange Place, New York City, members of the New York Stock Exchange, will become a limited partner. Peter J. Eichele will retire from partnership Oct. 31.

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A Utility Survey of Accelerated Depreciation

plus; 18 companies indicated that they were going to treat it in some other manner; and three companies were undecided.

Reasons for Setting Up a Reserve Account

Some of the reasons given by those who were setting up a reserve account were:

First, this method was provided for in an order issued by a regulatory commission.

Second, the amount is a deferred liability and is not a part of surplus restricted or otherwise.

Third, that there was no reason for treating this any differently than emergency accelerated amortization had been treated.

One company indicated that it was doing it because its independent auditors stated that that was the way it should be done.

One company indicated that it was doing it because it was not in agreement with the suggestion of the American Institute of Accountants.

I might add at this point that an outstanding investment counseling firm issued a bulletin which stated that they believe that tax deferral through rapid tax amortization should be recorded in a reserve account since if it was placed in surplus, even if restricted, it might give a distorted picture of the debt-equity ratio. It advised its clients that for purposes of analysis any amount of tax deferral included in restricted surplus would be pulled out in appraising debt-equity ratios and other matters pertaining to financial analysis. I think that this observation should be of considerable interest to our industry.

The primary reasons for recording the tax deferral in restricted surplus were two: First, the possibility that if the deferral were set up in a reserve account, it would be applied against cash requirements for rate case purposes. The second reason was that the tax deferral was considered as a part of capital, since funds were provided for construction from an external source.

The Kentucky Commission ordered a company not covered by the survey to record the tax deferral in Earned Surplus Restricted for Future Federal Taxes on Income.

Some companies were undecided between recording the tax deferral in a reserve account or in restricted surplus. Some of the companies indicated that both treatments reflect the fundamental fact that it is a tax deferral. One company indicated that it preferred the reserve treatment, but recording it in restricted surplus would be acceptable if required by the regulatory commission. Another undecided company indicated it favored using the reserve method since it was consistent with the industry's position that the tax saving is a deferral, and not a permanent saving, and thus, the subdivision in a tax reserve appears to be the proper account.

The companies that reported that they were going to use some other method generally did not describe the method. One company, however, indicated that it would record taxes as paid currently—thus reflecting the tax reduction in net income. The reason given for this method was that in view of continuing additions to plant each year, accelerated depreciation once adopted will be a continuing deduction for a considerable number of years. Thus, the tax deferral seems to fall in the category of percentage depletion or deduction for intangible well drilling expenses, and not in the category of an unusual deduction, as does accelerated amortization of emergency facilities.

The Prospects of Accelerated Depreciation

That, generally, represents the results of the survey we have undertaken. I think it is fair to state that sooner or later a majority of utilities will adopt some form of accelerated depreciation providing:

First, there is no strong indication that in the immediate future this feature of the 1954 Revenue Code is to be repealed or unfavorably amended;

Second, the companies' forecasts of future plant additions, as well as 1954 and 1955 additions, are sufficient to justify adoption of accelerated depreciation;

Third, the regulations of the Treasury Department are not so arduous as to present costly record keeping procedures;

Fourth, and probably most important, there is no unfavorable action with respect to this matter by the various regulatory bodies.

I think you might also like to be brought up-to-date quickly on this problem as it is being handled by regulatory agencies. There have been at least 11 orders of regulatory agencies prescribing the accounting treatment to be followed if a company adopts accelerated depreciation.[1] I think it is noteworthy that the Florida Commission reversed a prior accounting bulletin and has recognized that a utility can take accelerated depreciation and use reserve accounting methods to record the tax deferral. An interesting situation developed in Ohio where there were successive orders affecting different companies. The first order disapproved the application, which was based on the theory that the tax deferral would be recorded in restricted surplus. The order indicated support for the theory that a permanent tax reduction results. A few days later, in connection with another company, the Commission approved the adoption of accelerated depreciation, but in that case the tax deferral was to be recorded in a reserve account.

I am sure that most of you are familiar with the fact that some regulators are attempting to show that the tax deferral is not a tax deferral, but a permanent saving. In other words, it is a tax reduction and, accordingly, it should be immediately reflected in a reduction in cost of service. I think that this would be a very unfortunate result, since it would frustrate the purpose of Congress and would deprive the utility investor of the economic advantages which investors in non-regulated industry would have. In view of the apparent desire of a large segment of the industry to use accelerated depreciation, it should present a united front to the NARUC against this theory. The industry should make it clear that in accepting these Commission orders which are primarily accounting orders, it feels that in rate cases there is no justification for using the tax reserve as a deduction from the rate base, or to consider the reserve as equivalent to cost-free capital. However, if some companies are going to bring down the tax saving into net income, as apparently some companies intend to do, there will be substantial comfort and support lent to the theories of some regulators.

One final observation — I personally feel that utility companies should use accelerated depreciation where it will result in a worthwhile tax deduction. As you have undoubtedly gathered, I believe that the tax deferral should not be used to reduce rates. But, regardless of regulatory treatment in rate cases, I still believe accelerated depreciation should be taken.

[1] Alabama, Florida, Illinois, Indiana, Louisiana, Maine, Michigan, Virginia, West Virginia, Ohio and Kentucky.

Rauch Funding Opens

(Special to The Financial Chronicle)

BROOKLYN, N. Y. — Rauch Funding Co., Inc. is engaging in a securities business from offices at 26 Court Street.

W. H. Reinholz Opens

ROCHESTER, N. Y. — William H. Reinholz is conducting a securities business from offices at 384 East Avenue.

A. R. Rich Opens

Alfred R. Rich is conducting a securities business from offices at 5 Tudor City Place, New York City.

Schmidt Opens Office

Henry C. Schmidt is engaging in a securities business from offices at 19 Rector Street, New York City.

Shelley, Roberts Adds

(Special to The Financial Chronicle)

BEVERLY, HILLS, Calif. — I. Irving Berns, Billy E. Boyle, James C. Courtney Norman P. Greene, Dudley H. Hosea, Jr., Robert J. McGraw, Richard Murtaugh, Charles M. Pyke, Jack Ralph, Joseph Simpson Jr., Robt. D. Swanger and Joseph B. Tipton have joined Shelley Roberts & Co., 9486 Santa Monica Boulevard. All were previously with Coombs and Company.

B. J. Stein Co. Formed

ALBANY, N. Y. — Bernard J. Stein is engaging in a securities business from offices at 305 New Scotland Avenue under the name of B. J. Stein Co. Mr. Stein was previously with Sutro Bros. & Co.

Bornstein, Raymond Opens

Bornstein, Raymond & Co., Inc. has been formed with offices at 42 Broadway, New York City to engage in a securities business.

Elects Directors

Four new directors have been elected to the Board of Liquid Carbonic Corporation to fill vacancies created by resignations. The new directors are: Philip D. Crockett, F. S. Moseley and Co., New York City; W. Palmer Dixon, partner, Carl M. Loeb, Rhoades & Co., New York City; Boyd N. Everett, Vice-President, Continental Casualty Company, Chicago, Ill., and Daniel Koshland, Vice-President, Levi Strauss & Co., San Francisco, Calif. The directors who resigned are: James F. Griswold, H. W. Kochs, J. C. Stephens, and H. C. Wright.

Sam Watson Forms Co.

LITTLE ROCK, Ark.—Sam P. Watson is conducting a securities business from offices in the Hall Building under the name of Sam Watson Company.

Harry Pon Opens

(Special to The Financial Chronicle)

AZUSA, Calif. — Harry Pon is engaging in a securities business from offices at 711 North Azusa Avenue. Robert A. Ellsworth and Warren W. Stautz are associated with him.

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The Perfect Price of Steel

er's money away from him unless he is voluntarily willing to part with it for what we offer him in exchange. In a free economy, the customer is still king.

So it is understandable why the person to whom we devote most of our thought and effort is the customer. Under normal conditions in a competitive market where a man has freedom of choice, the customer would laugh in our faces if we went to him with our problems and suggested that we do business on a straight cost-plus basis. If we did, he would probably tell us the old story of the three friends who met in war-time Washington and decided to have dinner together. When the check came, one man reached for it with this explanation: "Since I can deduct this for tax purposes as a business expense, it will actually cost me only about 20% of the total." But the second man grabbed it from him and said: "Let me pay it since I'm a salesman on an expense account and it won't cost me anything at all." Then the third man grabbed the check from the second man and carried the day with this announcement: "I'm a manufacturer with a cost-plus contract from the government. If I pay this bill, I'll get my money back—plus 10%!"

Our customer has problems of his own, and he's just not interested in hearing ours. All he is interested in hearing from us is our asking price for the steel he wants—delivered when and where he wants it. If he doesn't like our price or service, we lose a customer to our competitors. And the fact of the matter is that U. S. Steel doesn't enjoy losing customers any more than you publishers enjoy losing customers—which, of course, is not at all.

So when we think about prices for our products, we must consider all of these problems I have listed. We naturally give much thought to the reaction of the general public since, understandably, they have considerable interest in the activities of such a basic industry as steel. And, admittedly, we have no choice but to take a look toward Washington and see what Congress is going to do about taxes, controls, investigations, inflation, and other real political problems which all businessmen must consider today. Obviously we try to guess what the union leaders have up their sleeves for our next meeting. We also keep a close watch on the price, quality, and service our competitors are offering. And since the stockholders own the business and can fire us if they wish, naturally we do the best for them we can. Then we reach for our crystal ball and take a thoughtful look at both the domestic and foreign markets and the state of the world in general. After all those facts and figures and guesses have been digested, we finally ask ourselves this all-important question: Will the customer buy our products at the prices we have in mind?

For various reasons in the past, the answer to that question has sometimes been "no." And we have had no choice but to reduce the price to what the customer would pay under competitive conditions—even if it meant a loss to us, which it sometimes did. But for most of the past 15 years—due to abnormal war conditions and to the highly inflationary policies of government—I suspect that our prices have generally been lower than the customers were competitively willing to pay. And if at all possible, we would prefer to keep our prices below the maximum the customer might be willing to pay. That is only good business, because as long as he knows he's getting a bargain, he'll be back for more.

Now since the title of this talk is "The Perfect Price," perhaps I had better combine the various ideas I have discussed into a definition.

In the free and competitive market which characterizes our economy—except, of course, when the government interferes — a price is perfect when the producer would rather have the money than the product, and when the consumer would rather have the product than the money. A perfect price is established when the seller and the buyer each improves his welfare by the trade. I am of the opinion that given a free and competitive market—with government confined to its proper role of protecting equally the life, liberty, and property of its citizens—all prices for all products would be about as perfect as fallible human beings are capable of making them.

So, there you have a few of the facts and ideas which all businessmen must face on this problem of prices. It is not a simple problem — for either newspaper publishers or steelmakers. And in your future editorials on the subject, I do hope that you will remember that we in the steel business don't have any easier solutions to the problem than do you in the newspaper business.

W. C. Langley Group Offers Long Island Lighting Co. Bonds

W. C. Langley & Co. and associates are offering $15,000,000 of Long Island Lighting Co. 3⅜% first mortgage bonds, series H, due Nov. 1, 1985, at 101.421% and accrued interest, to yield 3.30%. Award of the issue was won by the group at competitive sale yesterday (Oct. 26) on a bid of 100.80%.

Net proceeds from the financing will be applied by the company toward the construction of utility plant and to the repayment of bank loans. Construction expenditures for the period Sept. 1, 1955 to Dec. 31, 1956 are estimated at $68,000,000, of which $52,000,000 is for electric property.

The new bonds will be redeemable at regular redemption prices ranging from 104.43% to par, and at special redemption prices running from 101.43% to par, plus accrued interest in each case.

Long Island Lighting Co. supplies electric and gas service in Nassau and Suffolk counties and the contiguous Rockaway peninsula in Queens County (New York City). More than 76% of its revenues is derived from electric service. Population of the territory served by the company currently exceeds 1,500,000, representing an increase of more than 50% in the five years since the 1950 census.

In an unaudited report for the 12 months ended Aug. 31, 1955, the company showed total revenues of $83,572,000 and net income of $9,824,000.

Others in the underwriting group include: Glore, Forgan & Co.; Goldman, Sachs & Co.; Hemphill, Noyes & Co.; Lehman Brothers; Union Securities Corp.; Equitable Securities Corp.; Paine, Webber, Jackson & Curtis; Reynolds & Co.; Shields & Co.; and Tucker, Anthony & Co.

Form Services Inv. Co.

FT. WORTH, Texas — Services Investment Co. has been formed with offices at 4813 Bryce Street to engage in a securities business. Partners are Samuel M. Connell and D. C. Connell.

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The State of Trade and Industry

new all-time high for the period and compared with 85,596 in the corresponding 1954 period, or an increase of 25.3%.

Steel Production Set the Current Week at 98.2% of Capacity

Steel prices will go up next year, probably in midyear, "Steel" magazine forecast on Monday of this week. Steel received before then will be better than money in the bank, the publication added.

Price increases, it noted, will stem from steel workers' union contracts and funds for expansion. A new labor contract will cost more. To help pay for it, higher prices will be necessary. To get funds for expansion and for replacement of equipment as it becomes obsolete or worn out, the steel industry must make itself attractive as a place for investment. One of the ways is through price structure, continues this trade journal.

The metalworking weekly said inventory building will be the aim in the first half of next year to beat the price hike. Steel users have been inclined to build inventories this year but have not made much headway. They added only 1,900,000 net tons of finished steel to inventories in the first eight months of 1955—only a week's supply at the current rate of usage.

With high consumption, consumers need a good supply of material on hand and are inclined to buy all they can get, this trade weekly declares. Consumption is expected to continue high in the first half. The automobile industry is optimistic; the heavy construction industry is continuing strong and the railroad industry has re-entered the steel market.

Meanwhile, the steel mills are producing at near capacity to satisfy demand. In the week ended Oct. 16, output of steel for ingots and castings was at 97% of capacity, a fluctuation of only half a point below the preceding week.

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 98.2% of capacity for the week beginning Oct. 24, 1955, equivalent to 2,370,000 tons of ingots and steel for castings as compared with 98.9% of capacity and 2,386,000 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 97.0% and production 2,341,000 tons. A year ago the actual weekly production was placed at 1,776,000 tons or 74.5%. The operating rate is not comparable because capacity was lower than capacity in 1955. The percentage figures for 1954 are based on annual capacity of 124,330,410 tons as of Jan. 1, 1954.

Electric Output Trends Upward in Latest Week

The amount of electric energy distributed by the electric light and power industry for the week ended Saturday, Oct. 22, 1955, was estimated at 10,644,000,000 kwh., according to the Edison Electric Institute.

This week's output increased 45,000,000 kwh. above that of the previous week, when the actual output stood at 10,599,000,000 kwh.; it increased 1,611,000,000 kwh., or 17.9% above the comparable 1954 week and 2,336,000,000 kwh. over the like week in 1953.

Car Loadings Turn Upward in Latest Week Registering a Gain of 2.5% Over Prior Week

Loadings of revenue freight for the week ended Oct. 15, 1955, increased 20,210 cars or 2.5% above the preceding week, according to the Association of American Railroads.

Loadings for the week ended Oct. 15, 1955, totaled 827,245 cars, an increase of 105,909 cars, or 14.7% above the corresponding 1954 week, and an increase of 4,663 cars, or 0.6% above the corresponding week in 1953.

U. S. Car Output Advanced Sharply in Latest Week Registering a Gain of 30% Above the Level of the Preceding Period

Output in the automotive industry for the latest week, ended Oct. 21 1955, according to "Ward's Automotive Reports," rose sharply above that of the week preceding by 30% as the whole industry became engaged in 1956 model assembly.

Last week the industry assembled an estimated 131,952 cars, compared with 101,581 (revised) in the previous week. The past week's production total of cars and trucks amounted to 158,877 units, or an increase above the preceding week's output of 32,711 units, states "Ward's."

Last week's car output advanced above that of the previous week by 30,371 cars, while truck output increased by 2,340 vehicles during the week. In the corresponding week last year 45,649 cars and 13,653 trucks were assembled.

Last week the agency reported there were 26,925 trucks made in the United States. This compared with 24,585 in the previous week and 13,653 a year ago.

Canadian output last week was placed at 6,175 cars and 824 trucks. In the previous week Dominion plants built 3,947 cars and 665 trucks, and for the comparable 1954 week, 2,640 cars and 434 trucks.

Business Failures Rise to Highest Point Since the Week Ended March 10

Commercial and industrial failures climbed to 239 in the week ended Oct. 20 from 203 in the preceding week, Dun & Bradstreet, Inc., reports. At the highest level since the week ended March 10, failures exceeded the 229 a year ago and the 185 in 1953. However, the toll continued 14% below the prewar level of 277 in 1939.

Among failures with liabilities of $5,000 or more, there was an upturn to 206 from 176 last week and 182 a year ago. Small failures, with liabilities under $5,000, rose to 33 from 27, but did not reach their toll of 47 in the comparable week of 1954. Twenty-one businesses failed with liabilities in excess of $100,000, as against 17 in the previous week.

Wholesale Food Price Index Dips to Lowest Level Since Outbreak of Korean War

Persistent weakness in foodstuffs caused a further lowering of the wholesale food price index, compiled by Dun & Bradstreet, Inc. The index fell to $6.08 on Oct. 18, from $6.11 the week before, bringing the current level to the lowest for over five years, or since June 27, 1950, at the start of the Korean War, when it stood at $6.04.

