ESTABLISHED 1839

The COMMERCIAL and FINANCIAL CHRONICLE

Reg. U. S. Pat. Office

Volume 182 Number 5478 New York 7, N. Y., Thursday, November 3, 1955 Price 40 Cents a Copy

EDITORIAL

As We See It

Last week in Washington the Federal Court of Appeals, in reversing a decision of the National Labor Relations Board, ruled that there is no "inconsistency between a genuine desire to come to an agreement and the use of economic pressure to get the kind of agreement one wants." Hence, said the court, a labor union in the instant case had not failed to bargain in good faith because it used a number of now all too familiar tactics to bring the employer to his knees—including the "slowdown" technique.

We are not familiar with the details of the case out of which this ruling came, and shall not undertake to pass directly upon the judgment as issued. We do feel quite strongly that a great deal of balderdash is daily heard in this country about "collective bargaining" and related matters. The law—and the courts—have their own concepts of "good faith," and we have no intention at this time to go into the question of what constitutes good faith in the "negotiations" which are practically always in process between employer and employee organizations. Much of it, indeed most of it, may be in "good faith," but the term bargaining is hardly applicable to them.

When the midnight intruder points a gun at the heart of a householder and demands his money or other valuables, any resulting discussion could hardly be said to be bargaining. It may be in perfectly "good faith" in the sense that the robber means what he says, but to label any such thing real bargaining would be absurd. "Bargaining" implies substantial freedom of choice by

Continued on page 32

It's Time to Think of Tax Savings on Stocks

By GORDON Y. BILLARD

Partner, J. R. Williston & Co., New York City
Members, New York Stock Exchange

Holding, because of the heavy tax rates applicable to this year's income, it is imperative for taxpayers to take advantage of tax saving opportunities, Mr. Billard offers a list of suggestions which may prove helpful to security holders for minimizing tax burdens between now and the end of the year.

Heavy tax rates applicable to this year's income make it imperative that taxpayers give full consideration to such tax saving opportunities as may exist.

Holders of securities are presumably familiar with the tax provisions pertaining to capital gains and losses and I shall therefore merely review them briefly. Capital assets held for six months or less are classified as short-term holdings and those held for over six months as long-term holdings.

Gordon Y. Billard

The amount of gain or loss on short-term transactions is recognized at 100% for tax purposes as compared with 50% on long-term transactions. Short-term losses may be applied in full against both short-term and long-term profits. An excess of long-term losses over long-term gains may also be applied against any balance of short-term profits. An excess of losses regardless of type can be deducted from other income to the extent of $1,000, and any losses in excess of this amount can be carried forward to the five succeeding years and applied against future capital gains and also up to $1,000 maximum in each year against income.

If there is an excess of short-term gains over losses, the excess is added to income and is taxable at the prevailing normal and surtax rates. Conversely, if there is an excess of long-term gains over long-term losses the taxpayer may segregate this amount from other income.

Continued on page 29

Common Stocks as Insurance Company Investments

By SHELBY CULLOM DAVIS*

Partner, Shelby Cullom Davis & Co., New York City
Members, New York Stock Exchange

After discussing investment in securities on the basis of company growth and the effects of inflation, Mr. Davis contends: (1) common stocks have no place in an insurance company portfolio, but "uncommon," or quality, issues do; (2) the amount of such stocks held should vary with the asset and risk situation of the company, and (3) that the current market for quality stocks is not too high. Finds, through ownership of shares of insurance companies, these concerns can reap benefits of nation's growing economy.

I'm going to open this address with a bold statement: common stocks, of the garden variety that is, have little place in an insurance company portfolio. I wonder how many of you expected me to say that! One day they're up, another day they're down—like a tug of war between the bulls and the bears. But before you begin to label me truly reactionary in my thinking, let me proceed. Uncommon stocks, in whose future you justifiably have faith, have an increasingly important place as investments for insurance companies. Maybe this is the century of the common man—but it is also the era of the uncommon stocks.

Shelby Cullom Davis

Now far be it from me to be a stickler for words—but if I had my way, I think, the expression common stocks would be abolished. Common stocks to many seem to connote ticker tape, tips and trouble. That all goes back to 1929-32. Instead of talking about common stocks, I prefer to talk about what these common stocks represent—shares in the expanding industry of growing

Continued on page 34

*An address by Mr. Davis before the National Association of Independent Insurers, Chicago, Ill., Nov. 1, 1955.

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

The Security I Like Best

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

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

This Week's Forum Participants and Their Selections

Franklin Life Insurance Company—Robert King, Jr., Vice-President, First Securities Corp., Durham, N. C. (Page 2).

Rhodesian Selection Trust Shares — Richard Mahar, Manager of Research Dept., Coburn & Middlebrook, Inc., Hartford, Conn. (Page 2).

ROBERT KING, JR.

Vice-President, First Securities Corporation, Durham, N. C.

Franklin Life Insurance Company

Although this equity has appreciated in value almost four times over the past two years, we consider it one of the most attractive items in its dynamic field for long-term appreciation purposes.

Robert King, Jr.

Life insurance stocks constitute one of the most difficult fields to analyze, and then to explain to the laymen of all the means of investment in our economy. The common measuring sticks of earnings, dividends and even book value frequently do as much to becloud the issue as to provide illumination as to the value of a life insurance stock.

The advantage available to all life insurance stocks which renders them especially attractive for long-term appreciation is the basis on which these institutions are subject to Federal corporation income taxes. Since this is not only far below the 52% standard rate for other corporations, but sharply below the rate applicable to most individual investors, surplus tends to build up more rapidly if left with the company than if paid out as cash dividends. Therefore, a low rate of dividend pay-out is beneficial.

Earnings in any given year can be varied up or down according to management ability and policy with respect to sales. A life underwriter can literally sell itself out of business because commissions and other origination costs may exceed the first year's premium on certain types of coverage. Since these institutions, once established, seldom enter the markets to obtain new capital, accumulated surplus tends to control the rate of growth of the underwriting division. More interesting to stockholders, possibly, is the fact that substantial periodic stock dividends also depend upon the growth of the surplus account.

The most easily distinguishable items influencing long-term stockholder benefits are (1) the NET addition to insurance in force achieved during a year, and (2) the quality of this business as to type and resultant mortality experience. In each of these respects Franklin Life is outstanding. Excluding a small amount of industrial business sold to another company in 1953, Franklin's net additions to insurance in force have averaged better than 18% per annum over the past five years. Over the past 10, insurance in force has advanced by the tremendous amount of $1,401,000,000, rising from $354,000,000 to $1,755,000,000. In the first half of 1955, $120,000,000 was added, bringing the company's goal of two billions in force by the end of 1955 within easy reach. Obviously, this type of growth is of solid benefit to the stockholders over the long-term because it represents stored-up earning power. Premium income for many years to come is contained in every new policy sold.

But what of the quality of this new business secured? In the first place, it is all ordinary coverage. Franklin is the largest legal reserve stock life insurance company in the United States devoted exclusively to the underwriting of ordinary and annuity coverage. It operates in 47 states. The institution's mortality experience is also most remarkable. The "actual to expected mortality ratio" compares the actual death rate within a company with the rate expected in accordance with the mortality tables. Naturally, a low rate is favorable. Franklin Life's ratio last year was 32.53%; for the 15 largest companies the average 1954 experience was 47.59%.

A host of other favorable factors could be cited, virtually all of which are ascribable to the dynamic leadership of the company's President, Charles E. Becker, who took over control in 1939, and the management team he has gathered about him. The following quotation from the "American Insurance Digest" provides a professional opinion on this development:

"The full impact of Franklin's dynamic and remarkable growth may best be expressed by the fact that the company will likely register new sales of $500 million this year . . . equal to about one-fourth of what Franklin Life will have in force at year-end. In my experience as the editor of the oldest insurance paper in the United States this is, I believe, the most outstanding achievement in the annals of life insurance history."

The "friendly Franklin" is not only aptly so described to policyholders, but to its 8,000 stockholders as well, who have received stock dividends of 50% in 1952, 100% in 1953 and 50% in 1955. They are kept informed of company progress at frequent intervals. It is notable that the 50% stock dividends paid in August did not exhaust the addition to the surplus account of 1954, alone!

Like all other life insurance stocks, Franklin is traded only in the over-the-counter market. It is currently available around 96.

RICHARD MAHAR

Manager, Research Department
Coburn & Middlebrook, Inc.
Hartford, Conn.

Rhodesian Selection Trust

With copper demand continuing strong, and in view of recent advances in the price of the red metal, Rhodesian Selection Trust shares, representing ownership in one of the world's major copper producing properties, in the great African copperbelt, are regarded as attractive as an inflation hedge and for worthwhile capital appreciation.

Richard M. Mahar

This is a holding company which controls Mufulira Copper Mines, Ltd., through ownership of 64.07% of the capital stock. Mufulira operates one of the world's largest copper mines in Northern Rhodesia, Africa. Interests approximately the same percentage, are also held in Chibuluma Mines, Ltd., Baluba Mines, Ltd., and Chambishi Mines, also located in Northern Rhodesia, which is a British colony. Over 99% of gross income was derived from Mufulira in 1954; but the other properties are gradually being opened up.

Northern Rhodesia has now replaced Chile as the second largest world copper producer. In 1954, Northern Rhodesia had a production of 438,711 tons of copper, second only to the United States. Of the four major world copper mines, producing 88% of total output, Mufulira has the largest production.

The American Metal Company, which owns 50.61% of the 21,175,382 shares of R. S. T. outstanding, is represented on the R. S. T. Board of Directors. Over 55% of R. S. T. shares is held in the United States. Headed by the R. L. Prain Group, R. S. T. has established a competitively lower price reputation in the United Kingdom, where for some time, it has consistently offered copper for sale below the price quoted on the London Metal Exchange. Other well-known mining people listed on the R. S. T. Board of Directors are John F. Thompson, Chairman of The Board, International Nickel Company; Arthur H. Bunker, President, Climax Molybdenum and Fred Searls, Jr., Chairman of the Board, Newmont Mining.

In 1954, Mufulira produced 102,264 tons of blister copper, double the output of Inspiration or Miami, by comparison. Mufulira mines, smelts and refines its copper and owns mining rights under special grants in the N'Kana Concession in the Luangwa District, N. R. Reserves were estimated at 132,065,000 tons averaging 3.48% copper, as of June 30, 1954, enough to last for many, many years at the present rate of extraction. The largest and best copper mine in the United States, Kennecott's Utah Pit, averages 9/10 of 1% copper, by comparison.

The copper reserves of Mufulira represent a copper content more than three times as high as the average copper ore of the United States and over 60% higher than Anaconda's Chile Copper Company.