Moving upward in price the past week were lard, cocoa, steers and lambs. Lower in wholesale cost were flour, wheat, corn, rye, oats, barley, hams, butter, cottonseed oil, beans, peas, eggs and hogs.

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 Moved Moderately Lower as Demand Slackened in Leading Grain Markets

The general commodity price level turned downward last week following the stability shown the week before. The daily wholesale commodity price index, compiled by Dun & Bradstreet, Inc., finished at 276.00 on Oct. 18, contrasting with 278.32 a week earlier, and with 276.08 on the corresponding date last year.

Trading in leading grain markets slackened the past week with demand limited and prices generally working lower. Both corn and soybeans declined rather sharply following the issuance of the October government crop report early last week.

The forecast for corn at 3,118,000,000 bushels, was about the same as a month previous, but represented a gain of 5% over last year.

The soybean crop was estimated at 375,000,000 bushels, 3% less than Sept. 1, but 9% greater than last year's record crop. Wheat, rye and oats were easier in sympathy with corn and soybeans. The condition of the newly seeded Winter wheat crop in the Southwest was considered about normal with weather conditions good. Purchases of grain and soybean futures on the Chicago Board of Trade last week fell to a daily average of 46,500,000 bushels, from 52,600,000 the week before, and compared with 46,300,000 a year ago.

Trading in hard wheat bakery flours continued on a routine basis with prices holding in a narrow range and offering no inducement to bakers and jobbers to add to balances.

The cocoa market developed a stronger tone, reflecting a firmer London market, a rising trend in producer prices, and a better United States manufacturer interest. Warehouse stocks of cocoa increased to 221,756 bags, from 218,065 a week ago, and compared with 104,857 a year ago.

Green coffee prices developed marked firmness at the week-end as roasters and importers entered the market following announcement that no changes in Brazil's coffee or financial policy would be made at least until next January. Lard prices advanced sharply, reflecting improved domestic demand which met with light offerings. Hog values, however, dropped to new low levels since 1946 under continued heavy marketings.

Receipts of swine at 12 major terminals last week numbered 107,800, as compared with 99,000 a week previous, and 82,500 a year earlier.

Spot cotton prices worked moderately higher a week ago in moderately active trading. Early in the week the market was under considerable selling pressure following the official crop forecast indicating larger increases than had been generally expected. Support in late dealings was attracted by expectations that a large proportion of current ginnings is headed for the CCC loan program with a consequent tightening of free supplies later on. Loan entries of 1955 crop cotton in the week ended Oct. 7 increased to 174,800 bales, from 138,100 the previous week. Reported sales in the 14 markets were reported at 267,100 bales, comparing with 253,500 bales the week before, and 440,000 in the corresponding week a year ago.

Trade Volume Spurred by Consumer Interest in Fall and Winter Goods Rose Moderately Over 1954 Level

Although bad weather reduced retail volume in some Eastern business centers, last week's total retail trade gained moderately over last year's level. Considerable consumer interest was maintained in Fall and Winter merchandise.

There was good consumer response to reduced-price automobile promotions of 1955 models.

The dollar volume of retail trade in the period ending on Wednesday of last week was 2 to 6% higher than a year ago, according to estimates by Dun & Bradstreet, Inc. Regional estimates varied from the comparable 1954 levels by the following percentages: New England —3 to +1; East —2 to +2; South +3 to +7; Middlewest +4 to +8; Northwest +1 to +5; Southwest +5 to +9 and the Pacific Coast +2 to +6%.

Women shoppers increased their purchases of cloth coats and dresses.

There was a moderate increase in wholesale orders in the previous week. The dollar volume was noticeably higher than that of the comparable 1954 week. In preparation for Christmas sales promotions, many gift and apparel retailers increased their stocks.

Department store sales on a country-wide basis as taken from the Federal Reserve Board's index for the week ended Oct. 15, 1955, advanced 8% from the like period last year. In the preceding week, Oct. 8, 1955, a rise of 6% was registered above that of the similar period of 1954, while for the four weeks ended Oct. 15, 1955, an increase of 8% was reported. For the period Jan. 1, 1955 to Oct. 15, 1955, a gain of 7% was registered above that of 1954.

Retail trade volume in New York City the past week registered a slight gain over that for the similar period a year ago. In the week preceding, sales volume declined 1% below the 1954 level.

According to the Federal Reserve Board's index, department store sales in New York City for the weekly period ended Oct. 15, 1955, rose 2% above that of the like period of last year. In the preceding week, Oct. 8, 1955, no change (revised) was recorded. For the four weeks ending Oct. 15, 1955, an increase of 1% occurred. For the period Jan. 1, 1955 to Oct. 15, 1955, the index recorded a rise of 2% from that of the corresponding period of 1954.

With Oppenheimer & Co.

(Special to The Financial Chronicle)

KEY WEST, Fla.—S. Candler Dobbs has become associated with Oppenheimer & Co., 613½ Duval Street.

Two With Franklin Secs.

(Special to The Financial Chronicle)

ATLANTA, Ga. — Lloyd H. Duke and Dennis L. Ryan have joined the staff of Franklin Securities Co., 57 Forsythe St., N. W.

Merrill Lynch Adds

(Special to The Financial Chronicle)

ATLANTA, Ga. — Frances Thomason has joined the staff of Merrill Lynch, Pierce, Fenner & Beane, 23 Pryor Street, Northeast.

With H. M. Byllesby

(Special to The Financial Chronicle)

CHICAGO, Ill.—David E. Simpson has become associated with H. M. Byllesby and Company, Incorporated, 135 South La Salle Street, members of the Midwest Stock Exchange. Mr. Simpson was formerly with the Northern Trust Company.

E. F. Hutton Adds

(Special to The Financial Chronicle)

CHICAGO, Ill.—John A. Naples has been added to the staff of E. F. Hutton & Company, Board of Trading Building.

Joins Talcott, Potter

(Special to The Financial Chronicle)

CHICAGO, Ill. — Russell G. Longmire has become associated with Talcott, Potter & Co., 231 South La Salle Street. Mr. Longmire for many years was with W. C. Gibson & Co.

Two With Shaiman

(Special to The Financial Chronicle)

DENVER, Colo.—Richard W. Hughes and Hyman P. Silverman have joined the staff of Shaiman and Company, First National Bank Building.

With Skyline Secs.

(Special to The Financial Chronicle)

DENVER, Colo.—Darrell F. Shields is now with Skyline Securities Incorporated, 1719 Welton Street.

With State Bond & Mtg.

(Special to The Financial Chronicle)

NEW ULM, Minn.—Donald W. Current is now with State Bond and Mortgage Co., 28 North Minnesota Street.

With Security Planning

(Special to The Financial Chronicle)

WEST PALM BEACH, Fla. — Paul J. Kelly and James M. Sullivan are with Security Planning, Inc., Harvey Building.

With Merrill Lynch

(Special to The Financial Chronicle)

CHICAGO, Ill. — William A. Patterson, Jr. is now with Merrill Lynch, Pierce, Fenner & Beane, Board of Trade Building.

Joins C. F. Childs

(Special to The Financial Chronicle)

BOSTON, Mass. — Timothy J. Curtin has been added to the staff of C. F. Childs & Company, 35 Congress St.

Three With Merrill Lynch

(Special to The Financial Chronicle)

LOS ANGELES, Calif.—Robert L. Coate, Robert B. Scott, and Alfred G. Smith have become affiliated with Merrill Lynch, Pierce, Fenner & Beane, 523 West Sixth Street. Mr. Smith was previously with Daniel D. Weston & Co.

Joins E. R. Bell Co.

(Special to The Financial Chronicle)

KANSAS CITY, Mo.—Marion F. Smith is now with E. R. Bell Co., 4627 Wornall Road.

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.

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.

★ **Allray Co., Ouray, Colo.**
Oct. 13 (letter of notification) 139,760 shares of common stock (par $1). **Price**—$2 per share. **Proceeds**—For expenses incident to mining activities. **Underwriter** — Dwight L. Sloan, P. O. Box 774, Alliance, Neb.

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. (11/1)
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 as of Oct. 31, 1955; rights to expire on Nov. 22. **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 Investment Development Corp.**
Sept. 30 (letter of notification) $50,000 of mortgage fund collateral notes, to be offered in units from $100 to $2,500. **Price**—At par. **Proceeds**—For expenses incident to real estate activities. Office—55 Taylor Run Parkway, Alexandria, Va. **Underwriter**—None.

American Motorists Insurance Co.
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.

★ **Applied Science Corp. of Princeton**
Oct. 24 (letter of notification) 16,250 shares of common stock (par $2). **Price**—$12 per share. **Proceeds**—For expansion and working capital. **Address**—P. O. Box 44, Princeton, N. J. **Underwriter**—None.

Arizona Public Finance Co., Phoenix, Ariz.
Sept. 16 filed 78,006,081 shares of common stock to be offered for subscription by holders of life insurance policies issued by Public Life Insurance Co. **Price**—20 cents per share. **Proceeds**—For working capital. **Underwriter**—None, sales to be directly by the company or by salesman of the insurance firm.

★ **Arizona Public Service Co. (11/16)**
Oct. 25 filed 260,000 shares of common stock (par $5). **Price**—To be supplied by amendment. **Proceeds**—to reduce bank loans. **Underwriters**—The First Boston Corp. and Blyth & Co., Inc., both of New York.

Assateague Island Bridge Corp. (Md.)
Oct. 7 filed 100,000 shares of 5% cumulative preferred stock to be offered primarily to members of the Ocean Beach Club, Inc. **Price**—At par ($10 per share). **Proceeds**—For construction of bridge across Sinepuxent Bay from the Worcester County (Md.) mainland to Assateague Island. **Office**—Washington, D. C. **Underwriter**—None.

• **Atlas Industries, Inc., Houston, Texas**
Oct. 10 (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.

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.

Big Chief Uranium Co., Pueblo, Colo.
Sept. 20 (letter of notification) 1,500,000 shares of non-assessable 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.

★ **Big Ridge Uranium Corp., Reno, Nev.**
Oct. 19 (letter of notification) 9,000,000 shares of common stock (par one cent). **Price** — Three cents per share. **Proceeds**—For exploration and development costs. **Office**—206 North Virginia St., Reno, Nev. **Underwriter**—Mid America Securities, Inc., Salt Lake City, Utah.

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.

Brooklyn Towers, Inc.
Oct. 6 (letter of notification) 18,949 shares of common stock (par $1) being 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.

★ **C & D Batteries, Inc.**
Oct. 18 (letter of notification) 20,000 shares of common stock (par $1), to be offered for subscription by stockholders and others on a deferred payment plan. **Price**—$12.50 per share to stockholders; $13.50 to others. **Proceeds**—To acquire plant equipment and facilities; and to reduce existing bank loans and current liabilities. **Office**—Washingtoin and Cherry Sts., Conshohocken, Pa. **Underwriter**—None.

California Consumers Corp., Los Angeles, Calif.
Sept. 21 filed 52,942 shares of capital stock (par $10) to be offered for subscription by stockholders of record Oct. 18 on the basis of one new share for each share held. **Price**—$15 per share. **Proceeds**—From sale of stock, together with other funds, to be used for payment of 5% sinking fund mortgage bonds due Dec. 1, 1955. **Underwriters**—J. S. Strauss & Co. and Lawson, Levy and Williams, both of San Francisco, Calif.

California Electric Power Co.
Oct. 4 (letter of notification) 1,066 shares of common stock (par $1). **Price**—At market (estimated at $14 per share). **Proceeds**—To Mono Power Co. **Underwriter**—Waggenseller & Durst, Inc., Los Angeles, Calif.

★ **California-Engeles Mining Co.**
Oct. 6 (letter of notification) 42,486 shares of common stock (previously sold). **Price** — At par (25 cents per share). **Proceeds**—For mining development. **Office**—400 Montgomery St., San Francisco, Calif. **Underwriter**—Verner Allen, 156 Montgomery St., San Francisco, Calif.

California Limestone Products, Inc.
Oct. 7 (letter of notification) 36,850 shares of common stock (par $1) to be offered for subscription by stockholders on the basis of one new share for each 5.7 shares held; rights to expire on Nov. 5, 1955. **Price**—$1.05 per share. **Proceeds**—For mining expenses. **Office**—139 C. Beverly Drive, Beverly Hills, Calif. **Underwriter**—None.

Canadian Uranium Mines, Ltd., Montreal, Canada
June 3 (regulation "D") 2,000,000 shares of common stock (par one cent). **Price**—15 cents per share. **Proceeds**—For exploration and development expenses. **Underwriter**—Tellier & Co., Jersey City, N. J.

Caribou Ranch Corp., Denver, Colo.
July 15 filed 505,000 shares of common stock (par $1.) **Price**—$4 per share. **Proceeds**—For acquisition of property and equipment, construction of additional facilities, etc. **Underwriter**—Mountain States Securities, Inc., Denver, Colo.

Cedar Springs Uranium Co., Moab, Utah
June 8 (letter of notification) 300,000 shares of common stock (par five cents). **Price**—$1 per share. **Proceeds**—For mining expenses. **Underwriter**—Universal Investment Corp., Washington, D. C.

★ **Central Electric & Gas Co. (11/9)**
Oct. 19 filed 35,000 shares of 4.75% cumulative preferred stock, series B (par $50). **Price** — To be supplied by amendment (proposed maximum offering price is $51). **Proceeds**—Together with funds from sale of $1,750,000 additional first mortgage sinking fund bonds, to be used to repay bank loans, for construction expenditures, for temporary advances to subsidiaries, and for other corporate purposes. **Underwriters**—Paine, Webber, Jackson & Curtis and Stone & Webster Securities Corp., both of New York.

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.

• **Channel Oil Co., Las Vegas, Nev.**
Oct. 18 filed (by amendment) 435,000 shares of $1.20 cumulative preferred stock (callable at $20 per share) and 870,000 shares of common stock (par 10 cents) to be offered in units of one share of preferred stock and two shares of common stock. **Price**—$20.20 per unit. **Proceeds** — For production of production payments. **Underwriters**—First California Co., Inc., San Francisco, Calif.; and Blair & Co., Incorporated, New York. **Change of Name**—Formerly Continental Production Corp. (see below). **Offering**—Date Indefinite.

★ **Charge Buying Service, Inc.**
Oct. 17 (letter of notification) 300,000 shares of class A common stock (par 25 cents) and 60,000 class warrants to be offered in units of five shares of class A stock and one warrant (warrant holders will be entitled to purchase one class A share at 62½ cents per share). **Price**—$2.50 per unit. **Proceeds**—For working capital and to meet current expansion and liquidate notes and liabilities. **Office**—522 Felt Bldg., Salt Lake City, Utah. **Underwriter**—Cayias, Larson, Glaser & Emery, Inc., 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.

Chromalloy Corp. (10/31-11/4)
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. (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. **Office**—Montrose, Colo. **Underwriters**—General Investing Corp., New York; and Shaiman & Co., Denver, Colo.

Color Corp. of America, Los Angeles, Calif.
Oct. 6 (letter of notification) 28,500 shares of common stock (par $1). **Price**—At market (estimated at $1.75 per share). **Proceeds**—To Benjamin B. Smith, the selling stockholder. **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 Edison Co. (11/2)
Oct. 13 filed 1,110,375 shares of common stock (par $25), to be offered for subscription by common stockholders of record Nov. 1, 1955 on the basis of one new share for each 15 shares held; rights to expire on Nov. 16. **Price**—To be supplied by amendment (proposed maximum offering price per unit is $45 per share). **Proceeds**—For construction program. **Underwriters**—The First Boston Corp. and Glore, Forgan & Co., both of New York.

● **Commonwealth Life Insurance Co. (11/1)**
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.

● **Continental Air Lines, Inc. (11/1)**
Oct. 12 filed $4,125,000 of convertible subordinated debentures due 1970. **Price**—To be supplied by amendment. **Proceeds**—To repay bank loans and for working capital. **Underwriter**—Lehman Brothers, New York.

● **Continental Production Corp.**
Aug. 29 filed $8,700,000 of 15-year 5½% income debentures due Sept. 1, 1970 and 870,000 shares of common stock (par 10 cents) to be offered in units of $50 of debentures and five shares of stock. **Price**—$50.50 per unit. **Proceeds**—For acquisition of production payments. **Office**—Las Vegas, Nev. **Underwriter**—First California Co., Inc., San Francisco, Calif. **Statement Amended and Name Changed**—See Channel Oil Co. above.

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.

Coosa River Newsprint Co. (11/9)
Oct. 19 filed 122,200 shares of common stock (par $50) to be offered for subscription by common stockholders on the basis of one new share for each three shares held as of record Nov. 8, 1955; rights to expire on Nov. 29. **Price**—$70 per share. **Proceeds**—Together with other funds, for expansion. **Office**—Coosa Pines, Ala. **Underwriter**—Blyth & Co., Inc., New York.

Cordillera Mining Co., Denver, Colo.
June 8 (letter of notification) 2,995,000 shares of common stock. **Price**—At par (10 cents per share). **Proceeds**—For mining operations. **Offices** — 738 Majestic Bldg., Denver, Colo., and 317 Main St., Grand Junction, Colo. **Underwriter**—Lasseter & Co., Denver, Colo.