Mufulira employs 8,500 Africans and 1,400 Europeans. Labor relations are now good and this is an extremely low-cost operation, measured by standards the world over. Race and labor relations recently have been made harmonious by agreement between white and colored, which may well break the industrial color bar in Africa, thus allowing advancement of natives. The question of promoting Africans to skilled work categories is a great incentive to higher production. The Prain group has demanded the training and advancement of natives from the start.

Mufulira's smelter has a monthly capacity of more than 100,000 short tons of blister copper and an electrolytic copper refinery has a capacity of 40,259 long tons of cathodes per annum. The electrolytic refinery capacity is being doubled, which will further increase profits.

Chibuluma Mines is a wholly owned subsidiary of Mufulira Mines; and, is a high-grade copper-cobalt mine. Production is expected to get under way momentarily, which should add materially to the earnings of Mufulira. This promising mine gives

Continued on page 15

A $400 Billion Output in 1956

By BENNETT S. CHAPPLE, JR.*
Assistant Executive Vice-President, Commercial
United States Steel Corporation

U. S. Steel spokesman, predicting a peak in 1956 production of goods and services, but a "completely" flattening out in the second half, looks for a series of "rolling adjustments" in which stability or declines in certain industries will be offset by gains in others. Finds as possible adverse developments: (1) too little or too much credit; (2) excessive accumulation of inventories; and (3) loss of a "confident attitude" in minds of public and businessmen. Gives data on nation's steel production.

At present, the steel industry's mills are turning out every ton of steel which they are capable of producing. There have been no significant breakdowns in our raw material, producing, rolling, and shipping facilities. From the iron mines in Minnesota, Canada, and South America, to the shipping platforms of the steel industry's mills, the mighty and intricate apparatus needed to produce steel is working at full speed, without faltering.

B. S. Chapple, Jr.

To give you purchasing men an idea of the real magnitude of this apparatus, let me tell you what the raw material requirements of the steel industry are going to be during the few minutes that I am standing here before you today. During this 25-minute period, the American steel industry will burn 140,000 gallons of oil to heat its furnaces . . . it will heat and compress nearly one-half billion cubic feet of air to provide the furnace blast, and . . . it will consume 16,000 tons of iron ore, coke, and stone. During this 25-minute period, the American steel industry will pour and roll nearly 7,000 tons of ingots . . . nearly one-tenth of a pound for every man, woman, and child in the United States. This production miracle supports our American economy which, in this same period of time will produce over five million tin cans, 1,000 new automobiles, 325 complete new houses, 1,200 automatic washing machines, and many, many other products.

Furthermore, in the immediate future, we expect that it will be necessary to continue to drive the steel industry's facilities at full speed. Our mill schedules are almost full for every product for the fourth quarter, and preliminary indications are that our first quarter order books, likewise, will fill rapidly once we are in a position to open them.

Many of you gentlemen, I am sure, find that your requirements for steel can best be satisfied by local warehouses rather than by the mills, because of the limited quantity of a particular shape or size which you need.

Today, as in all periods of near-capacity operation, the steel industry is making certain that warehouses are receiving their fair share of production for redistribution to the smaller purchasers. In the second quarter of this year, for example, when steel demand began to reach its peak stride, warehouses received 16.7% of all domestic steel mill shipments. This is actually a slight increase in the proportion of steel flowing through the warehouses, as compared with 1954 and the first quarter of 1955, when overall demand was at somewhat lower levels than now.

This is the way in which the steel distribution system ought to operate. In periods of peak demand, the mills' responsibility is to turn out all the steel it can, reducing to a minimum such production losses as accumulate from the scheduling of a miscellany of small orders which can be more efficiently served by the warehouse. For these reasons, the warehouses necessarily assume a somewhat more important role in all periods of peak demand.

The construction industry, which encompasses mill shipments to fabricators, contractors, and government purchasing groups, likewise, is receiving an appropriate share of the available steel. During the second quarter of 1955, the latest for which figures are available, the construction industry received 11.5% of all the steel shipped directly by the mills. Much warehouse steel, of course, also is used by this industry. Construction's present share of the available steel has been exceeded in the past only when the construction industry was operating at a high level while other important industries were suffering from a mild recession.

Thus far, I have sought to impress upon you the fact that the great American steel industry is getting the last available unit of horsepower out of its motors, in order to produce and ship as much steel as possible. Furthermore, our steel distribution system is functioning with fairness and effectiveness, even under the stresses of super-full demand. What then is our conception as to what next year will bring?

I shall not try to give you an estimate of the number of tons of steel which we expect will be produced in 1956. We are not quite that far along in our own

Continued on page 32

*An address by Mr. Chapple at the 10th Annual Conference of the National Institute of Government Purchasing, Inc., Washington, D. C., Oct. 17, 1955.

INDEX

Articles and News

Regular Features

Published Twice Weekly
The COMMERCIAL and FINANCIAL CHRONICLE
Reg. U. S. Patent Office
WILLIAM B. DANA COMPANY, Publishers
25 Park Place, New York 7, N. Y.
REctor 2-9570 to 9576
HERBERT D. SEIBERT, Editor & Publisher
WILLIAM DANA SEIBERT, President
Thursday, November 3, 1955

Every Thursday (general news and advertising issue) and every Monday (complete statistical issue — market quotation records, corporation news, bank clearings, state and city news, etc.).

Other Offices: 135 South La Salle St., Chicago 3, Ill. (Telephone STate 2-0613); 1 Drapers' Gardens, London, E. C. England, c/o Edwards & Smith.

Reentered as second-class matter February 25, 1942, at the post office at New York, N. Y., under the Act of March 8, 1879.

Subscription Rates

Subscriptions in United States, U. S. Possessions, Territories and Members of Pan-American Union, $55.00 per year; in Dominion of Canada, $58.00 per year. Other Countries, $62.00 per year.

Other Publications

Bank and Quotation Record — Monthly, $37.00 per year. (Foreign postage extra.)

Note—On account of the fluctuations in the rate of exchange, remittances for foreign subscriptions and advertisements must be made in New York funds.

The Stock Market Outlook

By WILLIAM R. WHITE*

Stock Market Analyst of Hornblower & Weeks
Members New York Stock Exchange

Market analyst maintains market will not re-attain its September high, and may fall to new lows by next Spring. Cites as depressants Presidential uncertainties and credit restrictions. No "1929" in prospect.

In order that there may be no misundeistanding on which side of the fence I stand, I think I shall present my conclusions first and then fill in the details—as all good reporters are taught to do in stories for publication. I shall begin by expressing the opinion that the stock market has recorded its extreme fluctuations for the year, having registered its low in January and its high in September, as measured by almost any average with which I am familiar. I should be surprised if support levels established in the first sharp decline early this month proved effective in withstanding pressure of tax-loss selling in the weeks ahead. I have an idea the trend reversal that began in late September may endure well into the winter—and perhaps into spring.


William R. White

I would not like to convey the impression that I think the setback will develop into a bear market, however, for I expect a vigorous recovery in 1956 from the current intermediate reaction and the behavior of the market in the first six months of next year should indicate more clearly whether the longer-range advance can be reinstated. I have no strong conviction on the probable price trend beyond the first quarter of 1956. As a matter of fact, any market letter writer's opinions are "subject to change without notice," and it would be rash to attempt any long range forecasts with assurance in a year such as is looming ahead with many unpredictable political decisions to be taken into account.

Now to set forth some of the reasoning that led to the conclusions just mentioned. The most important factor influencing stock prices is uncertainty over identity of the Republican Presidential candidate next year as well as over the outcome of the balloting in November. It seems to me only the vigorous recovery of President Eisenhower and his decision to seek a second term could restore confidence in financial markets to a degree where resumption of the long-range advance could be expected. I cannot escape the feeling that Mr. Eisenhower's elimination from the 1956 contest dictates a lower appraisal of earnings all across the board. Perhaps such a downward adjustment should approximate 10%. It's all very well to say that personalities are not too important—that another leader could carry out Ike's policies, etc., but I wonder whether portfolio managers would have the same confidence in an unknown Chief Executive (regardless of his party affiliation) as in one whose record has been so generally approved as General Eisenhower's.

Secondly, I feel that the full adverse effects of credit restrictions still have not been witnessed. I doubt that we have any right to expect relaxation in controls over mortgage terms in the near future and, accordingly, I have a strong conviction that residential construction in coming five or six months will run considerably under the volume of the corresponding months of a year earlier. It seems to me that such a trend can scarcely fail to depress industrial activity in many directions. Projections on motor car sales cannot be made with the same assurance, for even though it seems incredible that new customers can be found next year in such numbers as in 1955, it must be admitted that the automotive industry has fooled most folks along this line. The power of advertising is wonderful. I should be inclined to put a question mark on this very important aspect of the economy. A drop in new car sales could have a depressing effect on sentiment even though a contraction in volume may not be unusual considering the high records of 1955 with which comparisons must be made.

From a technical viewpoint, I doubt that the market can muster the courage to resume its forward trend in convincing fashion for some time to come. A sharp break such as experienced in late September and early October cannot be quickly forgotten. The shock to sentiment has been too severe. An overhead resistance has been created which is destined to grow larger as time goes on, for customers who bought stocks in August and September will become increasingly restive and discouraged as the months roll by and their stocks fail to recover to levels at which they were purchased.

As I mentioned earlier, however, I am not rampantly pessimistic. I cannot subscribe to the thesis that we are in the early stages of a 1928-29 collapse. I would be greatly surprised to see any development suggesting a tumble in the order of magnitude witnessed 26 years ago. Times have changed, conditions have modified, rules and regulations have been radically altered. Let's not worry about "another 1929" for a while.

*Remarks of Mr. White before the New York Society of Security Analysts, Oct. 28, 1955.

Albert Frank Elects Three Vice-Presidents

Robert J. Fitzpatrick and Wilfred L. Copping have been elected vice-presidents of Albert Frank-Guenther Law, Inc., it has been announced by Howard W. Calkins, Chairman. Mr. Fitzpatrick has been associated with the firm's public relations department for a number of years and Mr. Copping is copy director.


Robert J. Fitzpatrick Wilfred L. Copping

Richard E. Cruikshank, resident in the company's San Francisco office, also was elected a vice-president.

Jamieson Adds to Staff

(Special to THE FINANCIAL CHRONICLE)

SAN DIEGO, Calif. — John T. Abbott is now with H. L. Jamieson Co., Inc., 2144 El Cajon Blvd.

Joins Mitchum, Jones

(Special to THE FINANCIAL CHRONICLE)

SAN FRANCISCO, Calif.—William N. Bucklin III has joined the staff of Mitchum, Jones & Templeton, 405 Montgomery Street.

With Wilson, Johnson

(Special to THE FINANCIAL CHRONICLE)

SAN FRANCISCO, Calif. — George O. Thomas has become associated with Wilson, Johnson & Higgins, 300 Montgomery Street, members of the San Francisco Stock Exchange. Mr. Thomas was previously with Harris, Upham & Company.