Corpus Christi Refining Co.
Sept. 2 filed 500,000 shares of common stock (par 10 cents). **Price**—At the market. **Proceeds**—To a selling stockholder. **Office**—Corpus Christi, Texas. **Underwriter**—None.

Cortez Uranium & Mining Co., Denver, Colo.
May 27 (letter of notification) 3,000,000 shares of common stock (par one cent). **Price**—10 cents per share. **Proceeds**—For mining expenses. **Office**—404 University Building, Denver, Colo. **Underwriter**—Peters, Writer & Christensen, Inc., Denver, Colo.

Cross-Bow Uranium Corp.
Aug. 29 (letter of notification) 5,000,000 shares of common stock. **Price**—At par (six cents per share). **Proceeds** — For mining operations. **Office** — 1026 Kearns Bldg., Salt Lake City, Utah. **Underwriters**—Potter Investment Co., and Mid-America Securities, both of Salt Lake City, Utah.

● **Cuban American Oil Co. (10/31)**
Sept. 9 filed 2,000,000 shares of common stock (par 50 cents). **Price**—$1.25 per share. **Proceeds**—For acquisitions and advances to subsidiary (Cuban American Drilling & Exploration Co.) for drilling and exploration costs. **Office**—Dallas, Texas. **Underwriter**—Dallas Rupe & Son, Inc., Dallas, Texas.

Dawn Uranium & Oil Co., Spokane, Wash.
June 16 (letter of notification) 1,500,000 shares of common stock. **Price** — 10 cents per share. **Proceeds**—For uranium and oil exploration. **Office**—726 Paulsen Bldg., Empire State Bldg., same city.

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. **Offering**—Expected late in October or early November.

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.

★ **Diners' Club, Inc., New York**
Oct. 25 filed 150,000 shares of common stock (par $1), of which 50,000 shares are to be offered by the company and 100,000 shares by Ralph E. Schneider and Alfred S. Bloomingdale, the two selling stockholders. **Price**—To be supplied by amendment (estimated offering price is stated at about $8 per share). **Proceeds**—For working capital. **Underwriters** — Lee Higginson Corp. and C. E. Unterberg Towbin Co., both of New York.

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. (11/1)**
Sept. 28 filed $2,250,000 6% first mortgage bonds due 1975 and 225,000 shares of common stock (par $1) to be

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NEW ISSUE CALENDAR

October 28 (Friday)

Lau Blower Co. ---------- Common
(A. C. Allyn & Co. Inc.) 205,000 shares

National Consumer Finance Corp. ---------- Preferred
(Van Alstyne, Noel & Co.) $500,000

National Consumers Finance Corp. ---------- Common
(Van Alstyne, Noel & Co.) $1,200,000

October 31 (Monday)

Chromalloy Corp. ---------- Common
(S. D. Fuller & Co.) $299,475

Cuban American Oil Co. ---------- Common
(Dallas Rupe & Son) $2,500,000

November 1 (Tuesday)

American European Securities Co. ---------- Common
(Offering to stockholders—underwritten by Dominick & Dominick) 91,875 shares

Automobile Banking Corp. ---------- Debentures
(Reynolds & Co.) $1,500,000

Commonwealth Life Insurance Co. ---------- Common
(Eastman, Dillon & Co.) $300,000

Continental Air Lines, Inc. ---------- Debentures
(Lehman Brothers) $4,125,000

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

Fischer & Porter Co. ---------- Common
(Hallowell, Sulzberger & Co.) 60,000 shares

Houdry Process Corp. ---------- Common
(Paine, Webber, Jackson & Curtis) 40,000 shares

Quaker City Life Insurance Co. ---------- Common
(Lehman Brothers) 82,500 shares

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 1,110,375 shares

Hawaii (Territory of) ---------- Bonds
(Bids 10 a.m. EST) $7,500,000

National Finance Co. ---------- Preferred
(Baker, Simonds & Co.) $520,000

November 3 (Thursday)

Chesapeake & Ohio Ry. ---------- Equip. Trust Ctfs.
(Bids noon EST) $4,800,000

Ranco, Inc. ---------- Common
(Smith, Barney & Co.) 400,000 shares

Union Corp. of America ---------- Common
(No underwriting) 797,800 shares

November 7 (Monday)

Nortex Oil & Gas Corp. ---------- Common
(J. R. Williston & Co.) 200,000 shares

November 8 (Tuesday)

Chicago, Rock Island & Pacific RR. ---------- Equip. Trust Ctfs.
(Bids noon CST) $2,952,000

November 9 (Wednesday)

Central Electric & Gas Co. ---------- Preferred
(Paine, Webber, Jackson & Curtis and Stone & Webster Securities Corp.) $1,750,000

Coosa River Newsprint Co. ---------- Common
(Offering to stockholders—underwritten by Blyth & Co., Inc.) $8,554,000

Eagle Newspaper Enterprises, Inc. ---------- Pfd. & Com.
(James Anthony Securities Corp.) $757,500

International Metals Corp. ---------- Common
(Gearhart & Otis, Inc.) $400,000

United Gas Corp. ---------- Bonds
(Bids noon EST) $20,000,000

November 10 (Thursday)

Keyes Fibre Co. ---------- Preferred
(Offering to stockholders—underwritten by Coffin & Burr, Inc.) 100,000 shares

November 14 (Monday)

Richmond Homes, Inc. ---------- Common
(Cruttenden & Co.) $700,000

November 15 (Tuesday)

Marquette Cement Manufacturing Co. ---------- Common
(A. G. Becker & Co. Inc.) 262,500 shares

National Tea Co. ---------- Debentures
(Hemphill, Noyes & Co.) $15,000,000

New England Tel. & Tel. Co. ---------- Debentures
(Bids to be invited) $30,000,000

November 16 (Wednesday)

Arizona Public Service Co. ---------- Common
(The First Boston Corp. and Blyth & Co., Inc.) 260,000 shares

Colohoma Uranium, Inc. ---------- Common
(General Investing Corp.) $1,250,000

Michigan Consolidated Gas Co. ---------- Bonds
(Bids 10:30 a.m. EST) $30,000,000

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 7 (Wednesday)

North Shore Gas Co. ---------- Bonds
(Bids to be received) $2,500,000

December 13 (Tuesday)

Delaware Power & Light Co. ---------- Bonds
(Bids to be invited) $10,000,000

Delaware Power & Light Co. ---------- Preferred
(Bids to be invited) $5,000,000

December 14 (Wednesday)

New Jersey Bell Telephone Co. ---------- Debentures
(Bids to be invited) $25,000,000

December 15 (Thursday)

General Capital Corp. ---------- Debentures
(No underwriting) $300,000

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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 Newspaper Enterprises, Inc. (11/9-10)**
Oct. 19 filed 75,000 shares of 7% cumulative convertible preferred stock (par $10) and 75,000 shares of common stock (par 10 cents) to be offered in units of one share of each class of stock. **Price**—$10.10 per unit. **Proceeds**—To exercise an option, which expires on Dec. 4, 1955, to acquire certain properties of the Brooklyn Eagle, Inc.; and for working capital. **Office**—Brooklyn, N. Y. **Underwriter** — James Anthony Securities Corp., New York.

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.

Edgemont Shopping Center, Inc., Chicago, Ill.
Oct. 14 filed 6,000 shares of class A common stock. **Price**—At par ($100 per share). **Proceeds**—To acquire title to shopping center in Lansing, Mich., from builder of center. **Underwriter**—None, offering to be made through officers of company. Funds are to be held in escrow (if not enough is received, funds will be returned to purchasers of stock).

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.

Empire Studios, Inc., Orlando, Fla.
Oct. 7 (letter of notification) 120,000 shares of common stock (par 50 cents). **Price**—$2.50 per share. **Proceeds**—To finish three films under release contract to Republic Pictures Corp. **Underwriter** — Gerard R. Jobin Investments, Ltd., St. Petersburg, Fla.

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. Statement effective Oct. 11.

★ **Filtramatic Distributing Corp.**
Oct. 20 (letter of notification) 100 shares of preferred stock. **Price**—At par ($300 per share). **Proceeds**—For working capital, etc. **Business**—Sale of automotive oil filters and automobile accessories. **Office**—270 Park Ave., New York, N. Y. **Underwriter**—None.

★ **Finance Co. of America at Baltimore**
Oct. 19 (letter of notification) 10,000 shares of class A common stock (par $10), to be offered for subscription by stockholders on the basis of one new share for each 10 shares held. **Price**—$30 per share. **Proceeds**—To form and invest in the capital stock of an insurance company subsidiary. **Office**—Munsey Bldg., Baltimore 2, Md. **Underwriter**—None.

★ **First Investors Corp., New York**
Oct. 21 filed (by amendment) additional periodic payment plans (DM and DMN) and single payment plans (DMP) in an aggregate amount of $9,000,000.

Fischer & Porter Co., Hatboro, Pa. (11/1)
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.

★ **Forminco, Inc., Pittsburgh, Pa.**
Oct. 14 (letter of notification) 1,200,000 shares of non-assessable capital stock (par five cents). **Price**—10 cents per share. **Proceeds**—For expenses incident to mining operations. **Office**—1609 Union Bank Building, Pittsburgh, Pa. **Underwriter** — None, shares to be offered through certain officers of the corporation.

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.

★ **Franklin Railway Supply Co.**
Oct. 19 (letter of notification) 20,000 shares of common stock (no par) to be offered for subscription by stockholders. **Price**—$10 per share. **Proceeds**—To reduce unsecured bank loans and for working capital. **Office**—927 Market St., Wilmington, Del. **Underwriter**—None, But C. W. Floyd Coffin and Herman F. Ball have agreed to purchase all shares not subscribed for by stockholders.

● **Freedom Insurance Co.**
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. **Office** — Berkeley, Calif. **Underwriter** — Blair & Co. Incorporated, New York. **Offering**—Date indefinite.

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. (12/15)
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 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.

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. **Price**—To be supplied by amendment. **Proceeds**—For general funds. **Office**—417 South Hill St., Los Angeles, Calif. **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.

★ **Holiday Lake, Inc.**
Oct. 21 (letter of notification) 24,500 shares of 6% cumulative preferred stock (par $10) and 4,980 shares of class A common stock (par $5) to be offered in units of five preferred shares and one class A common share. **Price** — $55 per unit. **Proceeds** — For acquisition of property, improvements and working capital, etc. **Office**—1008 Wilson Bldg., 130 No. Broadway, Camden, N. J. **Underwriter**—None.

Home Acceptance Corp., Salt Lake City, Utah
Sept. 1 (letter of notification) $300,000 of 25-year 6% junior subordinated debentures due Oct. 1, 1980. **Price**—At par (in denominations of $1,000, $500 and $100). **Proceeds**—For working capital. **Office**—837 South Maine St., Salt Lake City, Utah. **Underwriter**—Edward L. Burton & Co., same city.

Home 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. (11/1-2)**
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.

★ **Howard Minerals, Inc., Portland, Ore.**
Oct. 3 (letter of notification) 162,500 shares of common stock. **Price**—At par ($1 per share). **Proceeds**—For expenses incident to mining operations. **Office**—222 S. W. Oak St., Portland, Ore. **Underwriter**—None; stock to be offered through officers and directors of the corporation.

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.

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.**
Oct. 6 filed 209,686 shares of common stock (no par), being 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 on Nov. 10. **Price**—$26.75 per share. **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.

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. Securities Corp., 76 Beaver St., New York, N. Y.

● **International Metals Corp. (11/9-10)**
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 Plastic Industries Corp.
Oct. 12 (letter of notification) 150,000 shares of common stock (par 10 cents). **Price**—$2 per share. **Proceeds**—For advances to Arliss Co., Inc. for purchase of equipment, etc. **Office** — 369-375 DeKalb Ave., Brooklyn 5, N. Y. **Underwriter**—Kamen & Co., New York.

★ **Investment Trust & Assurance Corp.**
Oct. 13 (letter of notification) 100,000 shares of common stock (par $1). **Price**—$2 per share. **Proceeds**—For working capital. **Office**—1936 East McDowell Road, Phoenix, Ariz. **Underwriter**—None; stock to be offered through officers and directors.

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.

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.

★ **Justice Industries, Inc., Washington, D. C.**
Oct. 4 (letter of notification) 50,000 shares of preferred stock, **Price**—$1 per share. **Proceeds**—For exploitation of patent for rotating refrigeration device. **Office**—927—15th St., N.W., Washington, D. C. **Underwriter**—None.

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.

★ **Kayser (Julius) & Co., New York**
Oct. 24 filed 130,000 shares of common stock (par $5) to be offered for subscription by common stockholders on the basis of one new share for each five shares held. **Price**—$20 per share. **Proceeds**—For general corporate purposes. **Business** — Manufactures wearing apparel. **Underwriter**—None.

Kearney Gas Production Co.
See Deerfield Gas Production Co. above.

★ Keyes Fibre Co., Waterville, Me. (11/10)
Oct. 21 filed 100,000 shares of cumulative first preferred stock (par $25) to be offered for subscription by common stockholders of record about Nov. 10 on the basis of one share of preferred stock for each seven shares held. **Price**—To be supplied by amendment. **Proceeds**—For additional building construction and manufacturing equipment. **Underwriter**—Coffin & Burr, Inc., Boston, Mass.

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.

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 (10/28)
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.

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.

★ Leo Uranium Mining Corp.
Oct. 14 (letter of notification) 150,000 shares of non-assessable common stock. **Price**—At par ($1 per share). **Proceeds**—For expenses incident to mining operations. **Offices**—Phillips Petroleum Bldg., Salt Lake City and 436 N. Main St., Pocatello, Idaho. **Underwriter**—None; shares to be offered through Perry W. Connell, President and a director.

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.

● Lithium Developments, Inc., Cleveland, Ohio
Oct. 17 filed 600,000 shares of common stock (par 10 cents). **Price**—$1 per share. **Proceeds**—For exploration and development costs, etc. **Underwriter**—George Searight, New York City.

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.

Lost Canyon Uranium & Oil Co.
Oct. 6 (letter of notification) 3,000,000 shares of non-assessable capital stock (par one cent). **Price**—10 cents per share. **Proceeds**—For expenses incident to mining operations. **Office** — Simms Bldg., Albuquerque, N. M. **Underwriter**—Mid-America Securities Inc. of Utah, Salt Lake City, Utah.

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.

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.

(The) Manchester Co.
Oct. 12 (letter of notification) 10,000 shares of cumulative convertible preferred stock (convertible any time after Jan. 1, 1956 into common stock on a share-for-share basis). **Price**—At par ($10 per share). **Proceeds**—For working capital. **Underwriter**—Charles E. Thenebe & Associates, Hartford, Conn.

★ Manning Mining Co., Sumter, S. C.
Oct. 19 (letter of notification) 49,000 shares of common stock. **Price** — At par ($1 per share). **Proceeds** — For further exploration. **Underwriter**—None.

★ Manufacturers Cutter Corp.
Oct. 18 (letter of notification) 300,000 shares of class A common stock. **Price**—At par ($1 per share). **Proceeds**—To repay loans, and for new equipment and working capital. **Business**—Cutting tools. **Office**—275 Jefferson St., Newark, N. J. **Underwriter**—Paul C. Ferguson & Co., same city.

Mari-Gro, Inc., San Francisco, Calif.
Oct. 6 (letter of notification) 172,500 shares of common stock (par 10 cents). **Price**—$1 per share. **Proceeds**—For mining expenses and expenses incident to selling a soil conditioner. **Office**—681 Market St., San Francisco, Calif. **Underwriter**—Globe Securities Corp., New York.

★ Marquette Cement Manufacturing Co. (11/15)
Oct. 25 filed 262,500 shares of common stock (par $4), of which 250,000 shares are to be sold for account of company and 12,500 for the account of an estate. **Price**—To be supplied by amendment. **Proceeds**—For expansion program. **Underwriter** — A. G. Becker & Co. Inc., Chicago, Ill.

★ Marshall Rubber Co., Dallas, Tex.
Oct. 19 (letter of notification) 116,000 shares of common stock. **Price** — At par ($1 per share). **Proceeds** — To liquidate long term notes; provide additional working capital and for equipment. **Office** — 5622 East Grand Ave., Dallas 23, Texas. **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.

★ McCullough Motor Corp., Philadelphia, Pa.
Oct. 19 (letter of notification) 199,000 shares of class A stock and 99,000 shares of class B stock. **Office** — 1111 Lewis Tower Bldg., Philadelphia, Pa. **Underwriter**—None.

Medical Abstracts, Inc., Philadelphia, Pa.
June 15 (letter of notification) 300,000 shares of common stock (par one cent). **Price**—$1 per share. **Proceeds**—For working capital, etc. **Office**—825 Western Savings Fund Bldg., Philadelphia, Pa. **Underwriter** — Carl J. Bliedung, Washington, D. C.

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.

Mexico Refractories Co., Mexico, Mo.
Oct. 19 filed 57,776 shares of common stock (par $5) to be offered to stockholders of National Refractories Co., a subsidiary, in exchange for 57,776 shares of capital stock (par $5) of National on a share-for-share basis; offer to remain open for 60 days from date of prospectus. Offer is conditioned upon Mexico owning at least 80% of outstanding National stock upon consummation of exchange.

★ Michigan Consolidated Gas Co. (11/16)
Oct. 20 filed $30,000,000 of first mortgage bonds due 1980. **Proceeds**—To repay bank loans and for construction program. **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). **Bids**—To be received up to 10:30 a.m. (EST) on Nov. 16.

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.

Moder-Rate Homes, Inc., Bradford, Pa.
Oct. 7 (letter of notification) 300,000 shares of common stock (par 25 cents). **Price**—$1 per share. **Proceeds**—For design and construction of first 20 homes; promotion and advertising, contingent fund, etc. **Office**—2 Main St., Bradford, Pa. **Underwriter**—William T. Bowler & Co., Bradford, Pa.

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.

★ Mortgage Corp. of America, Philadelphia, Pa.
Oct. 14 (letter of notification) 50,000 shares of common stock (par $2). **Price**—$2.25 per share. **Proceeds**—For operating and working capital and general corporate purposes. **Office** — 1200 Walnut St., Philadelphia, Pa. **Underwriter**—Keystone Securities Co., Inc., same city.

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.

● National Consumer Finance Corp. (10/28)
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. (10/28)
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 Finance Co., Detroit, Mich. (11/2)
Oct. 12 filed 52,000 shares of 68-cent cumulative convertible preferred stock (par $10), of which 48,000 shares are to be offered publicly and 4,000 shares to company's officers and employees. **Price**—$12.50 per share. **Proceeds**—For working capital. **Underwriter**—Baker, Simonds & Co., Detroit, Mich.

● National Tea Co., Chicago, Ill. (11/15)
Oct. 19 filed $15,000,000 of convertible sinking fund subordinated debentures due Nov. 1, 1980. **Price**—To be supplied by amendment. **Proceeds** — For payment of bank loans incurred for expansion. **Underwriter** — Hemphill, Noyes & Co., New York.

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 England Telephone & Telegraph Co. (11/15)
Oct. 21 filed $30,000,000 of 36 year debentures due Nov. 15, 1991. **Proceeds**—To repay advances from the American Telephone & Telegraph Co. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halley, Stuart & Co. Inc.; The First Boston Corp.; Morgan Stanley & Co.; Glore, Forgan & Co. **Bids**—Expected to be received on Nov. 15.

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New Mexico Copper Corp.
Sept. 8 (letter of notification) $100,000 of 6% convertible debenture bonds due Oct. 1, 1965 (to be convertible at any time at rate of $100 of bonds for 220 shares of common stock). **Price**—At par. **Proceeds** — For mining expenses. **Office**—Carrizozo, N. M. **Underwriter**—M. J. Sabbath Co., Washington, D. C.

New Mexico Oil & Gas Co.
July 27 (letter of notification) 2,500,000 shares of common stock (par one cent). **Price**—Three cents per share. **Proceeds** — For general corporate purposes. **Office** — Bethesda, Md. **Underwriter**—Lewellen-Bybee Co., Washington, D. C.

● **New York State Electric & Gas Corp.**
Sept. 28 filed 303,407 shares of common stock (no par) being 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** — $37 per share. **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 (11/7-10)**
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.

★ **Northern California Plywood, Inc.**
Oct. 17 (letter of notification) $300,000 of 6% three-year promissory notes. **Price**—At par. **Proceeds**—For repayment of loan and for log and timber fund. **Address**—P. O. Box 337, Crescent City, Calif. **Underwriter**—None.

★ **Norwood Uranium, Inc., Norwood, Colo.**
Oct. 21 (letter of notification) 6,000,000 shares of common stock (par one cent). **Price**—Five cents per share. **Proceeds**—For mining expenses. **Underwriter**—Columbia Securities Co., Denver, Colo.

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.

★ **Olive-Myers-Spalti Mfg. Co., Dallas, Tex.**
Oct. 24 filed 100,000 shares of cumulative convertible preferred stock (par $6.25) to be offered for subscription by common stockholders on basis of one share of preferred stock for each 2.597 shares of common stock held. **Price** — $9.50 per share. **Proceeds** — For expansion program. **Business** — Manufactures household furniture. **Underwriter**—Dallas Rupe & Son, Inc., Dallas, Texas.

Ottilia Villa, Inc., Las Vegas, Nev.
Aug. 16 (letter of notification) 3,000 shares of capital stock. **Price**—At par ($100 per share). **Proceeds**—For South 5th St., Las Vegas, Nev. **Underwriter**—Hennon & Roberts, Las Vegas, Nev.

Pacific International Metals & Uranium, Inc.
Aug. 12 (letter of notification) 12,000,000 shares of common stock. **Price**—At par (one cent per share). **Proceeds**—For expenses incident to mining activities. **Office**—419 Judge Bldg., Salt Lake City, Utah. **Underwriter**—Guss Securities Co., Salt Lake City, Utah.

Pacific 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.

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.

★ **Paria Uranium & Oil Corp.**
Oct. 17 (letter of notification) 3,000,000 shares of common stock (par five cents). **Price**—10 cents per share. **Proceeds** — For mining expenses. **Office** — Newhouse Bldg., Salt Lake City, Utah. **Underwriter** — Western States Investment Co., Tulsa, Okla.

Partridge Canadian Explorations, Ltd.
Sept. 21 (Regulation "D" filing) 500,000 shares of common stock (par $1). **Price**—60 cents per share. **Proceeds**—For exploration and development costs. **Office**—West Toronto, Ont., Canada. **Underwriter** — Hunter Securities Corp. and M. J. Reiter Co., both of New York.

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.

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.

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.

● **Postal Life Insurance Co.**
Sept. 29 filed 100,000 shares of capital stock being offered for subscription by stockholders of record Oct. 20 at the rate of two new shares for each share held (with an oversubscription privilege); rights to expire on Nov. 21. Of this total 45,500 shares were on Oct. 21 offered publicly for the account of two selling stockholders. **Price**—To stockholders, at par ($2 per share); to public, $20 per share. **Proceeds**—For working capital and other general corporate purposes. **Underwriter** — For company rights offering, none; for stockholder offering, A. C. Allyn & Co. Inc., Chicago, Ill.

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. (11/1)
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.

Quaker State Foods Corp., Pittsburgh, Pa.
Oct. 6 (letter of notification) 15,000 shares of 7% cumulative convertible preferred stock. **Price**—At par ($10 per share). **Proceeds** — To purchase machinery and equipment and for working capital. **Underwriters**—Childs, Jeffries & Thorndike, Inc., Boston and New York; and Syle & Co., New York.

Radium Hill Uranium, Inc., Montrose, Colo.
July 19 (letter of notification) 625,000 shares of common stock (par one cent). **Price**—32 cents per share. **Proceeds** — For expenses incident to mining operations. **Office**—Bryant Bldg., Montrose, Colo. **Underwriters**—General Investing Corp., New York, N. Y., and Shaiman & Co., Denver, Colo.

Ranco, Inc., Columbus, Ohio (11/3)
Oct. 14 filed 400,000 shares of common stock (par $5). **Price**—To be supplied by amendment. **Proceeds**—To American Motors Corp., which owns 616,950 shares (61.7%) of the total shares. **Business**—Supplier of Temperature and pressure controls for refrigerators, home freezers and air conditioners and producer of heater temperature control requirements of the automotive industry. **Underwriter**—Smith, Barney & Co, New York.

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.
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. **Office** — Redondo Beach, Calif. **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.

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.

★ **Richmond Homes, Inc., Richmond, Ind. (11/14)**
Oct. 25 filed 140,000 shares of common stock (par $1), of which 80,000 shares are to be sold for the account of the company and 60,000 shares for the account of two selling stockholders. **Price**—To be supplied by amendment. (Proposed maximum offering price is stated to be $5 per share.) **Proceeds**—To prepay a mortgage note, for the organization of a wholly owned acceptance corporation to be used for financing purposes, for plant additions and the purchase of additional equipment, for the purchase of land to be developed as a new subdivision in Richmond, Ind., and for working capital. **Underwriter**—Cruttenden & Co., Chicago, Ill.

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.

★ **Rocky Mountain Standard, Inc.**
June 8 (letter of notification) 1,886,668 shares of common stock (par one mill). **Price** — 15 cents per share. **Proceeds**—For mining expenses. **Address**—P. O. Box 187, Boulder, Colo. **Underwriter**—None.

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 .

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. Statement effective Oct. 10.

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.

Securities Acceptance Corp., Omaha, Neb.
Oct. 10 (letter of notification) 5,000 shares of 5% cumulative preferred stock (par $25). **Price**—$26.25 per share. **Proceeds**—For working capital. **Office**—304 S. 18th St., Omaha, Neb. **Underwriters**—Cruttenden & Co., Chicago, Ill.; Wachob-Bender Corp., Omaha, Neb.; and The First Trust Co. of Lincoln, Lincoln, Neb.

★ **Security Savings Life Insurance Co.**
Oct. 17 (letter of noification) preorganization subscriptions for 120,000 shares of common stock (par $1). **Price**—$2.50 per share. **Proceeds**—For capital and surplus. To be held in escrow until $100,000 is raised. **Organizers**—Leonard F. Kiker, 41 So. Lawrence St., Montgomery, Ala., and Hubert L. Benson, P. O. Box 245, Lanett, Ala. **Underwriter**—None.

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.

● Southern Berkshire Power & Electric Co.
Sept. 19 (letter of notification) 1,220 shares of capital stock being offered for subscription by minority stockholders on the basis of one new share for each two shares held as of Oct. 13; rights to expire on Oct. 28. 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 of 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** — To be received up to 11 a.m. (EST) on Nov. 1, at Room 1600, 250 Park Ave., New York 17, N. Y.

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.

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 non-assessable common stock (par two cents). **Price**—10 cents per share. **Proceeds** — For expenses incident to mining activities. **Office**—116 Atlas Building, Salt Lake City, Utah. **Underwriter**—Mid America Securities, Inc. of Utah, same City.

Susan B. Uranium Corp., Carson City, Nev.
Aug. 11 (letter of notification) 300,000 shares of non-assessable common stock. **Price**—At par ($1 per share). **Proceeds**—For mining expenses. **Office**—Virginia Truck Bldg., Carson City, Nev. **Underwriter**—Coombs & Co. of Las Vegas, Nev.

Swank Uranium Drilling & Exploration Co.
Aug. 17 (letter of notification) 3,000,000 shares of common stock. **Price**—At par (10 cents per share). **Proceeds**—For expenses incident to mining activities. **Office**—Moab, Utah. **Underwriter**—Honnold & Co., Inc., Salt Lake City, Utah.

Sweetwater Uranium Co.
Sept. 9 (letter of notification) 3,000,000 shares of capital stock (par one cent). **Price**—10 cents per share. **Proceeds**—For mining operations. **Office**—605 Judge Bldg., Salt Lake City, Utah. **Underwriter**—Skyline Securities, Inc., Denver, Colo.

Target Uranium Co., Spokane, Wash.
Aug. 12 (letter of notification) 1,000,000 shares of non-assessable stock (par five cents). **Price**—20 cents per share. **Proceeds** — For mining expenses. **Office** — 726 Paulsen Bldg., Spokane, Wash. **Underwriter** — Percy Dale Lanphere, Empire State Bldg., Spokane, Wash.

Tasha Oil & Uranium Co., Denver, Colo.
May 11 (letter of notification) 6,000,000 shares of common stock (par one cent). **Price**—Five cents per share. **Proceeds**—For mining operations. **Office**—1890 S. Pearl St., Denver, Colo. **Underwriter** — Carroll, Kirchner & Jaquith, Inc., same city.

Tennessee Life & Service Insurance Co.
June 20 (letter of notification) 9,200 shares of common stock (par $5) to be offered for subscription by stockholders. **Price**—$30 per share. **Proceeds**—To increase working capital for agency expansion. **Office** — 1409 Magnolia Ave., Knoxville, Tenn. **Underwriter**—Jesse C. Bowling, 16 M Street, Bedford, Ind.

Texas Western Oil & Uranium Co., Denver, Colo.
June 15 (letter of notification) 5,960,000 shares of common stock (par one cent). **Price**—Five cents per share. **Proceeds**—For mining expenses. **Office** — 407 Denver National Bldg., Denver, Colo. **Underwriter**—Floyd Koster & Co., same address.

★ Theatre Corp. of America
Oct. 21 (letter of notification) 60,000 shares of common stock (par $1). **Price** — $5 per share. **Proceeds** — For working capital. **Office**—9 East 46th St., New York, N. Y. **Business**—Participations in ventures in and relating to the fields of entertainment. **Underwriter**—None.

★ Three Forks Oil & Uranium Co.
Oct. 17 (letter of notification) 2,000,000 shares of common stock (par two cents). **Price**—15 cents per share. **Proceeds**—For mining expenses. **Office**—803 Lincoln Ave., Steamboat Springs, Colo. **Underwriter**—None.

★ Toro Manufacturing Corp., Minneapolis, Minn.
Oct. 25 filed 42,099 shares of common stock (par $1) to be offered for subscription by common stockholders on the basis of one new share for each four shares held. **Price**—To be supplied by amendment. **Proceeds**—For working capital, etc. **Underwriter** — Piper, Jaffray & Hopwood, Minneapolis, Minn.

Trans-National Uranium & Oil Corp.
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 non-assessable common stock. **Price**—At par ($1 per share). **Proceeds**—For repayment of loans, working capital, etc. **Office**—1810 Smith Tower, Seattle, Wash. **Underwriter**—National Securities Corp., Seattle, Wash.

Triangle Mines, Inc., Salt Lake City, Utah
May 3 (letter of notification) 100,000 shares of common stock. **Price**—At par (50 cents per share). **Proceeds**—For mining operations. **Office** — 506 Judge Bldg., Salt Lake City, Utah. **Underwriter** — Lewellen-Bybee Co., Washington, D. C.

Tri-State Natural Gas Co., Tucson, Ariz.
July 6 (letter of notification) 200,000 shares of common stock (par 10 cents). **Price**—$1.50 per share. **Proceeds**—For expenses incident to oil and gas activities. **Office**—15 Washington St., Tucson, Ariz. **Underwriter**—Frank L. Edenfield & Co., Miami, Fla.

Tunacraft, Inc., Kansas City, Mo.
Aug. 22 (letter of notification) $295,000 principal amount of 6% 12-year registered subordinated sinking fund debentures, dated Sept. 1, 1955 (with stock purchase warrants). **Price**—At par (in denominations of $100 each or multiples thereof). **Proceeds**—To refinance and discharge secured obligation. **Underwriter** — McDonald, Evans & Co., Kansas City, Mo.

Tungsten Mountain Mining Co., Fallon, Nev.
June 8 (letter of notification) 149,800 shares of common stock (par $1). **Price**—$1.50 per share. **Proceeds**—For mining operations. **Address** — P. O. Box 456, Fallon, Churchill County, Nev. **Underwriter**—H. P. Pratt & Co., Seattle, Wash.

Two Jay Uranium Co., Salt Lake City, Utah
May 16 (letter of notification) 3,000,000 shares of common stock (par three cents). **Price**—10 cents per share. **Proceeds**—For mining expenses. **Office**—32 Exchange Place, Salt Lake City, Utah. **Underwriter** — Western States Investment Co., Tulsa, Okla.

Ucon Uranium Corp., Salt Lake City, Utah
June 2 (letter of notification) 5,000,000 shares of common stock (par one cent). **Price**—Five cents per share. **Proceeds**—For mining costs. **Office**—406 Judge Building, Salt Lake City, Utah. **Underwriter**—Empire Securities Corp., Las Vegas, Nev.

U-Kan Uranium & Oil Co., Salt Lake City, Utah
May 5 (letter of notification) 260,000 shares of common stock (par 10 cents). **Price**—$1 per share. **Proceeds**—For mining expenses. **Office** — Judge Bldg., Salt Lake City, Utah. **Underwriter** — Northern Securities, Inc., Seattle, Wash.

Union Corp. of America (11/3)
Oct. 13 filed 797,800 shares of common stock (no par). **Price**—Proposed maximum offering price per unit is $5 per share. **Proceeds**—To acquire one life and one fire insurance company, and one mortgage loan firm. **Underwriter**—None; shares to be sold through directors and officers.

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.
Sept. 27 filed 243,469 shares of 4% convertible preference stock (par $100) being 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**—$100 per share. **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 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 up to noon (EST) on Nov. 9, at Room 240, Two Rector St., New York, N. Y..

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.

★ United Wholesale Druggists of Fort Worth, Inc.
Oct. 17 (letter of notification) 3,000 shares of common stock (no par). **Price**—$50 per share. **Proceeds**—For operating capital. **Office**—70 Jennings Ave., Fort Worth, Texas. **Underwriter**—None.

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 expenses incident to mining activities. **Office**—312 Byington Bldg., Reno, Nev. **Underwriter**—Lester L. LaFortune, Las Vegas, Nev.

Utah Southern Uranium Co., Las Vegas, Nev.
June 6 (letter of notification) 3,000,000 shares of capital stock. **Price**—At par (10 cents per share). **Proceeds**—For mining expenses. **Office**—210 N. Third St., Las Vegas, Nev. **Underwriter**—Lester L. LaFortune, same city.