With Norman Dacey

(Special to THE FINANCIAL CHRONICLE)

BRIDGEPORT, Conn. — Joseph V. Mallyns is now affiliated with Norman F. Dacey & Associates, 114 State Street.

Coming Canadian Coppers

By IRA U. COBLEIGH

Enterprise Economist

Presenting some timely comment on the current trends of copper prices and production; plus a swift look at up and coming Canadian-sponsored extractors of the popular red metal

Concern about copper is not new. Copper is the oldest metal known to man. Cave men stumbled upon pure natural copper 20,000 years or so ago; the Phoenecians and Babylonians learned how to smelt the ore and to add tin to it. This alloy, bronze, began to be used for tools and weapons 4,000 years ago. The most famous mines of antiquity were run by the Romans with slave labor, on the island of Cyprus, from which isle the metal derived its name.


Ira U. Cobleigh

Copper went along on its merry way either solo, or alloyed in bronze, till our electrical age sent it soaring into current uses for motors, generators, telephone lines, power lines and cables, radio and TV. Demand zoomed, and miners scoured the world for rich ore bodies. On North America, they started mines in Nova Scotia in the 17th century; ore was found in Michigan in 1840 and in the 1880's the biggest of them all—the Anaconda mine at Butte, Mont.—swung into titanic production. It has already delivered above $3 billion in metals, and the end is by no means in sight. Chilean mines waxed around 1870, and around 1900 the O'Kiep mine in Africa gave a new geographical dimension to red metal production.

About price, it was around 60c in 1860, but went down as larger production, low cost labor, and improved mining machinery and methods were applied to rich deposits. The 1929 peak was 18.1c a pound, from which level the metal skidded to a lowly 5½ cents in 1932. The World War II stabilization figure was at 11¾ cents. By 1947 post war demand had jogged the metal to 21c, from whence the upward price progression was rather orderly until this year when the roof blew off. From 30c in January, 1955, there was an abrupt rise to 43c in August (New York) with foreign quotations up to 50c. The result? You guessed it. A rush to buy; climbing share prices in such copper toppers as Anaconda, Kennecott, Inspiration and Magma; and geological scurrying, the like of which you never saw, to locate copper ore bodies worth mining. From Katanga to the Klondike, from Peru to Gaspe, the search went on, with demand, nagged on by strikes in Africa, Chile, in the U. S., seemingly insatiable. Only Western Electric's comment about the relative price attraction of aluminum seemed to slow down the bid side of the market.

Well what about this demand? Will supply shortly catch up? It does not appear that it will soon. Total free world annual production is now in the order of three million tons. The U. S. uses half of this each year, and while aluminum is making some inroads, there are many uses, electrical, automotive, and building, where copper is functionally superior. A $20,000 home today will have $400 worth of copper. The famous "Paley" report sets our U. S. annual demand at 2½ million tons by 1975 — a target requiring roughly double the existing free world production by then. So, though substantially greater production is in the offing, copper gives no evidence of falling out of bed, price-wise, and 40c plus copper is a swell price to operate on, with any decent grades of ore reasonably accessible to civilization.

Alert speculators in metal shares who have watched (and in many cases shared in) the brilliant market advance of such established producing companies' shares as we mentioned above, now are scanning the horizon for the producers of the future. Their eyes have turned to Canada. The Sudbury and Flin Flon districts there have long been in good production. A quite unpronounceable area, Chibougamou, a copper laden chunk of geography 350 miles north of Montreal, has already brought in fine producers — Campbell Chibougamou with ore around 3% (60 lbs. to the ton) and Opemiska with some ore exceeding 4%. Both of these have been market sensations. Campbell rising from 1954 low of $2.55 to $15 recently; and Opemiska from $1 to $10. Presently at the exploration and development level here, are Merrill Island around $2 and Royran around $1.70.

Moving out to the Canadian Northwest, there's a most promising company with 148 claims in British Columbia, about four miles from the Alaska boundary, made scenic, but a bit inaccessible, by nearby glaciers. This property is Granduc Mines Limited and it benefits from joint sponsorship and control by Granby Consolidated Mining, and Newmont Mining Corporation.

The exploration and underground development work already done here has indicated the presence of a truly impressive ore body. To date, drilling has delineated a zone 2,800 feet long, 1,660 feet in vertical depth, and about 100 feet wide. For those of a mathematical turn of mind, multiply the three above numbers together; then divide the total by 12 and you arrive at an estimated ore body of 38,666,666 tons. At around 34 pounds of copper to the ton, this ore is worth about $14.60 a ton currently. All this, of course, is estimate. Exploration and search for more ore will continue here; with actual production some four years away. There are 1,900,005 shares of Granduc common listed in Toronto, and currently selling around 6¾ Here's a long-term speculation in copper backed by people who surely know their business. It is a potential producer of considerable magnitude.

Now let's recross Canada again and hit out for Newfoundland where, at Tilt Cove, one of the earlier Canadian mines is being reactivated. Here are estimated reserves of 2½ million tons of 2% copper (40 lbs. to the ton); and there's another property under the same ownership at Gull Pond, with estimated two million tons of 1.9% ore. These mines are owned jointly by Bathurst Mining Corporation and Maritimes Mining Corporation; and enjoy the benefits of affiliation with the highly successful Falconbridge Nickel Mines Ltd. (which owns a one-third interest in both companies).

Here we won't have to wait too long for production, since it is planned to have the Tilt Cove mine delivering 2,000 tons a day by December, 1956. Gull Pond is expected to come into production a little later on at 1,000 tons a day.

These two companies—Bathurst and Maritime—are unique in that they are twins. They each have the same number of common shares outstanding; and the same number of class A warrants to buy one share of common through Dec. 31, 1955 at $2; and of class B warrants to buy one share of common at $2 through Sept. 29, 1956. The commons are selling at around $2 and the "B" warrants at 60c. Because of the proven ore bodies, the quite early production expected, and indicated operating costs of around $8.35 a ton, it is believed that these equities can earn somewhere between 50c and 80c a share on 36c copper. If the validity of these projections is accepted, then some interesting market possibilities may well exist in these twin shares, Bathurst and Maritime.

Our next Canadian entry is an African one. Lest this confuse you, we'll explain. The company is Kilembe Copper Cobalt Ltd., a Canadian company and a subsidiary of another Canadian company, Frobisher Ltd. Its bonds and shares were recently offered in Canada. Yet the mining property itself is in Uganda, a British protectorate in Africa. An advantage of operation in this remote terrain is that there are no corporate taxes to be paid till all capital expenses have been recovered. So far there are present indications of a copper ore body of some 13 million tons running 38 pounds to the ton. Production is expected to begin in June of 1956. There's some cobalt production to come along as well.

On Sept. 26, 1955 there were offered 250,000 shares of Kilembe common for subscription at $3 and $5,000,000 of Kilembe 5½% debentures with warrants, at par. There are 150 warrants attached to each $1,000 bond, permitting purchase of the common at $3. Even though these issues were brought out on the very worst day of the year, marketwise, they were promptly oversubscribed and rose to immediate and substantial premiums. Kilembe common has just been listed in Toronto and now sells at $3.90 with the debentures quoted at 122.

The foregoing notes about junior coppers have been jotted down on the theory that speculative coppers may now be in line to develop more market motion than the more mature old line producers. Some of these mentioned issues are a bit remote, both in respect to geography and production dates. But they do have the backing of important companies which are old "pros" in mineral extraction. Such sponsorship provides some substance for the hope of long-term gain in these obviously speculative, but potentially productive mining ventures.

In the symphony of the electrical age, copper has been a favorite conductor!

Shelley, Roberts Adds

(Special to THE FINANCIAL CHRONICLE)

DENVER, Colo.—Allen F. McGuire has joined the staff of Shelley, Roberts & Co., First National Bank Building.

The State of Trade and Industry

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

Accompanied by noticeable gains in the automotive and lumber industries, total industrial output for the country-at-large rose moderately the past week. The volume of production, it was reported, was considerably above the similar period a year ago.

There was a pronounced decline in claims for unemployment insurance despite some layoffs and labor disputes in the apparel, food processing and construction industries.

In the week ended Oct. 22, the United States Department of Labor reports that, initial claims for state unemployment compensation rose by 12,900 to 179,800.

The department's Bureau of Employment Security states that about half of the week's increase was due to temporary unemployment caused by the recent flood in Connecticut. Other contributing factors, it added, were seasonal cutbacks in apparel plants, temporary layoffs for inventory taking in leather products, and scattered layoffs in textiles, food processing, trade and construction.

A year ago initial claims for jobless pay totaled 272,900.

The booming steel market is dangerously close to confusion, with producers straining to maintain control, but signs of trouble are beginning to appear, states "The Iron Age," national metalworking weekly, this week.

More consumers may be forced to cut back operations for lack of steel. Two large midwestern manufacturers, it notes, are setting up costly conversion arrangements, while warehouses are fighting off customers who normally buy direct from the mills.

There is even talk of a gray market again, but if much business is being done, it's a well-hidden operation. "Iron Age" sources say the situation has not reached that point yet, but conditions are ripe for it and steel brokers already are charging premiums for off-grade material, this trade journal points out.

According to "The Iron Age," a few of the problems that have producers and consumers worried are the unlikelihood of a downturn in demand until latter half of 1956, if then; the possibility of labor trouble when steel union contracts come up for renewal next summer, and mill and furnace breakdowns.

The auto companies are raising their requirements by as much as 15%. Appliance people are asking for about 20% more. Allocations by the mills are forcing some auto firms into conversion, where semi-finished material is bought from one mill and finished by another.

Equipment breakdowns and normal wear and tear are a serious problem for producers, states this trade authority. Instances are scattered, but taken together, thousands of tons of finished steel are lost. Blast furnace repairs and open hearth rebuilds are threatening raw steel output.

The drain on warehouse stocks is more than serious with some distributors sold out on certain sizes and gauges of tight products. Deliveries from the mill are slow and warehouse orders have been cut. One large warehouse reports its inventories down to an average of 45 days on the basis of current volume, concludes "The Iron Age."

In the automotive industry last week, Ford and Plymouth divisions took aim on the biggest six-day outputs in their postwar and all-time histories, respectively, as United States automobile volume was expected to reach 156,952 units.

Ford car building, said "Ward's Automotive Reports," pointed at the 39,500 level as Saturday work was on tap at 15 assembly plants. The firm's production peak for a single postwar week is 38,869 units, logged in the period June 13 through 18.

Plymouth, which turned out 19,897 cars last April 25-30 for a company mark, was attempting to jump the 20,000-unit line, "Ward's" said. Final assembly shift workers are putting in 8.8 hours daily at the Plymouth plants in Detroit and Evansville (Indiana).

At the same time, "Ward's" reported, Chrysler Corp. scheduling last week called for more than 30,000 units for the first time since May 2 through 7, or 30,973 units. Dodge and De Soto and Chrysler are slated to join Plymouth in Saturday work in November.

At General Motors, all divisions except Pontiac expanded 1956 model activity. Pontiac programming has been cut the past two weeks to about 80% of desired standards due to a temporary body shortage.

Studebaker was the last car maker to begin 1956 model output, "Ward's" reported, as it launched operations on its completely new series the past week. Meantime, Packard was gaining production momentum. American Motors expected to turn out about 350 fewer cars last week than in the preceding one.

"Ward's said, that the 8,000,000th vehicle produced this year in the United States and Canada would roll from one of the countries' assembly lines this week; between the two nations, they will have built 7,901,000 cars and trucks in 1955, by the end of last week, concludes this trade organ.

Steel Production Set at an Estimated 98.1% of Capacity This Week

Prospects look good for the general economy in 1956 says "Steel," the metalworking weekly, the current week.

The publication pictures a roaring first half, with most lines sharing in the boom. A minor dip may come early in the second half, but it should be moderated by the usual fall upturn, which will be boosted by election undertones. The second quarter will be the best, it declares.

"Steel" said wholesale prices will be up 2 to 3% in 1956, but profits will remain about the same. It cautioned that in-

Continued on page 33

Observations . . .

By A. WILFRED MAY

GEARING YOUR MARKET ATTITUDE TO VALUE FACTORS*

Even though you agree with my emphatic conclusion that success in timing market movements is unattainable, you are not marooned without a constructive alternative basis for your investing decisions. I refer to the judging of individual issues on the facts composing *intrinsic value*, that is, assets, earnings, dividends, and realistic prospects; in lieu of attempting to forecast fluctuations of "the" market conceived of as a unit.


A. Wilfred May

Our investment value approach is based on the premise that instead of trying to deal in ticker quotations, you should properly fulfill your role as a shareholder as well as rational investor, by estimating realistically the likely return from a share of stock considered as you would an interest in an unlisted business or a piece of realty. Further, that a stock's market price often is at variance with its intrinsic value, thus creating valid opportunities for advantageous purchases or sales, in the genuine sense of buying cheap and selling dear. Don't lose this perspective midst the public's overemphasis of quotation changes on a liquid market. If you become engaged in that "auction market" called the Stock Exchange, don't base your bids on quotations controlled by crowd psychology, but rather on the properties behind the quotations—at a price promising reasonable expectations of regaining a return from your capital sufficient to compensate you for the use, with the attending risks, of your capital.

"Bugs" Fewer

This quantitative approach, of course, entails numerous difficulties and shortcomings; but, wholly apart from principles involved, those "bugs" are far less important than those attending attempts at market timing. Further, it must be realized that under the investment community's present-day behavior plans, the relatively limited Blue Chip area of the market must be considered as *sui generis*, a psychological phenomenon influenced by style trends, a thing apart and wholly ineligible for this kind of valuation treatment. Perhaps intelligent analysis applied to the run-of-the-mill issues can help you choose therefrom the Pale Blue Chips —the *elite* of tomorrow.

Earnings in the form of indicated future average earning power, constitute the basic single factor determining a stock's present value. The latter is calculated by capitalizing such earnings figure with a multiplier, constituting the price-earnings ratio. Unfortunately, the tendency is strong to regard this price-earnings ratio unrealistically, as geared to past performance or prevalent ratios in the market place, or just with vague unrealistic concepts of a mathematical device.

Significance of Yield Figures

The multiplier applied to earning-power, as well as to dividends, should have realistic and quantitatively definable meaning,

Continued on page 46

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

Perhaps a Balanced Budget, But No Tax Reduction!

By HON. HARRY F. BYRD*
U. S. Senator from Virginia

Chairman of Senate Finance Committee holds a balanced Federal Budget is in prospect, but warns there will not be a surplus sufficient for tax reduction. Says there is opportunity for reduction of non-military expenditures and cites cases, such as farm subsidies and Federal housing programs. Points out, to preserve our solvency, we must not depend on boom revenue, which may be temporary, as a justification for reducing taxes.

The latest estimate of the Treasury is for a deficit of $1.7 billion in this fiscal year; expenditures $63.8 billion and income $62.1 billion. It is my belief that a balanced budget is in sight due largely to the increased revenue from the present boom business conditions; but this does not mean there will be a surplus sufficient for tax reduction.


Harry F. Byrd

I have always opposed and will continue to oppose any tax reduction that necessitates increasing the public debt. I think such a policy is a certain road to financial suicide. It would be unsafe to make a permanent tax reduction based on present boom conditions. We will always have peaks and valleys in our business conditions.

Sound tax reduction is based upon reduced public expenditures. It is true that the present Administration has reduced expenditures by more than $10 billion as compared to those in the last year of the previous Administration. The fact is that this net reduction is accounted for by reduced military expenditures since the end of the Korean war.

Expenditures for strictly non-military programs in this fiscal year are estimated at $27.7 billion. This figure is three times the cost of these programs in 1940.

There is a field for reducing non-military expenses in practically every agency of our government. We have already spent nearly $56 billion in aid to foreign countries in 10 years. Every dollar of this has been added to the public debt. There is now an unexpended balance in funds appropriated for foreign aid approximating $10 billion. We are still employing 523,962 civilians overseas. We have done our duty in the foreign aid field and these expenditures, certainly for economic assistance, should be stopped.

There is opportunity to reduce the civilian employment I am glad Secretary Wilson has announced he intends further reduction in the number of civilian employees in the Defense Department as our Federal civilian payroll is now $9.6 billion compared to $1.7 billion in 1939.

The farm subsidies are costing $3.8 billion and this is too much. State grants have increased enormously and should be reduced.

What we must do is preserve our solvency and not depend on boom revenue, which may be temporary, as a justification for reducing taxes. I am old fashioned enough to believe that we should begin to pay off our debt as we have always done in the past. Booms and depressions come and go, but debt always is with us until it is paid.

I think it would be proper to express what should be the nation's gratitude to T. Coleman Andrews, the retiring Commissioner of Internal Revenue, who has been an extremely active member and officer of your organization, for his vital part in setting off the Congressional investigation of Federal housing programs which were characterized by scandal approaching teapot dome proportions.

Since then, I have tried to clean up legislation under which scandalous housing activities were allowed to develop. Frankly, I am discouraged by the reception given to most of the amendments proposed.

A few have been adopted at least in part, including two in the 1954 Housing Act, which may be identified as follows:

Section 227 requiring the Federal Housing Administration to obtain cost certifications on multi-family housing projects prior to final endorsement by FHA of a mortgage, for the purpose of precluding windfall profits; and

Section 814 requiring mortgagors to certify that they will keep records as prescribed by the Federal Housing Commissioner and authorizing the government to examine and audit such records.

These provisions have been the law since October 1954. Within the past few days I inquired informally to the United States General Accounting Office as to whether the Federal Housing Administration was complying with the law.

As an answer to that inquiry I have a letter from Mr. Joseph Campbell, Comptroller General of the United States, dated Oct. 19, 1955, enclosing a GAO letter to Mr. Norman P. Mason, FHA Commissioner, dated June 29, 1955.

I quote, in part directly from the General Accounting Office letter to the Federal Housing Administration, as follows:

"We believe that sections 227 and 814, if effectively used, can be invaluable aids to FHA in its insuring operation. The sections can be effective, however, only if FHA, on a timely basis, audits the cost certifications of mortgagors.

"Under (FHA) General Order No. 4, issued Oct. 15, 1954, responsibility for conducting audits of mortgagors (we assume the term 'mortgagors' includes the general contractor if an identity of interest exists between the mortgagor and the general contractor) was assigned to the Auditor, FHA.

"In discussions with the Auditor, we were informed that he is aware of his responsibility; thus far, however, he has been unable to initiate any audit work of this type because of a shortage of personnel and because of the increased volume of other audit work particularly audits of section 608 mortgagor corporations.

"The Auditor stated that he has apprised his superior, Mr. (George S.) Matoon (FHA Director of Examination and Audit), of the problem.

"We were informed by Mr. Matoon that, while the subject of auditing mortgagor's cost certifications has been discussed within FHA, no definite conclusions have been reached as to how best to proceed."

This statement is certainly subject to the interpretation that the Federal Housing Administration has not only failed fully to comply with the intent or the letter of the law, but it seems to say further that the Agency, 9 months after the law was enacted, had not concluded as to how, or when, or whether it will conform.

Insufficient personnel is a threadbare standard alibi of Federal agencies for failure to conform with the law, and in terms of funds available to the FHA it immediately calls to mind recent newspaper accounts of palatial redecoration of the FHA Commissioner's office.

The General Accounting Office letter to FHA continues by saying:

"We believe this condition of sufficient importance to warrant our calling it directly to your attention, so that the situation can be remedied on a timely basis.

"It is our opinion that effective auditing of cost plus fixed fee type contracts requires, at least, some verification work during, and at the site of construction. Should an audit be delayed until the completion of construction, it would be virtually impossible to determine if all costs charged against a project were actually attributable to the particular construction job."

I am citing the contents of my letter from the United States Comptroller General to you as members of the American Institute of Accountants for several reasons:

(1) Your profession, perhaps more than any other, works in areas where public scandals may be disclosed, and therefore you have not only professional interest, but professional responsibility.

(2) There are those who contend that FHA administrators had both the responsibility and the legal authority to prevent previous housing scandals. It is certainly a fact that now, as protection against further scandal, they have such authority as is provided in the 1954 Housing Act, and General Accounting Office investigations indicate they are not using it.

(3) The General Accounting Office meets the personnel alibi with the following suggested alternative; and I quote from its June 29 letter to FHA as follows:

"As an alternative solution to this problem, we suggest that the auditing of mortgagor cost certification be done by independent Certified Public Accountants who are approved by FHA.

"This can be accomplished by modifying the Agreement and Certification (FHA Form No. 3305) so as to require the mortgagor to furnish to FHA a statement of construction costs certified by a Certified Public Accountant.

"FHA auditors could limit their work, generally, to approval of the scope of the examination and a brief review of the Certified Public Accountant's work.

"Examinations of this type are not uncommon. In fact, many lending institutions require examinations of prospective borrowers by Certified Public Accountants acceptable to the lending institution as a prerequisite to obtaining large loans."

I have some knowledge of the emphasis which this organization places on protection and promotion of integrity in the accounting profession.

As I have said before, I repeat to you; the laws under which these Federal housing programs operate are loosely drawn; they have been shamefully administered; they have been scandalously exploited as a free-wheeling vehicle of public risk for private profit. Under these circumstances, the responsibility of those in the accounting profession who work with them goes not only to individuals who take the private profit, but also to the taxpayers upon whom the risk is thrust.

*From an address by Sen. Byrd before a meeting of the American Institute of Accountants, Washington, D. C., Oct. 24, 1955.