Utore Uranium & Diata, Inc., Vale, Ore.
July 8 (letter of notification) 10,000,000 shares of common stock (par one cent). **Price**—Two cents per share. **Proceeds**—Expenses incident to mining operations. **Office**—Lytle Building, Vale, Ore. **Underwriter**—Hansen Uranium Brokerage, Salt Lake City, Utah.

★ Van Keuren Funk, Inc., New Canaan, Conn.
Oct. 17 (letter of notification) 200,000 shares of class B common stock and 4,000 shares of class A common stock. **Price**—At par ($1 per share). **Proceeds**—For working capital, etc. **Office** — 70 Elm St., New Canaan, Conn. **Underwriter**—None.

Vanura Uranium, Inc., Salt Lake City, Utah
June 16 (letter of notification) 3,000,000 shares of common stock (par one cent). **Price** — 10 cents per share. **Proceeds** — For mining expenses. **Underwriter** — I. J. Schenin & Co., New York. **Name Change**—The company was formerly known as San Miguel Uranium, Inc.

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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.

Western Carolina Telephone Co.
Oct. 10 (letter of notification) 18,500 shares of common stock (par $10), to be offered to stockholders through subscription rights on the basis of one share for each five held. **Price**—$12 per share; unsubscribed shares to be purchased by investment bankers at not less than $12 per share. **Proceeds**—For expansion. **Office**—Weaverville, N. C. **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 Southern Gas Co., Inc.**
Oct. 20 filed 20,818 shares of common stock (par $10), to be offered for subscription by stockholders on the basis of one new share for each four shares held as of Nov. 3; rights to expire on Nov. 29. **Price** — $16.50 to stockholders; and $17.50 to public. **Proceeds**—To repay bank loans and for extensions and improvements to property. **Office** — 235 Broad St., Lake Geneva, Wis. **Underwriters** — The Milwaukee Co., Milwaukee, Wis.; and Harley, Haydon & Co., Inc. and Bell & Farrell, Inc., both of Madison, Wis.

Wolfson Uranium Corp., Denver, Colo.
Sept. 7 (letter of notification) 150,000 shares of non-assessable common stock. **Price**—At par ($1 per share). **Proceeds**—For expenses incident to mining activities. **Office**—800 Denver Club Building, Denver, Colo. **Underwriter**—Seligmann & Co., Milwaukee, Wis.

Wonder Mountain Uranium, Inc., Denver, Colo.
Aug. 12 (letter of notification) 2,380,000 shares of common stock (par one cent). **Price**—10 cents per share. **Proceeds** — For expenses incident to mining activities. **Office**—414 Denver Nat'l Bldg., Denver, Colo. **Underwriter**—Floyd Koster & Co., Denver, Colo.

Woods Oil & Gas Co., New Orleans, La.
Aug. 29 filed 250,000 shares of common stock (par $5). **Price**—$8 per share. **Proceeds**—For retirement of debt; revision of corporate structure, etc. **Underwriter** — Straus, Blosser & McDowell, Chicago, Ill. **Offering**—To be withdrawn.

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.

Yellowknife Uranium Corp.
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. **Offering**—Indefinitely postponed.

York Oil & Uranium Co.
June 3 (letter of notification) 10,000,000 shares of capital stock. **Price**—At par (two cents per share). **Proceeds**—For mining and oil activities. **Address**—P. O. Box 348, Newcastle, Wyo. **Underwriter**—Empire Securities Corp., Salt Lake City, Utah.

Zenith-Utah Uranium Corp.
Sept. 14 (letter of notification) 6,000,000 shares off class A common stock. **Price**—At par (five cents). **Proceeds**—For mining expenses. **Office**—45 East Broadway, Salt Lake City, Utah. **Underwriter**—Bel-Air Securities Corp., same city.

Prospective Offerings

Atlantic City Electric Co.
Aug. 1, B. L. England, President, announced that the directors are now considering the sale to the public of a small amount of common stock (not more than 75,000 shares) early next year. **Underwriters**—Probably Union Securities Corp. and Smith, Barney & Co., both of New York.

Atlas Plywood Corp.
Oct. 12 it was reported company plans to issue and sell $3,000,000 of 5% sinking fund debentures and $3,000,000 of 5½% convertible subordinated debentures. **Proceeds**—To increase inventory and to retire subsidiary indebtedness. **Meeting**—Stockholders will vote Nov. 2 on approving a proposal to increase the authorized common stock from 1,400,000 shares to 2,400,000 shares to provide for exchange of stock for minority shares to Plywood, Inc., for conversion of proposed new debentures and for possible future acquisitions of property. **Underwriter**—May be Van Alstyne, Noel & Co., 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.**
Oct. 20 stockholders approved 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 $28,874,564 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.

★ **Chesapeake & Ohio Ry. (11/3)**
Bids are expected to be received by the company up to noon (EST) on Nov. 3 for the purchase from it of $4,800,000 equipment trust certificates. Probable bidders: Halsey, Stuart & Co. Inc.; Salomon Bros. & Hutzler; Kidder, Peabody & Co.

● **Chicago, Rock Island & Pacific RR. (11/8)**
Bids will be received by the company up to noon (CST) on Nov. 8 at Room 1136, LaSalle Street Station, Chicago 5, Ill., for the purchase from it of $2,952,000 equipment trust certificates, series P, to be dated Dec. 1, 1955, and to mature in 24 equal semi-annual installments from June 1, 1956 to Dec. 1, 1967. Probable bidders: Halsey, Stuart & Co. Inc.; Salomon Bros. & Hutzler; Kidder, Peabody & Co.

★ **Columbus & Southern Ohio Electric Co.**
Oct. 25 it was announced that contingent on favorable market conditions the company plans to sell to underwriters early in December a maximum of 250,000 new common shares. **Proceeds**—To finance electric plant expansion. **Underwriters**—Dillon, Read & Co. Inc., New York; and The Ohio Company, Columbus, Ohio.

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.

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.

Daitch Crystal Dairies, Inc.
Oct. 17 it was announced company plans a public offering of subordinated debentures. **Proceeds**—Together with funds to be received from institutional loan, to be used in connection with proposed merger with company of Shopwell Foods, Inc., and for expansion program. **Underwriter**—Hirsch & Co., Inc., New York.

● **Delaware Power & Light Co. (12/13)**
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. **Bids**—Expected to be received on Dec. 13.

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.

Florida Power Corp.
April 14 it was announced company may issue and sell between $10,000,000 and $12,000,000 of first mortgage bonds. **Underwriters**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Kidder, Peabody & Co. and Merrill Lynch, Pierce, Fenner & Beane (jointly); Lehman Brothers and Blyth & Co., Inc. (jointly); Glore, Forgan & Co.; and The First Boston Corp. **Offering**—Expected late in 1955 or early 1956.

Ford Motor Co., Detroit, Mich.
Sept. 19 it was reported a public offering of class A non-voting common stock is expected between Oct. 15 and Nov. 15. It is said that the stock to be sold will be the bulk of 3,089,908 shares now held by the Ford Foundation. **Price**—In March last, it was reported that the offering price was expected to be around $60 per share.

Gulf States Utilities Co.
May 16 it was reported company may issue and sell $10,000,000 first mortgage bonds if market conditions permit. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Lehman Brothers; Merrill Lynch, Pierce, Fenner & Beane and White, Weld & Co. (jointly); Salomon Bros. & Hutzler and Union Securities Corp. (jointly); Kuhn, Loeb & Co. and A. C. Allyn & Co., Inc. (jointly); Lee Higginson Corp. and Carl M. Loeb, Rhoades & Co. (jointly); Stone & Webster Securities Corp.

● **Hawaii (Territory of) (11/2)**
Oct. 24 it was announced that it is planned to sell an issue of $7,500,000 20-year general obligation bonds. **Proceeds** — For school construction, etc. **Bids** — To be received up to 10 a.m. (EST) on Nov. 2, at Bankers Trust Co., 46 Wall St., 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.

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.

★ **North Shore Gas Co. (Mass.) (12/7)**
Oct. 25 it was announced company plans to register with SEC early in November an issue of $2,500,000 first mortgage bonds, series B, due 1975. **Proceeds** — For construction program, etc. **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. **Bids**—Scheduled to be received at 441 Stuart St., Boston 16, Mass., on Dec. 7.

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.

★ **Northrop Aircraft, Inc.**
Oct. 25, Whitley C. Collins, President, announced that the company plans to issue and sell publicly $10,000,000 of 20-year convertible sinking fund debentures. **Proceeds**—For working capital and other corporate purposes. **Underwriter**—In August, 1951, William R. Staats & Co., Los Angeles, Calif., handled stock financing.

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.

Pike County Natural Gas Co.
Oct. 17 it was reported company plans to sell about $600,000 of common stock. **Underwriter**—Bache & Co., New York.

● **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." Stockholders on Oct. 20 authorized the issuance of an additional $25,000,000 first and refunding mortgage bonds, but company announced it has no present plans to issue or sell any bonds under this mortgage. The company has scheduled a large-scale expansion program, involving $80,000,000 in order to keep abreast of estimated load growth over the next five years. **Underwriters** — Probably Stone & Webster Securities Corp., The First Boston Corp. and Smith, Barney & Co. Halsey, Stuart & Co. Inc., is reported to head a group to bid for approximately $25,000,000 of bonds.

Pure Oil Co.
April 9 stockholders approved the possible issuance of a convertible debenture issue. This would not exceed $50,000,000 and would be issued at the discretion of the directors any time within the next 12 months. Underwriter—Probably Smith, Barney & Co., New York

Radio Corp. of America
Sept. 2 the directors discussed the advisability of issuing $100,000,000 of subordinated convertible debentures. **Proceeds** — To increase financial resources of company. **Underwriters** — Lehman Brothers and Lazard Freres & Co., both of New York.

Rochester Gas & Electric Corp.
Oct. 13 company applied to the New York P. S. Commission for authority to issue and sell to its common stockholders 200,000 additional shares of common stock on the basis of one new share for each seven shares held. **Price**—To be determined later. **Proceeds**—For construction program. **Underwriters** — The First Boston Corp., Blyth & Co., Inc., Wertheim & Co. and Merrill Lynch, Pierce, Fenner & Beane.

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)
Oct. 1 it was announced company plans to sell $18,000,000 of 30-year first mortgage bonds, series F, due Oct. 1, 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.

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.

Texas Industries, Inc.
Oct. 11 stockholders authorized a new issue of 30,000 shares of new common stock (no par value), of which it is planned to initially issue 10,000 shares bearing a $5 dividend and having a redemption value of $105 per share. **Proceeds**—For expansion program. **Underwriter**—Rauscher, Pierce & Co., Inc., Dallas, Tex.

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.

United States National Bank of Denver (Colo.)
Oct. 13 stockholders of record Oct. 11 were given the right to subscribe on or before Nov. 1 for 27,500 additional shares of capital stock (par $20) on the basis of one new share for each four shares held before payment of a 25% stock dividend on 110,000 shares outstanding. **Price**—$50 per share. **Proceeds**—To increase capital and surplus. **Underwriters** — Bosworth, Sullivan & Co.; Boettcher & Co.; Merrill Lynch, Pierce, Fenner & Beane; Peters, Writer & Christensen, Inc.

★ **Van Norman Co.**
Oct. 25, it was announced stockholders on Nov. 30 will vote on approving a change in name of company to Van Norman Industries, Inc. and on creating an authorized issue of 400,000 shares of $2.28 convertible preferred stock (cumulative to the extent earned). **Proceeds**—For acquisitions. **Underwriter**—Paine, Webber, Jackson & Curtis, Boston, Mass.

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.

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

The corporate new issue market just about ground to a full stop this week as the underwriting fraternity from coast to coast moved to the task of handling the biggest revenue bond issue that has yet come to market.

It was indicated that groups sponsoring recent offerings such as the Southern Bell's, Public Service Electric & Gas, Pacific Power & Light and Burlington Mills issues had found the market receptive.

In only one instance was investor interest reported really lagging and that was in the case of New York State Electric & Gas Corp.'s bonds which were reported to be still a bit less than half sold.

The tapering off of interest in corporate new issues was ascribed chiefly to the disposition of institutional investors to sit back and wait for the enormous offering put on the market by the Illinois State Toll Highway Commission, an offering set up to provide real competition.

This $415 million project, taking just about the complete resources of the underwriting industry, was priced at par and carried a 3¾% interest rate, affording a yield that naturally proved attractive to insurance companies and trust funds which were not too much concerned with the 40-year maturity.

A week ago, it was indicated that preliminary inquiry augured well for this undertaking despite its size and sporadic litigation in which it had been involved.

Complete Blackout

Except for a small issue of Chesapeake & Ohio Railway equipment trust certificates, $4,800,000, on which bids are slated to be opened on Thursday, there is not a corporate debt issue due to reach market next week.

But underwriters will be kept on the busy side with several big "standby" operations involving equity offerings with preemptive rights to present holders. First of these is Southern Co.'s offering of 1,507,303 shares of new common on a 1-for-12 basis. Bids to handle the business will be opened Tuesday.

The second large standby is Commonwealth Edison's 1,110,375 shares of common to be offered on a 1-for-15 basis to holders of record Nov. 1. This operation is being handled on a negotiated basis.

Thin Fare Ahead

Even the ensuing week, a fortnight hence, promises only limited activity speaking generally. A single new debt issue will be up for bids in that period. But even the equity picture is jaded.

United Gas Corp. is scheduled to market $20,000,000 of 20-year first mortgage collateral trust bonds on Nov. 9 and the prospect is for a real show of banking competition in this instance.

The following week brings up two debt offerings, one by negotiated sale and the other by competitive bidding. National Tea Co. will market $15,000,000 of sinking fund, subordinated, convertible debentures, due in 1981.

New England Telephone & Telegraph Co. is slated to open bids for $30,000,000 of debentures, due 1991. Both the aforementioned undertakings are designed to fund existing floating debts.

L. I. Lighting Issue

Long Island Lighting Co.'s $15 million of new 30-year, first mortgage bonds attracted a number of bids, and the successful group took down the bonds at a price of 100.80 for a 3⅜% interest rate. Reoffering was expected today on a basis of 101.421 for an indicated yield of 3.30%.

Market observers pointed out that over the last several weeks, pricing of new issues has been successively closer to the prevailing market, with the result that several undertakings have been regarded as rather "fully" priced.

Now With Westheimer

(Special to The Financial Chronicle)

CINCINNATI, Ohio—Robert O. Buse has been added to the staff of Westheimer & Company, 322-326 Walnut Street, members of the New York and Cincinnati Stock Exchanges. Mr. Buse was previously with W. C. Thornburgh Co.

Now With Vercoe & Co.

(Special to The Financial Chronicle)

COLUMBUS, Ohio — Lenox H. Rand has become associated with Vercoe and Company, Huntington Bank Building, members of the New York Stock Exchange. He was formerly with Paine, Webber, Jackson & Curtis.

Joins Merrill Lynch

(Special to The Financial Chronicle)

COLUMBUS, Ohio — LeRoy E. Freter has become affiliated with Merrill Lynch, Pierce, Fenner & Beane, 48 East Gay Street.

Joins Draper Sears

(Special to The Financial Chronicle)

BOSTON, Mass. — Daniel J. Sweeney has become associated with Draper Sears & Co., 50 Congress Street, members of the New York and Boston Stock Exchanges.

Gordon Hanlon Adds

(Special to The Financial Chronicle)

BOSTON, Mass. — Robert P. Loring has become affiliated with Gordon B. Hanlon & Co., 10 Post Office Square, members of the Boston Stock Exchange.

Mutual Funds

By ROBERT R. RICH

A Week's Work in a Day

"If the American genius for increasing productivity continues at current rates, we can look forward in the next century to producing in a single seven-hour day the same amount of goods produced in a 40-hour week."

This statement was made by Charles F. Smith, President of Financial Industrial Fund, Inc., in the Fund's twentieth annual report.

In his letter to FIF shareholders, Mr. Smith continued, "We, as consumers, workers and owners, will be the beneficiaries of this progress. Our increased hours of leisure, our improved standard of living that makes yesterday's luxuries a basic part of today's living, and our increased income have all been the result of increased output per man-hour."

"These long-term trends," Mr. Smith said, "have real and significant importance to us as individuals when measured within the span of our own personal life and progress. As consumers we have benefited—average personal consumption expenditures have increased 237% over the last 20 years. As worker-producers we have benefited—our weekly compensation has risen 296% since 1935. As business owners, we have benefited—corporate profits have increased 324%.

"During the 20 years since 1935," he pointed out, "the American economy continued its basic pattern of growth that has been shared-in and contributed-to by almost every generation born within the stretch of our national history.

"Many less-informed observers hasten to point out that the last 20 years was a period of unusual progress. Most facts do not support this too-commonly-held idea. While the last two decades witnessed substantial growth, it was growth not beyond the typical or average for that of many similar periods in our national history.

"The comparison of the manufacturing production and population trends shown in the table tends to substantiate the contention that the 1935-1955 period was merely another, quite normal, chapter in our pattern of progress."

Twenty-Year Growth

Period	Production	Population
1875-1895	205%	51%
1895-1915	142	42
1915-1935	20	25
1935-1955	133	28

With Perry Blaine Co.

(Special to The Financial Chronicle)

ASHTABULA, Ohio — Gilbert F. Forsyth, Jr. has been added to the staff of Perry T. Blaine & Co., 4519 Main Avenue.