With Goodbody & Co.

(Special to THE FINANCIAL CHRONICLE)

ST. PETERSBURG, Fla.—Birney A. West, Jr. has become connected with Goodbody & Co., 218 Beach Drive, North.

Thomson McKinnon Adds

(Special to THE FINANCIAL CHRONICLE)

TAMPA, Fla.—John R. Lindsey has been added to the staff of Thomson & McKinnon, 406 Franklin Street.

COMING EVENTS

In Investment Field

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

Nov. 12, 1955 (Philadelphia, Pa.)
Investment Traders Association of Philadelphia third annual dinner dance at the Germantown Cricket Club.

Nov. 15, 1955 (Detroit, Mich.)
Securities Traders Association of Detroit & Michigan annual Fall party at the Detroit Boat Club.

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. 18, 1955 (New York City)
New York Financial Writers 14th Annual "Financial Follies" at the Hotel Sheraton-Astor.

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.

Joins Courts Staff

(Special to THE FINANCIAL CHRONICLE)

ATLANTA, Ga. — William F. Gow, Jr., has joined the staff of Courts & Co., 11 Marietta Street, Northwest members of the New York Stock Exchange. He was previously with Trust Company of Georgia.

With A. G. Becker

(Special to THE FINANCIAL CHRONICLE)

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

New Issue

$30,000,000 STATE OF CALIFORNIA

5%, 2¼%, 2% and ¼% School Building Aid Bonds

AMOUNTS, RATES, MATURITIES AND YIELDS OR PRICES (Accrued interest to be added)

$30,000,000 State of California School Building Aid Bonds, Series K

Dated Nov. 1, 1955; Due Nov. 1, 1957-81, incl.

Amount	Coupon Rate	Due	Yield or Price†
$1,000,000	5%	1957	1.50%
1,000,000	5	1958	1.60%
1,000,000	5	1959	1.70%
1,000,000	5	1960	1.75%
1,000,000	5	1961	1.80%
1,100,000	5	1962	1.85%
1,100,000	5	1963	1.90%
1,100,000	2¼	1964	1.95%
1,100,000	2	1965	1.95%
1,100,000	2	1966	100
1,200,000	2	1967	100
1,200,000	2	1968	2.05%
1,200,000	2	1969	2.05%
1,200,000	2	1970	2.10%
1,200,000	2	1971	2.10%
1,300,000	2	1972	2.15%
1,300,000	2	1973	2.15%
1,300,000	2	1974	2.20%
1,300,000	2¼	1975	2.20%
1,300,000	2¼	1976	2.20%
1,400,000	2¼	1977*	100
1,400,000	2¼	1978*	100
1,400,000	2¼	1979*	2.30%
1,400,000	2¼	1980*	2.30%
1,400,000	¼	1981*	2.90%

†Yield to maturity.

*Bonds maturing 1977-81, subject to call at par plus accrued interest on and after November 1, 1976, as described herein.

Principal and semi-annual interest (May 1 and November 1) payable at the office of the Treasurer of the State of California in Sacramento, California, or at the option of the holder at the office of any duly authorized agent of the State Treasurer, including the agent of the State Treasurer in New York City. Coupon bonds in denomination of $1,000 registerable only as to both principal and interest.

Bonds maturing on and after November 1, 1977, are subject to redemption at the option of the State, as a whole or in part, on November 1, 1976 (but not prior thereto) and on any interest payment date thereafter, at the principal amount thereof and accrued interest thereon to date of redemption. Publication of notice of redemption shall be once a week for two weeks not less than 30 days nor more than 90 days prior to said date of redemption, in each of the Cities of San Francisco, Sacramento and Los Angeles, California. If less than all the bonds should be redeemed, they shall be called in inverse numerical order, the part so called not less than all the bonds maturing in any one year.

In the opinion of counsel, interest payable by the State upon its bonds is exempt from all present Federal and State of California personal income taxes under existing statutes, regulations and court decisions.

We believe these bonds will meet the requirements as legal investments for savings banks and trust funds in New York, California and certain other states and for savings banks in Massachusetts and Connecticut and will be eligible as security for deposits of public moneys in California.

These bonds, to be issued under provisions of State School Building Aid Bond Laws of 1952 (Chapter 20, Division 3, Education Code as amended) for school purposes, in the opinion of counsel will be valid and legally binding obligations of the State of California payable in accordance with their terms out of the General Fund of the State, and the full faith and credit of the State of California is pledged for the punctual payment of both principal and interest. Under the enabling statute the State is obligated to collect annually, in the same manner and at the same time as other state revenue is collected, such sum in addition to the ordinary revenue of the State as shall be required to pay principal and interest on the bonds as the same become due. The bonds were authorized by the electorate on November 4, 1952, for the purpose of providing aid for school construction in the State, the amounts thereof to be repaid, in whole or in part, by the districts receiving aid.

These bonds are offered when, as and if issued and received by us and subject to approval of legality by the Honorable Edmund G. Brown, Attorney General of the State of California, and by Messrs. Orrick, Dahlquist, Herrington & Sutcliffe, Attorneys, San Francisco, California.

Bank of America N. T. & S. A. — The First National City Bank of New York — The Chase Manhattan Bank — Blyth & Co., Inc. — The First Boston Corporation — Harriman Ripley & Co. Incorporated — Harris Trust and Savings Bank — R. H. Moulton & Company

American Trust Company San Francisco — Glore, Forgan & Co. — C. J. Devine & Co. — Goldman, Sachs & Co. — Union Securities Corporation — Merrill Lynch, Pierce, Fenner & Beane — Weeden & Co. Incorporated — The First National Bank of Portland, Oregon

Seattle-First National Bank — Security-First National Bank of Los Angeles — Equitable Securities Corporation — Dean Witter & Co. — Reynolds & Co. — California Bank Los Angeles — William R. Staats & Co. — J. Barth & Co. — Bache & Co. — John Nuveen & Co. (Incorporated)

B. J. Van Ingen & Co. Inc. — Coffin & Burr Incorporated — Heller, Bruce & Co. — Barr Brothers & Co. — Hayden, Stone & Co. — A. G. Becker & Co. Incorporated — Clark, Dodge & Co. — Shearson, Hammill & Co. — Ira Haupt & Co. — G. H. Walker & Co.

Roosevelt & Cross Incorporated — Andrews & Wells, Inc. — Bacon, Whipple & Co. — F. S. Smithers & Co. — Trust Company of Georgia — Brown Brothers Harriman & Co. — E. F. Hutton & Company

Wm. E. Pollock & Co., Inc. — Wood, Struthers & Co. — A. M. Kidder & Co. — New York Hanseatic Corporation — Fidelity Union Trust Company Newark — The First National Bank of Memphis — Gregory & Sons — Branch Banking & Trust Company

Van Alstyne, Noel & Co. — Kaiser & Co. — The Ohio Company — Schaffer, Necker & Co. — Robert Winthrop & Co. — Fairman, Harris & Company, Inc. — The Robinson-Humphrey Company, Inc.

Wachovia Bank and Trust Company — R. D. White & Company — The National City Bank of Cleveland — Lawson, Levy & Williams — Talmage & Co. — National Bank of Commerce of Seattle — Cruttenden & Co. — H. E. Work & Co.

Stone & Youngberg — Lyons & Shafto Incorporated — Hayden, Miller & Co. — Folger, Nolan-W. B. Hibbs & Co. Inc. — William Blair & Company — McCormick & Co. — Burns, Corbett & Pickard, Inc. — Fulton, Reid & Co.

Irving Lundborg & Co. — Shuman, Agnew & Co. — Allan Blair & Company — Field, Richards & Co. — McDonald & Company — Stranahan, Harris & Company — Pierce, Carrison, Wulbern, Inc.

Rodman & Renshaw — The Milwaukee Company — Blunt Ellis & Simmons — Northwestern National Bank of Minneapolis — Davis, Skaggs & Co. — A. G. Edwards & Sons — Kalman & Company, Inc. — Mullaney, Wells & Company

Julien Collins & Company — Kenower, MacArthur & Co. — Stein Bros. & Boyce — Bosworth, Sullivan & Company, Inc. — Anderson & Strudwick — Clement A. Evans & Company Incorporated — Ginther, Johnston & Co.

Wurts, Dulles & Co. — Thornton, Mohr & Farish — Dwinnell, Harkness & Hill Incorporated — Hooker & Fay — Scott, Horner & Mason, Inc. — Courts & Co. — Lucas, Eisen & Waeckerle Incorporated — Prescott & Co. — Foster & Marshall

Boettcher and Company — H. V. Sattley & Co., Inc. — Rockland-Atlas National Bank of Boston — Janney & Co. — The Peoples National Bank Charlottesville, Va. — The Continental Bank and Trust Company Salt Lake City, Utah — Brush, Slocumb & Co., Inc. — J. B. Hanauer & Co.

Ferris & Company — J. C. Wheat & Co. — Arthur L. Wright & Co., Inc. — Wilson, Johnson & Higgins — Seasongood & Mayer — Stubbs, Smith & Lombardo, Inc. — Wagenseller & Durst, Inc. — The Weil, Roth & Irving Co.

Doll & Isphording, Inc. — Walter Stokes & Company — Fred D. Blake & Co. — Stern, Frank, Meyer & Fox — The First of Arizona Company — Magnus & Company — Walter, Woody and Heimerdinger — C. N. White & Co.

November 3, 1955

Dealer-Broker Investment Recommendations & Literature

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

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

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

Cement Industry — Review — Reynolds & Co., 120 Broadway, New York 5, N. Y.

Government of Canada and the Provinces — Comparative condensed statements for fiscal year ended March 31, 1954—A. E. Ames & Co. Incorporated, 2 Wall Street, New York 5, N. Y.

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

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

New Housing Authority Bonds — Descriptive circular — The Chase Manhattan Bank, Pine Street corner of Nassau, New York 15, 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.

Paper Industry—Survey—Harris, Upham & Co., 120 Broadway, New York 5, N. Y. Also available is an analysis of **Raymond Concrete Pile Company** and a report on **Columbia Broadcasting System, Inc.**

Philadelphia Bank Stocks—Comparison of 11 leading Philadelphia Banks — Stroud & Company, Incorporated, 123 South Broad Street, Philadelphia 9, Pa.

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

Revenue Bond Financing—Bulletin—Park, Ryan, Inc., 70 Pine Street, New York 5, N. Y.

Stock Market During Presidential Election Years—Bulletin—Amott, Baker & Co., Incorporated, 150 Broadway, New York 38, N. Y.

* * *

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

Atlas Consolidated Mining & Development Corporation—Analysis—Joseph Faroll & Co., 29 Broadway, New York 6, N. Y.

Bank of America—Brief analysis in current "News Letter"—First Securities Company of Chicago, 134 South La Salle Street, Chicago 3, Ill. Also in the same issue are discussions of **Natural Gas Heating**, the **Paper Industry**, **American Express Company**, and **Central Electric & Gas Company.**

Bird & Son, Inc.—Analysis—Cohu & Co., 1 Wall Street, New York 5, N. Y. Also available is a report on **Sperry Rand Corporation.**

Consolidated Denison Mines—Analysis—Ross, Knowles & Co., Ltd., 25 Adelaide Street, West, Toronto 1, Ont., Canada.

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

Curtiss-Wright Corp. — Analysis — Edward A. Purcell & Co., 50 Broadway, New York 4, N. Y.

Eastern Air Lines Inc.—Analysis—Bache & Co., 36 Wall Street, New York 5, N. Y. Also available is a brochure of **Income Tax Pointers Affecting Securities.**

Exolon Company—Analysis—Holton, Hull & Co., 210 West Seventh Street, Los Angeles 14, Calif.

Food Machinery & Chemical Corp. — Memorandum — McDonnell & Co., 120 Broadway, New York 5, N. Y.

Great Basins Petroleum Co.—Bulletin—Scherck, Richter Company, 320 North Fourth Street, St. Louis 2, Mo.

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.

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

Harrisburg Steel Corporation — Analysis — Laird, Bissell & Meeds, 120 Broadway, New York 5, N. Y. Also available is an analysis of **Pittsburgh Steel Co.**

Home Insurance Company — Analysis — Walter C. Gorey Co., Russ Building, San Francisco 4, Calif.

Lakeside Laboratories, Inc. — Analysis in current issue of "Business and Financial Digest" — Loewi & Co., 225 East Mason Street, Milwaukee 2, Wis. Also in the same issue is an analysis of **Mountain Fuel Supply Company.**

Los Angeles Physicians Retirement Association — Study of investment plan — Hill Richards & Co., 621 South Spring Street, Los Angeles 14, Calif.

Mackinac Bridge Authority—Analysis—Tripp & Co., Inc., 40 Wall Street, New York 5, N. Y. Also available is a bulletin on **Maine Turnpike.**

Manufacturers Trust Co. — Analysis — Laird, Bissell & Meeds, 120 Broadway, New York 5, N. Y.

J. Ray McDermott & Co. — Memorandum — Howard, Weil, Labouisse, Friedrichs & Co., 222 Carondelet Street, New Orleans 12, La.

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

Newkirk Mining Corporation Limited—Study—J. R. Williston & Co., 115 Broadway, New York 6, N. Y. Also available is the **November Investment** Letter discussing securities to own when the stock market trend seems uncertain.

Pabco Products—Memorandum—Ira Haupt & Co., 111 Broadway, New York 6, N. Y.

Pacific Western Oil Corporation — Analysis — Bruns, Nordeman & Co., 52 Wall Street, New York 5, N. Y.

Piedmont Aviation, Inc. — Memorandum — Scott, Horner & Mason, Inc., Krise Building, Lynchburg, Va.

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

St. Louis Insurance Corp. — Memorandum — Yates, Heitner & Woods, 320 North Fourth Street, St. Louis 2, Mo.

Standard Electric Products Co.—Memorandum—S. D. Fuller & Co., 39 Broadway, New York 6, N. Y.

Stanley Aviation Corporation — Analysis — Doolittle & Co., Liberty Bank Building, Buffalo 2, N. Y.

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

Texas Eastern Transmission Corporation — Analysis — Blair & Co., Incorporated, 105 South La Salle Street, Chicago 3, Ill.

Union Chemical and Materials Corp. — Analysis in current issue of "Gleanings" — Francis I. du Pont & Co., 1 Wall Street, New York 5, N. Y. Also in the same issue is a selected list of liberal yielders.

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

White Canyon Mining Co.—Report—A. P. Kibbe & Co., First Security Building, Salt Lake City 1, Utah.

White River Propane Gas Company—Analysis—Eisele & King, Libaire, Stout & Co., 50 Broadway, New York 4, N. Y.

Yawata Iron & Steel—Analysis in current issue of "Weekly Stock Bulletin" — Nikko Securities Co., Ltd., 6, 1-chome, Kabuto-cho, Nihonbashi, Chuo-ku, Tokyo, Japan.

NSTA Notes

INVESTMENT TRADERS ASSOCIATION OF PHILADELPHIA

The Third Annual Dinner Dance of the Investment Traders Association of Philadelphia will be held on Saturday evening, Nov. 12, 1955 at the Germantown Cricket Club.

SECURITIES TRADERS ASSOCIATION OF DETROIT & MICHIGAN

The Securities Traders Association of Detroit and Michigan will hold its annual fall party Nov. 15, 1955, at the Detroit Boat Club, beginning at six o'clock in the evening.

SECURITY TRADERS ASSOCIATION OF NEW YORK

The Security Traders Association of New York will hold its first annual cocktail party and dinner dance Nov. 19 in the grand ballroom of the Hotel Commodore. Cocktails 7 p.m. dinner at

Continued on page 46

Alexander Chairman Of J. P. Morgan Board

George Whitney, Chairman of the Board of J. P. Morgan & Co. Incorporated since 1950, announced yesterday that he is withdrawing from that position and that the board of directors has elected Henry C. Alexander to succeed him. Mr. Alexander, who has been President of the bank, will continue to be chief executive officer.

Henry C. Alexander

H. P. Davisson was elected President and Thomas S. Lamont Vice-Chairman. Both were previously Senior Vice-Presidents. Charles D. Dickey continues as Chairman of the Executive Committee.

The elections follow the decision of Mr. Whitney, R. C. Leffingwell, Arthur M. Anderson and Junius S. Morgan to withdraw from their positions as, respectively, Chairman, Vice-Chairman, and Vice-President. They wil remain active, however, in the affairs of the bank and will continue as directors and members of the Executive Committee.

At the same meeting the board elected Stuart W. Cragin, Longstreet Hinton and John M. Meyer, Jr., to be Senior Vice-Presidents. Mr. Cragin and Mr. Meyer had been Vice-Presidents; Mr. Hinton had been Vice-President and trust officer.

Mr. Alexander became President of the Morgan Bank in 1950. He joined the firm of J. P. Morgan & Co. as a partner in 1939. Upon incorporation of the bank in 1940 he became a Vice-President and director. He was made Executive Vice-President in 1948.

Mr. Davison joined J. P. Morgan & Co. in 1922. He became a partner in 1929 and a Vice-President and director of the incorporated company in 1940. He was made a Senior Vice-President in 1953.

Mr. Lamont became associated with the Morgan firm in 1922. He became a partner in 1929 and, on incorporation in 1940, a Vice-President and director. He was made a Senior Vice-President in 1953.

Mr. Cragin began work at the Morgan firm in 1928 and was made a Vice-President in 1940.

Mr. Hinton became associated with the Morgan firm in 1923. He was elected Vice-President and trust officer in 1940.

Mr. Meyer joined the Morgan firm in 1933, he became a Vice-President in 1940.

Mr. Cragin's and Mr. Meyer's responsibilities are primarily in the general banking field. Mr. Hinton heads the bank's trusts and investments department.

New Issues

Interest on these Bonds is Exempt from any Federal Income Tax, now or hereafter imposed, under the provisions of the United States Housing Act of 1937, as amended

$109,990,000

New Housing Authority

2⅜%, 2½% and 2⅝% Bonds

In an opinion rendered to the President of the United States on May 15, 1953, U. S. Attorney General, Hon. Herbert Brownell, Jr., stated in part:

"In summary, I am of the view that: * * * A contract to pay annual contributions entered into by the PHA (Public Housing Administration) in conformance with the provisions of the act (U. S. Housing Act of 1937, as amended) is valid and binding upon the United States, and that the faith of the United States has been solemnly pledged to the payment of such contributions in the same terms its faith has been pledged to the payment of its interest-bearing obligations."

(parentheses not in original text)

Legal Investment for Commercial Banks, Savings Banks and Trust Funds in New York and many other States and Legal Investment, without limitation as to amount of investment, for all National Banks organized under the Laws of the United States

Principal and semi-annual interest payable, at the option of the holder, at the office of the Fiscal Agent of the respective Local Housing Authorities or at the office of the Alternate Paying Agent in the City and State of New York or in the City of Chicago, Illinois. Coupon bonds in the denomination of $1,000, registerable as to principal only, or as to both principal and interest, with the privilege of reconversion, at the expense of the holder, into coupon bonds.

These Bonds, to be issued by the various local housing authorities listed below, will constitute, in the opinion of counsel, valid and legally binding obligations of the respective local housing authorities, secured by a first pledge of annual contributions unconditionally payable pursuant to the Annual Contributions Contracts with the Public Housing Administration (an agency of the Federal Government) in an amount which, together with funds of the local agency actually available for such purpose, will be sufficient to pay the principal of and interest on the bonds when due.

LOCATION OF AUTHORITIES AND AMOUNTS

Scale A

2½% Bonds

$6,010,000 National Capital Washington, D. C.

Scale B

2⅜% Bonds

$6,345,000 Buffalo, N. Y.

Scale C

2⅜% Bonds

$17,015,000 Cleveland, Ohio
$14,400,000 St. Louis, Mo.
$14,315,000 San Francisco, Calif.

2½% Bonds

$1,280,000 Waterbury, Conn.

Scale D

2½% Bonds

$11,620,000 Chicago, Ill.
$3,330,000 Tacoma, Wash.
20,415,000 Newark, N. J.
1,190,000 Trenton, N. J.

2⅝% Bonds

$12,345,000 New York, N. Y.
$1,725,000 Owensboro, Ky.

MATURITIES AND YIELDS

(Accrued interest to be added)

Due	Scale A	Due	Scale B, C and D	Due	Scale B	Due	Scale B	Due	Scale C	Due	Scale C	Due	Scale D	Due	Scale D
1985-86	2.35%	1957	1.50%	1964	1.85%	1977-78	2.20%	1964-65	1.90%	1978-79	2.25%	1964	1.90%	1977-78	2.25%
1987-90	2.375	1958	1.60	1965-66	1.90	1979-80	2.25	1966-67	1.95	1980-81	2.30	1965-66	1.95	1979-80	2.30
1991-94	2.40	1959	1.65	1967-68	1.95	1981-82	2.30	1968-69	2.00	1982-84	2.35	1967-68	2.00	1981-82	2.35
		1960	1.70	1969-70	2.00	1983-85	2.35	1970-71	2.05	1985-87	2.375	1969-70	2.05	1983-85	2.40
		1961	1.75	1971-72	2.05	1986-88	2.375	1972-73	2.10	1988-89	2.40	1971-72	2.10	1986-89	2.45
		1962	1.80	1973-74	2.10	1989-91	2.40	1974-75	2.15	1990-91	2.45	1973-74	2.15	1990-96	2.50
		1963	1.85	1975-76	2.15	1992-95	2.45	1976-77	2.20	1992-96	2.50	1975-76	2.20		

Note: Where the yield and the coupon are the same, the price is par

The bonds of each issue will, with the exception noted hereafter, be redeemable on any interest payment date on and after ten years from the date of the bonds as a whole, or in part in inverse numerical order, at a redemption price of par and interest accrued to date of redemption plus the following premiums: 4% if redeemed on or before 15 years from their date; 3% if redeemed thereafter but on or before 20 years from their date; 2½% if redeemed thereafter but on or before 25 years from their date; 2% if redeemed thereafter but on or before 30 years from their date; 1% if redeemed thereafter but on or before 35 years from their date; without premium if redeemed after 35 years from the bond date. The bonds of the Owensboro Municipal Housing Commission located in Kentucky, if called in part, will be selected by lot from the whole number of the issue then outstanding.