Science Fund to Sell in California

The division of corporations of the state of California has authorized the sale and issuance of shares of Science & Nuclear Fund in that state, Donald F. Bishop, President of the Fund, announced.

The Fund is an open-end mutual investment company organized earlier this year to invest in the nuclear and related scientific fields.

Sales of Mutual Fund Shares in September at All-Time High

Results significant in view of sharp market break in that month.

The number of shareholder accounts of its 144 member companies continued to rise during the quarter ended Sept. 30, according to the National Association of Investment Companies. This period included the recent decline in common stock price levels.

The number of accounts totaled 2,165,306 on Sept. 30, up 60,240 from the second quarter of 1955.

Total net assets of all member companies amounted to $8,492,-496,000 compared with $8,484,675,-000 at the end of the previous three months. This represents an increase of $1,194,902,000 over the 1954 year-end total of $7,297,-594,000.

Sales of open-end investment company (mutual fund) shares for the third quarter amounted to $314,966,000 as against $271,976,-000 for the three months ended June 30, 1955. Sales of mutual fund shares for the month of September, according to the Association, were at an all-time high of $126,970,000 for the 116 open-end member companies. During this month redemptions of holdings by investors amounted to $35,434,000. Total redemptions for the third quarter were $100,078,000 as against $109,932,000 in the previous quarter.

A total of 29,871 accumulation plans were opened by investors for the regular purchase of mutual fund shares during the quarter ended Sept. 30, compared with 27,390 in the previous quarter. This brings the total number of accumulation plans in force on Sept. 30 to an estimated 296,076 compared with 275,501 in effect at mid-year 1955.

Mutual funds continued in the third quarter to be net buyers of portfolio securities. Securities bought by the open-end companies for investment portfolios (excluding U. S. Government securities) during the third quarter totaled $416,925,000, while total sales of portfolio holdings amounted to $277,068,000. This compares with purchases of $431,-697,000 and sales of $312,751,000 in the previous quarter. For the first nine months of 1955, purchases for portfolios totaled $1,-265,023,000 and sales $864,818,000.

During the third quarter of 1955 total distributions of $10,104,000 were made to owners of securities of the 144 member companies. The 28 closed-end companies paid out a total of $12,332,000, made up of $11,327,000 in common dividends, $811,000 in preferred dividends and $194,000 in interest payments. Distributions by the 116 open-end companies totaled $88,772,000. Of this amount $59,893,000 was from dividend income and $28,848,000 from net realized capital gains.

Cash, U. S. Government securities and short-term obligations held by the 116 mutual funds totaled $441,283,000 on Sept. 30, 1955, representing 6.1% of total net assets. This compares with $362,552,000, or 5% on June 30, 1955 and $308,701,000 or 5.1% at the 1954 year-end.

TOTAL NET assets, shares outstanding, net assets per share, net income, and realized gains on sales of securities of The Investment Company of America all reached new highs during the third quarter, according to Jonathan B. Lovelace, President. Total net assets at Sept. 30, 1955 were $69,027,207 or $9.35 per share on 7,383,027 shares compared with total net assets of $39,-257,895 or $7.63 per share on 5,142,746 shares a year ago.

Commonwealth Co. Assets Jump 52% for Year

Total assets of Commonwealth Investment Co. rose to $101,185,-192 as of Sept. 30, according to an announcement made by Robert L. Cody, Executive Vice-President.

This compares with assets of $81,159,132 on the same date a year ago, an increase of 25%.

Commonwealth's investments are as follows: 69.1% common stocks, 14.5% preferred stocks, 9.1% corporate bonds, and 7.3% cash and government bonds. Principal industrial holdings are oils, 12.6%; electric utilities, 11.9%; and chemicals-drugs, 6.4%.

Consistent with its policy of broad diversification, Commonwealth's portfolio consists of more than 300 individual securities.

United Funds: Net assets of the four mutual funds that comprise the United Funds, Inc. group of investing companies rose to $247,-267,519 Sept. 30.

The largest total for any interim reporting date showed that in the nine months of 1955 net assets were up more than $50 million, and the third quarter's gain topped $10½ million, while compared with a year ago, the fund's assets were up more than $80½ million.

United Income Fund, the largest of the group, reported net assets of $131,315,691, equal to $9.59 a share on the outstanding 13,689,-410 shares. A year earlier net assets were $100,126,953, and adjusted to the 2-for-1 stock split effected Aug. 4, 1955, the per share assets equaled $7.91. The 968,148 shares sold this year produced $14,629,091 for the fund, compared with 639,797 shares for a total of $9,415,189 a year earlier.

United Accumulative Fund had assets September 30 of $69,574,088, equal to $10.51 a share, against $37,510,561, or $8.24 a share, a year earlier.

United Science Fund had net assets of $27,801,274, equal to $9.70 a share, against $20,681,065, or $7.69 a share, in the like 1954 period.

United Continental Fund had net assets of $18,576,466, equal to $7.38 a share, against $8,446,575, or $5.81 a share.

Int'l Resources Fund Shares Being Offered

Will open-end on distribution of current issue.

Public offering of 1,500,000 shares of the capital stock of International Resources, Inc., a mutual investment fund, was made Oct. 27 by an underwriting group headed jointly by Kidder, Peabody & Co. and Hemphill, Noyes & Co. The stock is priced at $5 per share. Now a closed-end investment company, it will become an open-end company with redeemable shares shortly after distribution of the shares now being offered.

The company was organized to invest in securities of companies engaged in or related to any phase of the exploration, extraction, distribution and processing of the various types of natural resources. This investment policy is based on the management's belief that growing industrialization throughout the world will continue to deplete the known world reserves of low-cost strategic raw materials at a more rapid pace than they are being replaced by new discoveries.

It is expected that the fund's investments generally will be in common stocks, with special attention to companies which directly or indirectly own substantial interests in such natural resources as oil, natural gas, uranium, thorium, coal and hydro-electric power, iron ore, timber, non-ferrous metals, sulphur and potash.

The company's net assets amounted to $5,141,642 as of Sep. 14, 1955.

The fund has entered into an agreement with Capital Research and Management Company of Los Angeles under which the latter, as investment adviser, will manage the investments of the fund.

Among the directors of the company are Peter Colefax, President of American Potash & Chemical Corp.; Lewis B. Harder, President of South American Gold & Platinum Company; and Jonathon B. Lovelace, President and director of Capital Research and Management Company.

With Harriman Ripley

(Special to THE FINANCIAL CHRONICLE)

BOSTON, Mass. — Nathaniel L. Harris, Jr. is connected with Harriman Ripley & Co., Incorporated, 30 Federal Street.

With Investors Planning

(Special to THE FINANCIAL CHRONICLE)

BOSTON, Mass. — Charles E. Timbie is now with Investors Planning Corporation of New England Inc., 68 Devonshire St.

Joins F. S. Moseley

(Special to THE FINANCIAL CHRONICLE)

BOSTON, Mass. — Frederic S. Moseley III has joined the staff of F. S. Moseley & Co., 50 Congress Street, members of the New York and Boston Stock Exchanges.

Assets of Fidelity At All-Time High

As of Sept. 30, 1955, the 102nd Quarterly Report of Fidelity Fund showed that the net asset value reached an all-time neg high of $202,368,245. This is an increase of 41.3% over the net asset value of $133,752,411 on Sept. 30, 1954. The number of shares outstanding and the number of shareholders also attained new highs as of the same date.

Net asset value per share as of Sept. 30, 1955, was $14.19 compared with $14.32 on June 30, 1955, and $11.11 a year ago.

MASSACHUSETTS INVESTORS TRUST reports for the three months ended Sept. 30, 1955 total net assets at a new record high of $918,604,754, with 28,913,860 shares outstanding owned by 129,022 shareholders. This compares with $695,642,528 in total assets, 28,000,028 shares outstanding and 118,684 shareholders at the same time a year ago.

The net asset value per share on Sept. 30, 1955 was $31.77 which, together with a special capital gain distribution of 29 cents per share in February, is equal to $32.06 per share, and compares with a net asset value of $24.84 per share on the same date last year.

The trustees said that in the week of Sept. 26 during the severe market reaction to President Eisenhower's illness, the number of shares purchased by investors substantially exceeded the number of shares redeemed by the Trust. Trustees also stated that despite wide fluctuations in stock market prices during the 31 years of the Trust's existence, purchase of the Trust's shares by investors have exceeded redemptions in every year.

During the three months ended Sept. 30 the Trust added $12,912,339 to its investment holdings as compared with sales of portfolio securities totaling $9,556,370, excluding short-term notes.

SELECTED AMERICAN SHARES total net assets at Sept. 30, 1955, as reported by Edward P. Rubin, President, were $47,259,726, equal to $9.34 a share, compared with $34,467,561 or $7.97 a share on Sept. 30, 1954. In addition to the gain in asset value per share, a 50-cent capital gain distribution was paid in January 1955. Dividends from investment income in the first nine months totaled 20 cents a share. Outstanding shares at Sept. 30 of 5,059,118 compared with 4,324,935 a year ago.

At Sept. 30 common stocks represented 89.4% of assets, corporate bonds 0.1%, U. S. Governments and cash 10.5%. The company had investments in 110 companies, the five largest holdings by industry being oil 9.9%, non-ferrous metal 9.7%, steel 9.2%, building 6.4%, electrical & electronics 6.1%.

With reference to President Eisenhower's illness touching off a stock market reaction, Mr. Rubin stated as follows: ". . . the strength of his personal character and the very material achievements under his leadership have contributed much to the growth of confidence in the past two years. But it is well to remember that this confidence has also been based upon factors more substantial than the contribution of any one man . . . Selected American's management is reassured as to the strength underlying the values represented by stocks of efficiently managed American companies. Earnings are advancing substantially this year and we do not believe stock prices are high in relation to these earnings or the dividends which are being paid from them. Our studies indicate the probability that the level of business activity will be well sustained next year . . . a period of market hesitation or decline should be welcomed as an opportunity."

Closed-End News

Tri-Continental Corporation net investment income totalled $6,143,921 for the first nine months of 1955, it was reported by Francis F. Randolph, Chairman of the Board and President.

Mr. Randolph stated that this year's income, figured on a basis comparable with last year, represented a gain for the nine months of 17% over the $4,788,164 for the same nine-month period in 1954.

The improvement in net investment income, he explained, reflected primarily the results of changes in portfolio investment holdings and higher dividend payments in general by companies represented in the portfolio.

Net investment assets totalled $263,066,013 on Sept. 30, including $1,998,954 of new funds received in the third quarter for 112,553 shares of common stock issued upon exercise of Tri-Continental's warrants. This was about the same as the June 30 total and compared with $236,164,289 at the beginning of 1955 and with $212,546,562 on Sept. 30 of last year.

Net asset value for the common stock equalled $40.50 per share on the increased number of shares outstanding on Sept. 30, Mr. Randolph stated, and this compared with $41.35 at June 30, and with $36.16 at the first of the year and $31.98 at Sept. 30, 1954.

Common stock holdings stood at 78.6% of investment assets, down moderately from 80.6% at June 30 and 82.8% at the beginning of the year.

He reported that holdings of net cash, bonds and preferred stocks had an aggregate value of $56,202,208 as compared with $40,723,113 on last Dec. 31.

Tri-Continental's holding of fixed income securities at the end of the third quarter was nearly equal to the total of its outstanding debentures and preferred stock, Mr. Randolph stated.

New York Capital Fund of Canada, Ltd., net asset value on Sept. 30 was $28,572,242, equal to $28.57 per common share, according to the fund's quarterly report for the three months ended Sept. 30.

This compared with net asset value of $27,794,816, or $27.79, on June 30. The report stated that a sharp decline in securities markets in the United States on Sept. 26 after the announcement of the impaired health of President Eisenhower was reflected in Canadian markets, where the bulk of the fund's assets is invested, and that on Oct. 12 net asset value was equal to $27.25 a share.

The fund's assets on Sept. 30 were: equities, 75.7%; foreign obligations, 10.8%; Canadian Government and corporate obligations, 9.9%; and cash and receivables, 3.6%.

The largest group holding of equities consisted of metals and mining shares which aggregated $4,926,875, or 17.24% of net assets. Other major group holdings included oil and gas shares, or 14.41%; paper, 9.56%; merchandising, 7.99%; utilities, 6.27%; life insurance, 6.15%; electric and electronic, 3.29%; pipe lines 3.11%; finance, 2.72%; building materials, 1.99%; steel, 1.03%; automotive, 1.01%.

Equities added to the portfolio during the quarter were Calgary Power, Ltd., Quebec Metallurgical Industries Limited, Nesbitt Labine Uranium Mines Limited; and there were increases in Simpsons, Limited, Canadian Superior Oil of California, Ltd., Great Plains Development Company of Canada, Ltd., Royalite Oil Company, Limited, Canadian Westinghouse Company Limited, and O'okiep Copper Company Limited.

There were reductions in the holdings of Distillers Corporation-Seagrams Limited, British Columbia Power Corporation Limited, Interprovincial Pipe Line Company, Royalite Oil Company, Limited, 5¼% Cum. Convert. Pfd., and Virginia Orange Free State Gold Mining Co. Ltd.; while equities eliminated comprised The Consolidated Mining and Smelting Company of Canada, Limited and Dominion Foundries and Steel, Limited.

Schirmer Atherton Adds

(Special to THE FINANCIAL CHRONICLE)

BOSTON, Mass. — William J. Gould, Jr. and Garrett J. Nagle have become connected with Schirmer, Atherton & Co., 50 Congress Street.

Joins Gage-Wiley Staff

(Special to THE FINANCIAL CHRONICLE)

SPRINGFIELD, Mass. — Daniel L. Weiner has become affiliated with Gage-Wiley & Co., Inc., Third National Bank Building.

With Gibbs & Co.

(Special to THE FINANCIAL CHRONICLE)

WORCESTER, Mass. — Francis C. Graham is now with Gibbs & Co., 507 Main Street.

Joins Goodbody & Co.

(Special to THE FINANCIAL CHRONICLE)

DETROIT, Mich. — Wilfred G. Gill has become affiliated with Goodbody & Co., Penobscot Building.

Davidson Adds to Staff

(Special to THE FINANCIAL CHRONICLE)

SAN FRANCISCO, Calif. — Lloyd E. Rogers has become associated with Davidson & Co., 155 Sansome Street, members of the San Francisco Stock Exchange. Mr. Rogers was previously with Hill Richards & Co. and Wulff-Hansen & Co.