These Bonds are offered when, as and if issued and received by us and are subject to prior sale and approval of legality, with respect to each issue, by recognized municipal bond counsel.

Descriptive Circular upon request

The Chase Manhattan Bank — Bankers Trust Company — 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. — Salomon Bros. & Hutzler — Lazard Frères & Co. — The Philadelphia National Bank — Mercantile Trust Company St. Louis — The First National Bank of Portland, Ore.

Dick & Merle-Smith — Bache & Co. — Seattle-First National Bank — Wachovia Bank and Trust Company Winston-Salem — American Trust Company San Francisco — Barr Brothers & Co.

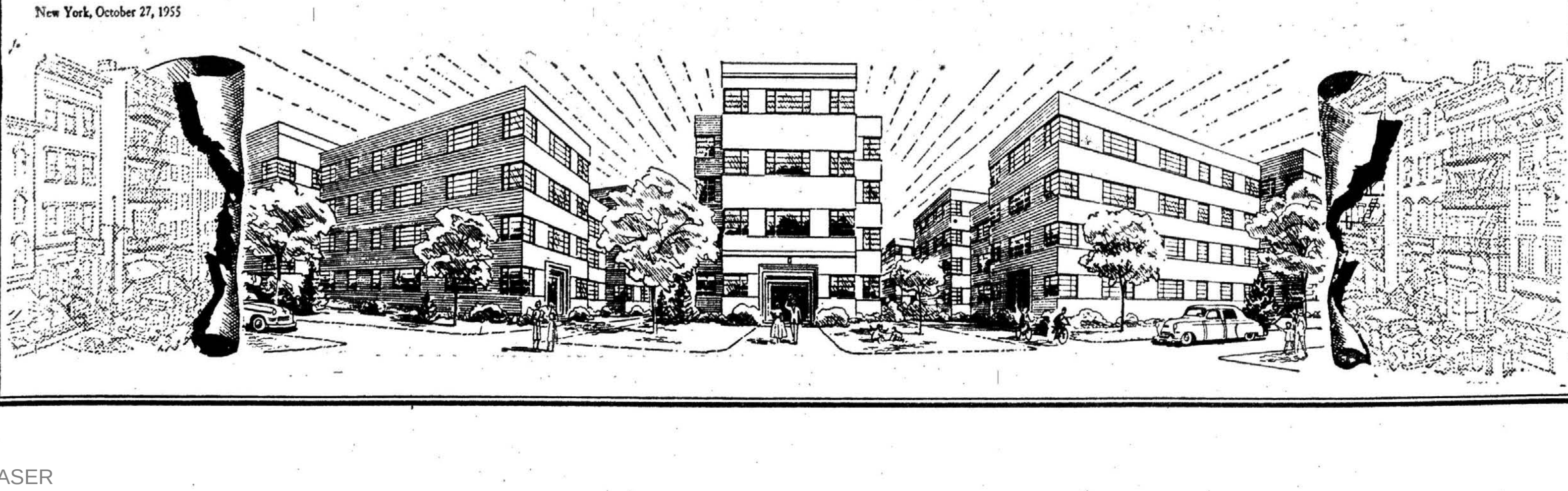
City National Bank & Trust Co. Kansas City, Mo. — Glickenhaus & Lembo — Mercantile-Safe Deposit and Trust Company Baltimore — Trust Company of Georgia — Commerce Trust Company Kansas City, Mo. — The First National Bank of Memphis

The Illinois Company Incorporated — A. M. Kidder & Co. — Laidlaw & Co. — W. H. Morton & Co. Incorporated — Fidelity Union Trust Company Newark — Baker, Watts & Co. — First National Bank in Dallas — Foster & Marshall

A. G. Edwards & Sons — Field, Richards & Co. — First National Bank of Minneapolis — The Marine Trust Company of Western New York — Merrill, Turben & Co. — R. H. Moulton & Company — The Peoples National Bank of Charlottesville, Va.

Third National Bank in Nashville — J. C. Wheat & Co. — National Bank of Commerce of Seattle

New York, October 27, 1955



Investment Potentials Of Atomic Energy

By NEWTON I. STEERS, JR.*
President, Atomic Development Mutual Fund, Inc.

Mr. Steers, holding that the potentials in atomic energy have never appeared more promising than at present, and that these potentials are not at present over-capitalized, enumerates the various segments of industry that are affected by atomic energy progress. Discusses prospects of uranium production and costs of producing uranium ore. Concludes that after 1962; (1) supplies of uranium will shrink, unless the guarantee of a fixed price is extended; and (2) reduced "bomb" demand, will be offset by demand from other sources.

First, it may be of interest to refer to a table I compiled a year ago. The stocks were selected at that time on the basis of our belief in their long-run investment potential and, for comparative purposes, the list has not been altered. No effort was made a year ago to pick the stocks which had gone up the most, nor at this time to pick the stocks which have gone down the least or the most. New columns have been added, however, relating to 1955. (See Table I.)


Newton I. Steers, Jr.

Here it appears worthwhile briefly to enumerate the various elements in the industry before proceeding to comment on the factors which appear to have led to the sharp drops illustrated in Table I.

Radioactive Materials

The smallest segment of the atomic field is that of radioactive materials. Leading medical authorities have stated that people are walking the streets today who would not be alive were it not for the use of "tagged" atoms. Such savings are, of course, incalculable, but the savings to U. S. industry have been calculated by the AEC to equal $100 million in 1953, this figure being expected to rise to $1 billion in 1963. The shipments of radioactive materials in the first 11 months of 1954 were greater than in the previous 7½ years. Since only small quantities of these materials are necessary, annual sales amount to about $2 million.

*An address by Mr. Steers before the National Industrial Conference Board, New York City, Oct. 27, 1955.

Radiation Instruments

Whenever radioactive materials are used, they, of course, require the use of appropriate instruments to detect, measure, and record the invisible radiation. Likewise, in prospecting for and mining of uranium or thorium, Geiger counters and similar instruments must be used. Furthermore, quantities of instruments are used in connection with all the various kinds of atomic reactors.

This segment of the industry now amounts to about $40 million annually.

Uranium

Several uranium processing plants are under construction in both Canada and the Union of South Africa. Since these will very markedly alter the rate of uranium production, I measure the size of the industry as it will be upon completion of the plants being built. Such completion should be accomplished by 1957, at which time the annual rate of the uranium industry, based on the value of concentrates produced will be about $400 million. This figure may be split, very roughly, as follows: Belgian Congo—$25 million; United States—$100 million; South Africa—$125 million; Canada—$150 million.

Reactors

More than $20 million worth of research reactors are planned, being constructed, or now in operation in this country. Many additional ones will be built abroad.

Military propulsion reactors also have a bright future. Money for eight atomic submarines has now been appropriated, including the "Nautilus" already in operation. The Navy has just announced that an additional nine submarines will be sought in the '57 budget year starting next July 1. The extent of the naval revolution occasioned by the atomic submarine may be gauged by the fact that conventional submarines can operate only one hour under water at full speed before they have to resurface in order to recharge their batteries by diesel operation. The atomic submarine, in contrast, can circumnavigate the globe three times without resurfacing or refueling. Dr. John R. Dunning, prominent atomic scientist, has predicted that by 1965 all major naval vessels built will be atomic powered.

A large-scale development program is urgently being pressed with a view to equipping a large surface vessel, such as an aircraft carrier, with an atomic engine. Here again, the elimination of range as a strategic variable in the military planners' computations means that forward bases need not be set up, and the enormous logistic problem of fuel supply is radically curtailed.

Although further away, it is now conceded that nuclear propulsion of aircraft will be accomplished within the next several years.

Evidently these latter developments may ultimately lead to hundreds, and then perhaps thousands of reactors. The latter figure leads, in turn, to an industry measured in the billions of dollars.

Atomic Power

Commitments to build atomic power generating stations now amount to $450 million, more than half to be built with private capital. These projects, when completed, will supply electricity sufficient for a million people. During the last year, estimates on the cost of atomic power have dropped from around 15 mills per kilowatt hour to responsible estimates of eight mills per kilowatt hour. It seems reasonable to suppose that the cost of atomic power may be further lowered, mainly by reduction in the capital cost of constructing the reactors, to about six mills per kilowatt hour —at least by 1965. Inasmuch as some 40% of the generating capacity added in this country since the war generates power costing more than six mills per kilowatt hour, it would appear that 40% of the increment during the year 1965 should be atomic. This would involve about five million kilowatts of atomic capacity—at least a billion dollars worth during the year 1965 alone.

Fission Products

Although fission products cannot yet be considered a commercial reality, no review of the industry should omit mention of them. Testimony by General Hertford, Chief of Research and Development, U. S. Army, before the Joint Committee on Atomic Energy, May 9, 1955, indicates that great progress has been made: "Thus it is obvious that the military advantages from the development of radiation sterilization processes are of tremendous magnitude and one which the Armed forces can ill afford to pass up. However, while the execution of the program is stimulated by its relevance to Armed Forces requirements, the Department of the Army is also keenly aware of the potential benefits to the civilian world. Many of the same advantages indicated for the military offer the same promise to the civilian economy. It may well be that the gains to both the military and civilian food needs will be of the same order of magnitude."

Factors Causing Uneasiness

As I indicated earlier, the future of atomic energy has never looked brighter. The strides made during recent months were not, and really could not have been, predicted a year ago. The Geneva Atomic Conference has served to demonstrate for all to see the rapid technological and industrial advances made.

Nevertheless, a number of factors have served to make people apprehensive, particularly about the future, primarily of uranium. We feel that the apprehension is unfounded. This is because uranium stock prices are well supported, even if all the apprehension-causing factors are assumed to be true. In addition, any assumption that they are true is wide of the mark. The three factors referred to are:

(a) Fusion
(b) Thorium
(c) Over-supply of uranium

and these are discussed below in turn.