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. 30	§98.2	*98.9	97.0	74.5
Equivalent to—					
Steel ingots and castings (net tons)	Oct. 30	§2,370,000	*2,386,000	2,341,000	1,776,000
AMERICAN PETROLEUM INSTITUTE:					
Crude oil and condensate output—daily average (bbls. of 42 gallons each)	Oct. 14	6,713,700	6,690,150	6,684,200	6,195,950
Crude runs to stills—daily average (bbls.)	Oct. 14	¶7,357,000	7,191,000	7,471,000	6,765,000
Gasoline output (bbls.)	Oct. 14	25,565,000	25,353,000	25,954,000	23,035,000
Kerosene output (bbls.)	Oct. 14	2,059,000	2,066,000	2,097,000	2,278,000
Distillate fuel oil output (bbls.)	Oct. 14	10,897,000	10,468,000	11,503,000	10,163,000
Residual fuel oil output (bbls.)	Oct. 14	7,639,000	7,712,000	7,342,000	7,531,000
Stocks at refineries, bulk terminals, in transit, in pipe lines—					
Finished and unfinished gasoline (bbls.) at	Oct. 14	150,480,000	151,006,000	152,165,000	150,676,000
Kerosene (bbls.) at	Oct. 14	37,228,000	36,355,000	35,726,000	38,796,000
Distillate fuel oil (bbls.) at	Oct. 14	148,841,000	145,598,000	141,229,000	133,253,000
Residual fuel oil (bbls.) at	Oct. 14	47,288,000	47,021,000	46,700,000	56,184,000
ASSOCIATION OF AMERICAN RAILROADS:					
Revenue freight loaded (number of cars)	Oct. 15	827,245	807,035	822,214	721,336
Revenue freight received from connections (no. of cars)	Oct. 15	684,252	691,237	661,927	596,846
CIVIL ENGINEERING CONSTRUCTION — ENGINEERING NEWS-RECORD:					
Total U. S. construction	Oct. 20	$419,915,000	$345,812,000	$432,958,000	$323,236,000
Private construction	Oct. 20	257,600,000	228,694,000	285,305,000	175,680,000
Public construction	Oct. 20	162,315,000	117,118,000	147,653,000	147,556,000
State and municipal	Oct. 20	106,261,000	84,757,000	127,830,000	95,998,000
Federal	Oct. 20	56,054,000	32,361,000	19,823,000	51,558,000
COAL OUTPUT (U. S. BUREAU OF MINES):					
Bituminous coal and lignite (tons)	Oct. 15	9,760,000	*9,835,000	9,970,000	8,421,000
Pennsylvania anthracite (tons)	Oct. 15	500,000	537,000	562,000	561,000
DEPARTMENT STORE SALES INDEX—FEDERAL RESERVE SYSTEM—1947-49 AVERAGE = 100	Oct. 15	128	125	125	119
EDISON ELECTRIC INSTITUTE:					
Electric output (in 000 kwh.)	Oct. 22	10,644,000	10,599,000	10,756,000	9,033,000
FAILURES (COMMERCIAL AND INDUSTRIAL) — DUN & BRADSTREET, INC.	Oct. 20	239	203	171	229
IRON AGE COMPOSITE PRICES:					
Finished steel (per lb.)	Oct. 18	5.174c	5.174c	5.174c	4.798c
Pig iron (per gross ton)	Oct. 18	$59.09	$59.09	$59.09	$56.59
Scrap steel (per gross ton)	Oct. 18	$44.83	$44.83	$44.17	$33.00
METAL PRICES (E. & M. J. QUOTATIONS):					
Electrolytic copper—					
Domestic refinery at	Oct. 19	42.825c	42.925c	43.650c	29.700c
Export refinery at	Oct. 19	43.225c	43.650c	43.425c	30.800c
Straits tin (New York) at	Oct. 19	96.000c	96.125c	96.750c	92.875c
Lead (New York) at	Oct. 19	15.500c	15.500c	15.000c	15.000c
Lead (St. Louis) at	Oct. 19	15.300c	15.300c	14.800c	14.800c
Zinc (East St. Louis) at	Oct. 19	13.000c	13.000c	13.000c	11.500c
MOODY'S BOND PRICES DAILY AVERAGES:					
U. S. Government Bonds	Oct. 25	95.86	95.87	94.85	99.30
Average corporate	Oct. 25	107.62	107.62	107.44	110.88
Aaa	Oct. 25	111.25	111.25	110.70	115.82
Aa	Oct. 25	109.60	109.60	109.06	112.37
A	Oct. 25	107.44	107.44	107.44	110.70
Baa	Oct. 25	102.80	102.80	102.80	105.00
Railroad Group	Oct. 25	106.04	106.04	106.04	109.06
Public Utilities Group	Oct. 25	107.98	108.16	107.80	111.25
Industrials Group	Oct. 25	108.88	108.88	108.70	112.19
MOODY'S BOND YIELD DAILY AVERAGES:					
U. S. Government Bonds	Oct. 25	2.81	2.81	2.88	2.55
Average corporate	Oct. 25	3.30	3.30	3.31	3.12
Aaa	Oct. 25	3.10	3.10	3.13	2.86
Aa	Oct. 25	3.19	3.19	3.22	3.04
A	Oct. 25	3.31	3.31	3.31	3.13
Baa	Oct. 25	3.58	3.58	3.58	3.45
Railroad Group	Oct. 25	3.39	3.39	3.39	3.22
Public Utilities Group	Oct. 25	3.28	3.27	3.29	3.10
Industrials Group	Oct. 25	3.23	3.23	3.24	3.05
MOODY'S COMMODITY INDEX	Oct. 25	398.7	403.4	411.6	404.1
NATIONAL PAPERBOARD ASSOCIATION:					
Orders received (tons)	Oct. 15	272,234	379,667	246,613	241,538
Production (tons)	Oct. 15	291,411	289,693	290,350	252,442
Percentage of activity	Oct. 15	102	102	104	93
Unfilled orders (tons) at end of period	Oct. 15	653,346	677,874	635,802	429,295
OIL, PAINT AND DRUG REPORTER PRICE INDEX— 1949 AVERAGE = 100	Oct. 21	106.82	106.83	106.94	106.23
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	Oct. 1	2,480,280	1,205,959	975,702	942,032
Dollar value	Oct. 1	$136,907,987	$67,876,525	$53,550,016	$46,602,053
Odd-lot purchases by dealers (customers' sales)—					
Number of orders—Customers' total sales	Oct. 1	1,673,878	1,083,527	802,475	973,696
Customers' short sales	Oct. 1	11,216	3,866	4,916	8,215
Customers' other sales	Oct. 1	1,662,662	1,079,661	797,559	965,481
Dollar value	Oct. 1	$93,758,556	$57,097,900	$39,503,986	$45,371,349
Round-lot sales by dealers—					
Number of shares—Total sales	Oct. 1	385,050	306,870	218,400	307,030
Short sales	Oct. 1	------	------	------	------
Other sales	Oct. 1	385,050	306,870	218,400	307,030
Round-lot purchases by dealers—					
Number of shares	Oct. 1	1,171,480	428,510	391,870	262,280
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	Oct. 1	700,930	522,700	504,440	401,910
Other sales	Oct. 1	21,984,950	12,087,740	8,953,150	9,747,070
Total sales	Oct. 1	22,685,880	12,610,440	9,457,590	10,148,980
ROUND-LOT TRANSACTIONS FOR ACCOUNT OF MEMBERS, EXCEPT ODD-LOT DEALERS AND SPECIALISTS:					
Transactions of specialists in stocks in which registered—					
Total purchases	Oct. 1	3,603,300	1,534,960	1,203,870	1,109,270
Short sales	Oct. 1	334,600	220,050	213,010	179,830
Other sales	Oct. 1	3,281,180	1,282,870	963,280	926,270
Total sales	Oct. 1	3,615,780	1,502,920	1,176,290	1,106,100
Other transactions initiated on the floor—					
Total purchases	Oct. 1	466,580	342,220	247,650	291,660
Short sales	Oct. 1	51,000	20,800	12,300	25,470
Other sales	Oct. 1	534,480	303,210	213,630	302,460
Total sales	Oct. 1	585,480	324,010	225,930	327,930
Other transactions initiated off the floor—					
Total purchases	Oct. 1	974,578	552,780	422,060	347,880
Short sales	Oct. 1	107,330	140,230	134,700	64,300
Other sales	Oct. 1	1,183,944	680,290	594,527	374,180
Total sales	Oct. 1	1,291,274	820,520	729,227	438,480
Total round-lot transactions for account of members—					
Total purchases	Oct. 1	5,044,458	2,429,960	1,873,580	1,748,810
Short sales	Oct. 1	492,930	381,080	360,010	269,600
Other sales	Oct. 1	4,999,604	2,266,370	1,771,437	1,602,910
Total sales	Oct. 1	5,492,534	2,647,450	2,131,447	1,872,510
WHOLESALE PRICES, NEW SERIES — U. S. DEPT. OF LABOR — (1947-49 = 100):					
Commodity Group—					
All commodities	Oct. 18	111.2	111.2	111.4	109.4
Farm products	Oct. 18	87.1	86.7	89.4	91.4
Processed foods	Oct. 18	99.8	99.8	101.8	103.3
Meats	Oct. 18	79.4	79.4	84.6	85.0
All commodities other than farm and foods	Oct. 18	118.6	118.7	117.9	114.6

*Revised figure. ¶Includes 727,000 barrels of foreign crude runs. §Based on new annual capacity of 125,828,310 tons as of Jan. 1, 1955, as against Jan. 1, 1954 basis of 124,330,410 tons.
†Number of orders not reported since introduction of Monthly Investment Plan.

	Latest Month	Previous Month	Year Ago
AMERICAN IRON AND STEEL INSTITUTE:			
Steel ingots and steel for castings produced (net tons)—Month of Sept.	9,881,000	*9,594,545	6,807,483
Shipments of steel products (net tons)—Month of Aug.	7,053,615	6,250,597	4,681,242
AMERICAN RAILWAY CAR INSTITUTE—			
Month of September:			
New domestic freight cars delivered	3,118	3,480	2,566
BANK DEBITS—BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM—Month of September (in thousands)	$169,000,000	$167,358,000	$149,898,000
CASH DIVIDENDS—PUBLICLY REPORTED BY U. S. CORPORATIONS — U. S. DEPT. OF COMMERCE — Month of August (000's omitted)	$263,000,000	$669,000,000	$333,200,000
COKE (BUREAU OF MINES)—Month of Aug.:			
Production (net tons)	6,394,636	*6,183,533	4,529,800
Oven coke (net tons)	6,224,326	*6,038,615	4,485,800
Beehive coke (net tons)	170,310	*144,918	44,000
Oven coke stock at end of month (net tons)	2,064,918	*2,111,991	2,855,874
COMMERCIAL PAPER OUTSTANDING—FEDERAL RESERVE BANK OF NEW YORK—			
As of Sept. 30 (000's omitted)	$564,000	$580,000	$803,000
CROP PRODUCTION — CROP REPORTING BOARD U. S. DEPT. OF AGRICULTURE—			
Crop reported as of Oct. 1 (in thousands):			
Corn, all (bushels)	3,117,739	3,113,467	2,964,639
Wheat, all (bushels)	915,528	916,776	969,781
Winter (bushels)	689,403	689,403	790,737
All spring (bushels)	226,125	227,373	179,040
Durum (bushels)	14,379	14,334	5,557
Other spring (bushels)	211,746	213,039	173,487
Oats (bushels)	1,636,030	1,636,030	1,429,579
Barley (bushels)	386,551	386,551	370,126
Rye (bushels)	28,448	28,448	23,688
Flaxseed (bushels)	42,985	43,003	41,534
Rice (100-lb. bag)	50,233	48,745	58,853
Sorghum grain (bushels)	228,695	226,776	204,087
Cotton (bales)	13,928	12,873	13,696
Hay, all (tons)	109,908	108,464	104,380
Hay, wild (ton)	9,939	9,939	10,184
Hay, alfalfa (tons)	52,703	51,699	49,328
Hay, clover and timothy (tons)	26,731	26,731	27,579
Hay, lespedeza (tons)	4,875	4,755	3,052
Beans, dry edible (100-lb. bags)	18,954	18,922	18,899
Peas, dry field (bags)	2,833	2,833	3,484
Soybeans for beans (bushels)	374,816	387,527	342,795
Peanuts (pounds)	1,749,825	1,689,325	1,023,070
Potatoes (bushels)	387,334	392,539	356,031
Sweetpotatoes (bushels)	35,593	36,137	29,880
Tobacco (pounds)	2,308,028	2,258,867	2,236,408
Sugarcane for sugar and seed (tons)	7,056	7,056	7,481
Sugar beets (tons)	12,176	12,219	14,091
Broomcorn (tons)		43	27
Hops (pounds)	37,108	37,946	43,363
Apples, commercial crop (bushels)	107,323	108,201	109,512
Peaches (bushels)	50,539	48,773	61,316
Pears (bushels)	30,363	30,510	30,434
Grapes (tons)	3,134	3,134	2,569
Cherries (12 States) (tons)	270	270	206
Apricots (3 States (tons)	258	258	155
Cranberries (5 States) (barrels)	1,069	1,112	1,018
Pecans (pounds)	89,800	81,440	90,510
INDUSTRIAL PRODUCTION—BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM—1947-49=100—Month of Sept.:			
Seasonally adjusted	141	140	124
Unadjusted	141	*139	126
INTERSTATE COMMERCE COMMISSION—			
Index of Railway Employment at middle of Sept. (1947-49 = 100)	84.5	83.5	82.3
LIFE INSURANCE—BENEFIT PAYMENTS TO POLICYHOLDERS — INSTITUTE OF LIFE INSURANCE—Month of August:			
Death benefits	$199,661,000	$167,650,000	$168,048,000
Matured endowments	48,500,000	44,147,000	39,247,000
Disability payments	9,062,000	8,659,000	8,648,000
Annuity payments	36,983,000	35,454,000	34,907,000
Surrender values	76,312,000	66,159,000	69,738,000
Policy dividends	71,605,000	76,412,000	60,271,000
Total	$442,123,000	$398,481,000	$380,859,000
LIFE INSURANCE PURCHASES—INSTITUTE OF LIFE INSURANCE—Month of Sept.: (000's omitted):			
Ordinary	$2,362,000	$2,548,000	$2,000,000
Industrial	561,000	540,000	525,000
Group	823,000	557,000	480,000
Total	$3,746,000	$3,645,000	$3,005,000
METAL OUTPUT (BUREAU OF MINES)—			
Month of August:			
Mine production of recoverable metals in the United States:			
Gold (in fine ounces)	156,754	*130,665	163,887
Silver (in fine ounces)	2,708,778	*2,419,346	3,001,210
Copper (in short tons)	66,653	*33,353	51,668
Lead (in short tons)	26,490	*25,846	27,066
NEW CAPITAL ISSUES IN GREAT BRITAIN— MIDLAND BANK LTD.—Month of Sept.	£41,756,000	£211,272,000	£43,095,000
SELECTED INCOME ITEMS OF U. S. CLASS I RYS. (Interstate Commerce Commission)—			
Month of June:			
Net railway operating income	$106,033,549	$101,242,547	$79,059,487
Other income	20,135,003	24,400,564	18,991,865
Total income	126,168,552	125,643,111	98,051,352
Miscellaneous deduction from income	3,376,340	3,551,403	3,393,508
Income available for fixed charges	122,792,212	121,691,708	94,657,844
Income after fixed charges	91,515,112	89,910,090	63,027,450
Other deductions	3,411,613	3,235,462	2,802,194
Net income	88,103,499	86,674,628	60,225,256
Depreciation (way & structure & equipment)	44,312,745	44,152,033	43,869,887
Federal income taxes	45,894,326	37,910,184	24,357,389
Dividend appropriations:			
On common stock	25,476,791	34,772,732	17,778,098
On preferred stock	1,960,092	5,745,022	1,425,190
Ratio of income to fixed charges	3.93	3.83	2.99
ZINC OXIDE (BUREAU OF MINES)—Month of August:			
Production (short tons)	13,073	12,873	12,600
Shipments (short tons)	13,736	11,838	11,373
Stocks at end of month (short tons)	12,200	12,863	14,863

Ashton Adds to Staff

(Special to THE FINANCIAL CHRONICLE)

DETROIT, Mich. — Raymond F. Westphall has been added to the staff of Ashton & Co., 15315 West McNichols Road.

With R. F. Campeau

(Special to THE FINANCIAL CHRONICLE)

DETROIT, Mich. — Francis R. Stack has become affiliated with R. F. Campeau Company, Penobscot Building.

R. J. Steichen Adds

(Special to THE FINANCIAL CHRONICLE)

MINNEAPOLIS, Minn. — Clarence J. Mikkelson has become associated with R. J. Steichen & Co., Roanoke Building.

Shearson, Hammill Adds

(Special to THE FINANCIAL CHRONICLE)

LOS ANGELES, Calif.—Donald R. Bretting has become connected with Shearson, Hammill & Co., 520 Grand Avenue. He was previously with Daniel D. Weston & Co.

Joins du Pont Staff

(Special to THE FINANCIAL CHRONICLE)

SAN DIEGO, Calif. — Glen E. Gilpin has become associated with Francis I. du Pont & Co., San Diego Trust & Savings Building. Mr. Gilpin was formerly with E. S. Hope & Co. and Dempsey-Tegeler & Co.

With Conrad, Bruce

(Special to THE FINANCIAL CHRONICLE)

SAN FRANCISCO, Calif.—George H. Radcliffe is now connected with Conrad, Bruce & Co., 235 Montgomery Street.

Joins Hannaford Talbot

(Special to THE FINANCIAL CHRONICLE)

SAN FRANCISCO, Calif.—Dudley Blanchard is with Hannaford & Talbot, 519 California St.

Two With H. L. Jamieson

(Special to THE FINANCIAL CHRONICLE)

SAN FRANCISCO, Calif.—Walter H. Atkinson and Ralph V. Strauss have been added to the staff of H. L. Jamieson Co., Inc., Russ Building.

Joins Keyston Staff

(Special to THE FINANCIAL CHRONICLE)

SAN FRANCISCO, Calif.—David H. Keyston has joined the staff of Keyston & Co., 155 Sansome Street.

Two With Mutual Fund

(Special to THE FINANCIAL CHRONICLE)

SAN FRANCISCO, Calif.—Roxie Hagopian and John V. Laird are now with Mutual Fund Associates, 506 Montgomery Street.

With Protected Inv.

(Special to THE FINANCIAL CHRONICLE)

SAN FRANCISCO, Calif.—George C. Montgomery has been added to the staff of Protected Investors of America, Russ Bldg.

Two With Calif. Inv.

(Special to THE FINANCIAL CHRONICLE)

LOS ANGELES, Calif.—Hal L. Feldman and Ray H. Mathis have become connected with California Investors, 3924 Wilshire Boulevard.

$415,000,000 Illinois Toll Road Bonds, Largest On Record, Offered by Nationwide Group

Glore, Forgan & Co. and Halsey, Stuart & Co. Inc. Head Underwriting Group

Public offering of $415,000,000 The Illinois State Toll Highway Commission, Northern Illinois Toll Highway, 3¾% revenue bonds, series of 1955, dated Oct. 1, 1955 and due Jan. 1, 1995, is being made by a nationwide group of 565 members headed jointly by Glore, Forgan & Co. and Halsey, Stuart & Co. Inc. The offering is the largest issue of toll road bonds on record. The bonds are priced at 100% and accrued interest. The offering followed acceptance on Oct. 25 of the group's proposal to purchase the bonds.

Proceeds from the offering will be applied to the cost of construction of the first stage—193.3 miles — of the Northern Illinois Toll Highway which when completed will be 321.4 miles long. The first stage of construction includes two routes in their entirety — the Tri-State Route of 80.2 miles and the North Illinois Route of 88.4 miles—and that portion, 24.7 miles, of the East-West Route from its intersection with Tri-State to a point of connection with U. S. Route 30 a few miles west of Aurora. The second stage of construction, 128.1 miles, of the East-West Route will extend to a connection with U. S. Route 67 south of Rock Island.

The Tri-State Route extends from a point near the Indiana line to one near the Wisconsin boundary; the major portion of the route is a beltway around the Chicago metropolitan area, connecting with the Cook County Expressway System. The North Illinois Route connects with the Northwest Expressway planned for Chicago and Cook County and also connects with U. S. Route 51 near South Beloit, just south of the Wisconsin state line. The East-West Route extends to the Quad-Cities from the terminus of Congress Street Expressway at the Tri-State Route.

The highway is expected to be completed by Jan. 1, 1959, with individual routes opening to traffic beginning Nov. 15, 1957.

The bonds, it is estimated, could be retired by Jan. 1, 1977.

Interest on the bonds is exempt from all present Federal income taxes.

The Commission is authorized to collect tolls sufficient with other revenues to pay the cost of maintaining and operating the highways; the principal of and interest on the bonds; and to create reserves for such purposes.

Practically all of the investment underwriters in the country are in the syndicate making the offering.

DIVIDEND NOTICES

The American Tobacco Company
INCORPORATED

111 Fifth Avenue New York 3, N. Y.

201ST COMMON DIVIDEND

A regular dividend of Eighty-five Cents (85¢) per share has been declared upon the Common Stock of THE AMERICAN TOBACCO COMPANY, payable in cash on December 1, 1955, to stockholders of record at the close of business November 10, 1955. Checks will be mailed.

HARRY L. HILYARD, *Treasurer*

October 25, 1955

Allied Chemical

The following dividends have been declared on the Common Stock of Allied Chemical & Dye Corporation:

Quarterly dividend No. 139 of $.75 per share, payable December 9, 1955, to common stockholders of record at the close of business November 10, 1955.

Special stock dividend at the rate of one share of common stock for each twenty shares of common stock outstanding, payable December 15, 1955, to common stockholders of record at the close of business November 10, 1955.

R. F. HANSEN, *Secretary*

October 25, 1955.

DIVIDEND NOTICES

AMERICAN GAS AND ELECTRIC COMPANY

Common Stock Dividend

A regular quarterly dividend of fifty cents ($.50) per share on the Common capital stock of the Company issued and outstanding in the hands of the public has been declared payable December 10, 1955, to the holders of record at the close of business November 10, 1955.

W. J. ROSE, Secretary

October 26, 1955.

DREWRYS

A quarterly dividend of forty (40) cents per share for the fourth quarter of 1955 has been declared on the common stock, payable December 10, 1955 to stockholders of record at the close of business on November 25, 1955.

Drewrys Limited U. S. A., Inc.
South Bend, Indiana
T. E. JEANNERET,
Secretary and Treasurer

ALUMINIUM LIMITED

DIVIDEND NOTICE

On October 19th, 1955 a quarterly dividend of Fifty-five Cents per share in U.S. currency was declared on the no par value shares of this Company, payable December 5th, 1955 to shareholders of record at the close of business October 28th, 1955.

Montreal *JAMES A. DULLEA*
October 19th, 1955 *Secretary*

Manufacturers of AMERICAN ENCAUSTIC TILING COMPANY, INC.

Wall & Floor Tile

COMMON STOCK DIVIDENDS

Declared October 20, 1955

Quarterly—15¢ per share

Extra—10¢ per share

Payable November 29, 1955

Record Date November 15, 1955

America's OLDEST Name in Tile

DIVIDEND NOTICES

INTERNATIONAL HARVESTER COMPANY

The Directors of International Harvester Company have declared quarterly dividend No. 149 of one dollar and seventy-five cents ($1.75) per share on the preferred stock payable December 1, 1955, to stockholders of record at the close of business on November 4, 1955.

GERARD J. EGER, Secretary

INTERNATIONAL HARVESTER COMPANY

The Directors of International Harvester Company have declared quarterly dividend No. 163 of fifty cents (50¢) per share on the common stock payable January 16, 1956, to stockholders of record at the close of business on December 15, 1955.

GERARD J. EGER, Secretary

IOWA SOUTHERN UTILITIES COMPANY

PUBLIC I.S.U.Co. SERVICE

DIVIDEND NOTICE

The Board of Directors has declared the following regular quarterly dividends:

35⅝ cents per share on its 4¾% Preferred Stock ($30 par)

44 cents per share on its $1.76 Conv. Preferred Stock ($30 par)

30 cents per share on its Common Stock ($15 par)

all dividends payable December 1, 1955, to stockholders of record November 15, 1955.

EDWARD L. SHUTTS, *President.*

October 19, 1955

O'okiep Copper Company Limited

Dividend No. 36

The Board of Directors today declared a dividend of twenty shillings per share on the Ordinary Shares of the Company payable November 29, 1955.

The Directors authorized the distribution of the said dividend on December 9, 1955 to the holders of record at the close of business on December 2, 1955 of American shares issued under the terms of the Deposit Agreement dated June 24, 1946. The dividend will amount to approximately $2.78 per share, subject, however, to any change which may occur in the rate of exchange for South Africa funds prior to November 29, 1955. Union of South Africa non-resident shareholders tax at the rate of 7.05% will be deducted.

By Order of the Board of Directors,
F. A. SCHECK, *Secretary.*

New York, N. Y., October 26, 1955.

Southern Railway Company

THE SOUTHERN SERVES THE SOUTH

DIVIDEND NOTICE

New York, October 25, 1955.

A dividend of 1¼% (62½¢) per share on 1,200,000 shares of Preferred Stock of Southern Railway Company of the par value of $50. per share has today been declared, payable December 15, 1955, to stockholders of record at the close of business November 15, 1955.

A dividend of seventy-five cents (75¢) per share on 2,596,400 shares of Common Stock without par value of Southern Railway Company has today been declared out of the surplus of net profits of the Company for the fiscal year ended December 31, 1954, payable December 15, 1955, to stockholders of record at the close of business November 15, 1955.

J. J. MAHER, *Secretary*

DIVIDEND NOTICES

United States Pipe and Foundry Company

Birmingham, Ala., October 20, 1955

The Board of Directors this day declared a quarterly dividend of thirty cents (30¢) per share and a *year-end extra* dividend of thirty cents (30¢) per share on the outstanding Common Stock of this Company, payable December 12, 1955, to stockholders of record on November 21, 1955.

The transfer books will remain open.

UNITED STATES PIPE AND FOUNDRY COMPANY
JOHN W. BRENNAN, *Secretary & Treasurer*

The United Gas Improvement Company

DIVIDEND NOTICE

A quarterly dividend of 50c per share on the Common Stock, par value $13.50 per share, has been declared payable December 22, 1955 to stockholders of record November 30, 1955.

A quarterly dividend of $1.06¼ per share on the 4¼% Preferred Stock has been declared payable January 3, 1956 to stockholders of record November 30, 1955.

JOHNS HOPKINS, Treasurer

Philadelphia, October 25, 1955

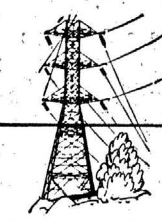
UNION CARBIDE
AND CARBON CORPORATION

UCC

NEW YORK, October 24, 1955—the Board of Directors of Union Carbide and Carbon Corporation has today declared a quarterly dividend of 75¢ per share and a SPECIAL DIVIDEND of 50¢ per share, total $1.25 per share, on the outstanding capital stock of the Corporation, payable December 1, 1955 to stockholders of record November 4, 1955. The last dividend was 75¢ per share paid September 1, 1955.

Payment of this dividend on December 1st will make a total of $3.00 per share paid in 1955. This compares with a total of $2.50 per share paid in 1954.

KENNETH H. HANNAN
Vice-President



Southern California Edison Company

DIVIDENDS

The Board of Directors has authorized the payment of the following quarterly dividends:

CUMULATIVE PREFERRED STOCK, 4.08% SERIES
Dividend No. 23
25½ cents per share.

CUMULATIVE PREFERRED STOCK, 4.88% SERIES
Dividend No. 32
30½ cents per share.

The above dividends are payable November 30, 1955, to stockholders of record November 5. *Checks will be mailed from the Company's office in Los Angeles, November 30.*

P. C. HALE, *Treasurer*

October 21, 1955

Edison

Washington . . . And You

Behind-the-Scene Interpretations from the Nation's Capital

WASHINGTON, D. C. — One of the things warming in the welfare incubator in this town, and which rates keeping an eye upon, is the Department of Agriculture's so-called "Rural Development Program."

This is one of those imaginative new welfare projects which might some day become the outlet for billions of dollars of Federal expenses, or it might become simply the outlet for politically-appealing conversation costing a trifling two or three tens of millions.

Right now the thing is at the moment all conversation.

It all started in 1954 when President Eisenhower, in the course of one of his messages to Congress, said something should be done for the poor low-income and part-time farmer. Wheels galvanized into action. Committees were formed. Sociologists, government economists, and scores of do-gooders were mobilized to translate the President's vague idea into THE program.

In due course THE program came. It was entitled, "Development of Agriculture's Human Resources, a Report on Problems of Low-Income Farmers." If any one is interested to ascertain how doctors of philosophy can come as near to writing "ringing phrases" as is possible in the typical reverse English of that priesthood, a copy of same may be obtained upon sending 25 cents to the Superintendent of Documents, Government Printing Office, Washington 25, D. C.

Briefly, THE program had 16 points, at least a suitable minimum number of points for any new welfare program, although the points were not expressed very briefly.

Recommended Steps

In fact briefly, THE program recommended special extension work, agricultural extension work, that is, for low-income and part-time farmers. "During 1955 experimental programs should be launched in a number of counties to gain experience in new approaches."

"Private as well as cooperative lending agencies should be encouraged to adopt lending policies which would extend more intermediate-term credit to worthy borrowers who are developing their farms," and—

"More Farmers Home Administration funds should be made available for intermediate credit to supplement private and cooperative sources. These loans, supported by management guidance and technical services, would assist low-income farmers to become soundly established in a successful system farming," the report recommended.

Translated from academic to lay English, this means that the government would tell farmers how to farm profitably and after getting them to agree thereto, would kick in the loans to start them out on the bureaucratically-ascertained correct road.

Forgetting a number of things listed to make an imposing number of points to the program, the government would encourage non-farm employment for those without possibilities with subsidized credit to make a go of farming, somehow or other the government would seek to promote setting up factories in areas where there were low-income farmers, government, state or local, would provide better vocational education for the children of poor farmers, and state and Federal health services should be expanded in areas of low income farming.

Eisenhower Endorses

President Eisenhower last Spring proposed the enactment of the program in its entirety "by reference," as the lawyers would say, to the report of Agriculture Secretary Benson.

"In this wealthiest of nations where per capita income is the highest in the world, more than one-fourth of the families who live on American farms still have cash incomes of less than $1,000 a year. They neither share fully in our economic and social progress nor contribute as much as they would like and can contribute to the nation's production of goods and services," the President noted.

"This human problem is inadequately pictured by charts and figures. Curtailed opportunity begets an economic and social chain reaction which creates unjustified disparity in individual reward. Participation diminishes in community, religious and civic affairs. Enterprise and hope give way to inertia and apathy. Through this process all of us suffer. The problem calls for understanding and for action.

"We must open wider the doors of opportunity to our million and a half farm families with extremely low incomes—for their own well being and for the good of our country and all our people," President Eisenhower asserted.

Ask Little

Implicit in the Benson "Rural Development Program" and the President's endorsement thereof in its entirety, was the idea that all the problems of the low-income farmers would be taken care of. Those who had farming possibilities would be told all they needed to know by government how to farm, and would get the Federal money if need be to buy additional land and equipment.

Those who did not have farming possibilities would be taught a trade or other "city occupation." Greater health facilities and education, the location of factories in areas of subnormal income, and employment services to find jobs for those not otherwise taken care of, would complete the trick.

Actually in spite of this fulsome discussion of how the problem was to be handled, the concrete proposals were in the typical manner of the Eisenhower approach toward welfarism, modest in the extreme—at least at first. All that the Administration proposed was a little more money for the agricultural extension and soil conservation services, $30 million additional for loans to be doled out by the Farmers Home Administration, and specific authority for the Farmers Home to make loans explicitly to part-time farmers, with terms to be unspecified.

Congress Balks

Congress appropriated no more money for soil conservation or agricultural extension, to be tagged specifically for tutoring the low income farmer. It would not go for a general grant of authority to Farmers Home to make loans to part-time farmers, for the fear that city mechanics would be set up in business producing more surplus eggs, butter, and other commodities. All that Congress approved was $15 million more for loans to Farmers Home clients.

At this point it all looks like simple selling conversation. What gives relevancy to watching this thing, however, is that Secretary Benson is showing signs of dedication to the cause. Under Secretary True D. Morse is "coordinating" state and Federal activities for the uplifting of the under-privileged farmer. In this case "coordinating" means promoting.

In spite of not getting a dime of promotion money, the Department of Agriculture is sending its personnel about the country to set up state "councils" and Committees to sell this new extension of rural welfarism. And officials have made it clear that they mean to go to Congress and put in their best sales argument for more money.

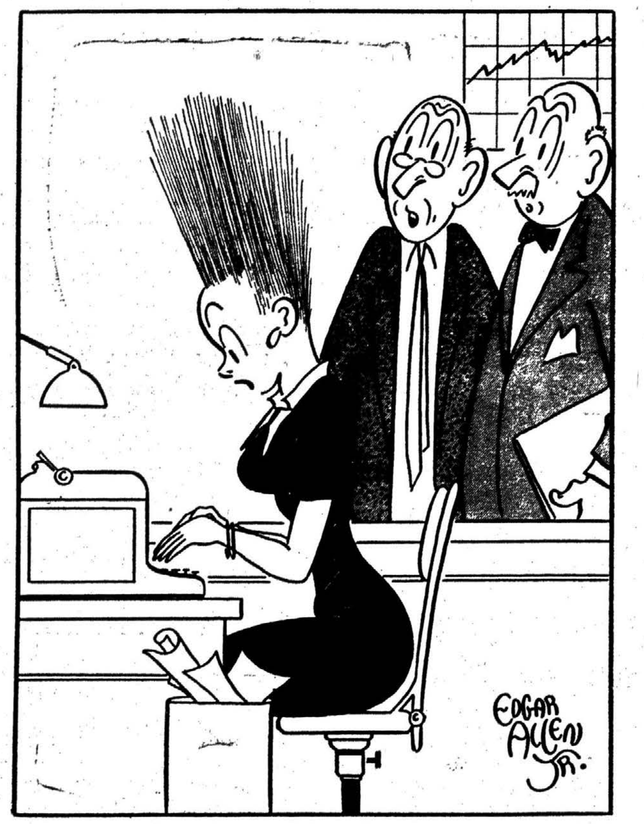
With a new welfare program, a token initial, "foot in the door" appropriation is usually sufficient to launch the Federal Government into a long-range commitment of eventually great magnitude. Even if the Eisenhower Administration is coy about the amount of money it wants at first, it does not take long for state wide "councils" and Committees to get to work on the MC's from back home to dig up some real dough.

Farmers Home Duplicates

Already Farmers Home is in existence specifically to uplift the economic status of the poorest economic risk among farmers, even though it hasn't specific authority to lend to part-time farmers. This agency disbursed or stimulated banks to disburse under "insured" loans, some $293 million last year, the highest in the agency's history. Farmers Home has a paltry $863 million of loans outstanding.

[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



"Certainly is taking Miss Poodle a long time to get over that rattlesnake she ran into on vacation!"

Business Man's Bookshelf

Journal of Political Economy, October, 1955—containing articles on Food Economy of New England Indians; Economic Development of Nigeria; Productive Capacity of Rural and Urban Labor; Static Theory of Automatic Fiscal Stabilization; Manpower Allocation and Pricing Process; Extern Economies, Investment, and Foresight — University of Chicago Press, Chicago, Ill. (paper) $1.50.

Money Management Portfolio — A study program with information pamphlets from Institute of Life Insurance, Association of Stock Exchange Firms and American Bankers Association —American Association of University Women, 1634 I Street, N. W., Washington 6, D. C. — $1.35.

Raising Capital with Convertible Securities—C. James Pilcher—Bureau of Business Research, School of Business Administration, University of Michigan, Ann Arbor, Mich. (cloth) $2.50.

Siskiyou County, Calif.: Economic Resources and Opportunities — Coordinating Council of the Chambers of Commerce of Siskiyou County, City Hall, Yreka, Calif. (paper).

Statistical Abstract of the United States: 1955—U. S. Department of Commerce — Superintendent of Documents, U. S. Government Printing Office, Washington 25, D. C. (cloth), $3.50.

Stock Exchange Official Year Book, Vol. 2—Thomas Skinner & Co., Ltd., 111 Broadway, New York 4, N. Y. (cloth) $33. (two volumes complete).

Transvaal and Orange Free State Chamber of Mines—64th Annual Report (Year 1954)—New York Representative: The Gold Fields American Development Co. Ltd., 70 Pine Street, New York 5, N. Y. (cloth).

With Bache & Co.

(Special to The Financial Chronicle)

CHARLOTTE, N. C.—Jack Burris, Jr. has been added to the staff of Bache & Co., Johnston Building.

Joins Lloyd Canady

(Special to The Financial Chronicle)

RALEIGH, N. C.—Roy L. Williamson has become connected with Lloyd E. Canady & Co., Commercial Building.