Fusion

The subject of fusion has been followed by our Fund Management and Advisers from the Fund's inception. Public interest was touched off by remarks made by the Indian delegate at the Atomic Conference in Geneva during August. Remarks to the effect that controlled fusion might become a reality within 20 years were given great prominence (other scientific opinion is that controlled fusion is even further away). From the point of view of well-established uranium companies, the main point about fusion is its irrelevance. This irrelevance stems from the fact that nearly all such companies are protected by contracts which would be unaffected, even if practicable fusion were achieved tomorrow, and commercial application the following day. As an example, Algom Uranium Mines, Ltd., has started construction of its mill in the Blind River area of Canada under the terms of a firm contract with the Canadian Government (as buying agent for the U. S. Government) to produce $206 million worth of uranium concentrate. It is expected that the earnings after taxes on this stock during the 7-year period of the contract will amount to $14.50 per share. At the end of the period, Algom will have, it is estimated, at least as much ore in the ground as will have been mined out, and will own, in addition, plants capable of processing 6,000 tons of ore per day, such plants being completely written off. (Provision for amortization of the plant is included in the contract price). Similar remarks apply to other uranium companies, including those in the United States—where the government is obliged to buy all the uranium ore offered to it until April 1962, even in the absence of any contract.

On the possibility of fusion, we are of the opinion that the more rapidly it is developed, the better. There is no question that companies who have entered the nuclear industry on the fission side will be in the best position to profit from the fusion side—if, as, and when fusion becomes a commercial reality.

For the benefit of those who may not be familiar with the meaning of the term, we would like to point out that fusion, in one essential respect, is simply the reverse of fission. Fission, of course, consists of splitting atoms —in particular, the uranium atom, which is some 238 times as large as the lightest (hydrogen) atom. In fission, about one-tenth of 1% (0.1%) of the weight of the uranium atom is annihilated as matter and is converted into energy according to the famous Einstein equation, $E = mc^2$. This means that the energy released is equal to the mass destroyed multiplied by the velocity of light squared. Since the velocity of light is 186,000 miles per second, and since this is squared, one can see that the conversion factor is truly gigantic. It is for this reason that one pound of uranium has the heat value of 2,600,000 pounds of coal.

Fusion, on the other hand, results from the forcing together of atoms of very light elements, such as hydrogen or lithium. As in the case of fission, the resulting product weighs less than the materials started with, and the difference in weight is converted into energy with the same conversion factor. Back in the 1930's, fusion was being worked on before the possibility of fission was discovered. Scientists felt they had reached a stone wall, because it had been calculated that fusion could be accomplished only at temperatures in excess of one hundred million (100,000,000) degrees. Such temperatures, at that time, had never been experienced on this planet since man's emergence thereon. It was not until the advent of the atom bomb that such temperatures were attained, and it was found that the A-bomb (or fission bomb) could be used to trigger the H-bomb (or fusion bomb). From the first time controlled fission occurred, in 1942, the phenomenon has taken place at reasonable temperatures of a few hundred degrees. In contrast, sustained fusion has yet to be achieved except at enormous temperatures such as those occasioned by an atomic bomb.

The problem of controlling fusion is, therefore, essentially that of discovering a way to contain the uncontainable, for of course physical vessels would all vaporize at such temperatures. In the past two decades, efforts have been directed at utilizing electromagnetic fields to contain the process, and the progress so far is reported to consist in an increased ability to generate and direct such electric fields. These fields of force, though intangible like light waves or radio waves, may some day be used to position the fusion process in space.

It is to be emphasized that there is no assurance that controlled fusion will ever be proved practicable, but it appears certain that it will require a very long development period for commercial realization even after feasibility is demonstrated. Notice that fission is just now becoming commercially competitive, some 13 years after its demonstration in 1942.

It might be well to point out that there are several other equally important technical developments which enter the picture, and which we are following actively. For example, solar energy may prove to be preferable to other kinds of atomic energy in certain applications. Solar energy is a type of atomic energy, in that it is widely accepted that the sun's rays result from atomic fusion. Like fusion, it appears too far away to influence stock purchase policies at this time. Furthermore, it is now supposed that all atoms can, in the final analysis, be resolved in terms of electrical forces. If man can ever find the key to this electricity, it will be unnecessary to go through the inefficient heat cycle, which is the base for all atomic power so far demonstrated. Despite all the interesting types of energy which *may* be developed, it appears that

Continued on page 31

TABLE I

	1953 Low	1953 High	Oct. 7, '54 Price	Oct. 20, '55 High	Oct. 20, '55 Price	% Change
Climax Molybdenum	33	43	54	80¾	61½	—24.0
Vanadium Corporation	15	23	36	47½	39	—17.9
Gunnar Mines	2.25	13.75	9.40	19.88	19.62	— 1.3
Foote Mineral	11	16⅔	40⅝	51½	41½	—19.4
Lindsay Chemical	15	19	39	48	38¾	—19.3
Lithium Corporation	3⅝	6¼	24	39½	36¾	— 6.9
Homestake Mining	33	41	51	48	36½	—23.9
Beckman Instruments	11	17	24	26⅞	23⅝	—12.1
Consolidated Engineering	11	15	22	31¼	20¾	—33.6
General Dynamics	15½	23½	34	80	54	—32.5
Union Carbide	61	75	83	116¼	101¾	—12.4
Vitro Corporation	5¾	7⅞	14	29	16¼	—40.0
Westinghouse Electric	39	52	72	83¼	57¾	—30.6
AVERAGE						—23.3%
Dow Jones Industrial Average	255	294	364	487	458	— 6.3%

Industry's Contribution To Atomic Energy

By LEWIS L. STRAUSS

Chairman, U. S. Atomic Energy Commission

Chairman Strauss praises role American industry has played in the development of atomic energy, and reveals the extent of atomic plants, laboratories and other installations located now in 22 states, housing the costliest machines ever built. Says our atomic program is very substantially a matter of free enterprise, and that nuclear power reactors are being installed not only for providing domestic power, but also in foreign countries, as part of the "Atoms for Peace" program.

American industry can be justly proud of its accomplishments in the development of the nuclear art, not alone in its expanded role under the Atomic Energy Act of 1954, but extending back to those days of war and peril when industry began its partnership with the Government in the greatest scientific-industrial project ever undertaken.

Lewis L. Strauss

We could not have succeeded in that grim wartime race without benefit of the ingenuity and inventiveness of industry. No more can we succeed in our efforts to exploit the peaceful uses of atomic energy without that same competitive resourcefulness which free enterprise alone can provide.

The Atomic Energy Commission, from the time of its inception and even prior to that, when the Army Corps of Engineers under General Groves set the pattern, has relied heavily upon industry. It is a fundamental policy and is being continued.

The development of nuclear power is a case in point.

Even before enactment of the 1954 Atomic Energy Act relaxed the government monopoly over nuclear development, the Commission had moved to cede to industry a greater role in our reactor technology, with the objective of providing economically competitive atomic power. I refer to the Five-Year Reactor Program, now in its second year.

This was followed in January of this year by the Power Demonstration Reactor Program, with which you are acquainted.

These are parallel and compatible efforts, each aimed at the same goal — that is to say, the development of reactors which can produce economic nuclear power.

But whereas the Five-Year Program was financed largely with Government money, the Power Demonstration program draws the bulk of its financing from the risk capital of industry.

So great is the faith in the inevitability of atomic power that an increasing number of industries are prepared at this time to foot the entire cost of building and operating experimental plants, even though they know in advance that those installations will not be economic if one excludes from the return, the knowledge we will gain from them. It is investment in the future on the part of American industry.

Not alone in the development of atomic power but throughout the length and breadth of our atomic energy program, American industry plays a far more comprehensive role than private industry in any other country. I refer to both our weapons activities and to peaceful applications.

It is a sprawling scientific and industrial complex, with plants, laboratories and other installations located in 22 states, housing the costliest machines ever built, great discoveries and vital stockpiles of weapons and fissionable materials. The reservations on which these installations are situated cover about 3,200 square miles, an area roughly equal to the States of Delaware and Rhode Island.

These installations employ about 107,000 people, and it is interesting to note that only 6,000 of them are employees of the Atomic Energy Commission — about 5% of the total. The great majority of the men and women who operate our program are the employees of your industries.

A Matter of Free Enterprise

Thus it can be seen that the American atomic program is very substantially a matter of free enterprise.

I have referred to the expanding scope and response to the Commission's experimental power reactor projects.

When the Commission launched the Power Demonstration Reactor Program, the 1954 Atomic Energy Act was only four months old. The objective was to enlist the maximum participation of industry in the development of nuclear power technology, in the firm belief that this would advance the time when economic atomic power will be attained.

Four proposals were received to that "first round" invitation of this program and two were accepted for negotiation. These were the proposals of the Detroit Edison Company and Associates for a fast-breeded type of nuclear power plant, with about 100,000 kilowatts of gross capacity, to be completed late in 1959, and one by the Nuclear Power Group which proposes to build a boiling-water reactor plant of 180,000 kilowatt capacity, to be in operation in 1960. Later, the Nuclear Power Group proposal was converted to a straight license application since it sought no financial assistance from the Government.

A third proposal, from the Yankee Atomic Electric Company, has recently been revised. It contemplates a 134,000 kilowatt plant moderated and cooled by light water and is presently under consideration by the Commission.

The fourth proposal under the "first round" invitation came from the Consumers Public Power District of Nebraska, a grouping of publicly-owned utilities.

Certain changes were necessary in this proposal, in the view of the Commission. These revisions have been made and I am happy to be able to announce, on behalf of the Commission, that the revised proposal has now been approved in principle as a basis for negotiations.

The contract details will, of course, be subject to review and approval when the negotiations are completed.

The Consumers group proposes to build a sodiumcolled, graphite moderated plant with a net capability of 75,000 electrical kilowatts and have it completed in 1959.

Because of the technological promise of the soduim-graphite concept, the AEC has determined that the development of a full-scale reactor of this type will make a major contribution to the advancement of the art and is in the national interest.

Power Reactors Sent Abroad

Our development of nuclear power reactors is not alone for the purpose of providing economic power here at home. It also is an important component of our "Atoms for Peace" program, based on the President's historic speech before the United Nations in December, 1953. We are indeed fortunate that this important project upon which so much of our future safety and happiness depends is being aided by the distinguished and able ex-Governor of Minnesota, Mr. Stassen. The high degree to which he enjoys the respect and confidence of the President and his complete devotion to his task makes me, for one, most grateful to see him undertake his difficult assignment.

It is our purpose to aid friendly nations abroad in acquiring the peaceful benefits of atomic energy and, to that end, we have in recent months negotiated agreements for cooperation in its civil uses with 28 countries. We have also made available 200 kilograms of fissionable material for use by such countries in research reactors. These we stand ready to help them build. We have already sold to Switzerland the reactor which we took to the great conference in Geneva.

For a number of those friendly countries there is a much more urgent need for nuclear power than here, since we are blessed with more abundant fuel resources.

In this matter of relationship with friendly countries, I am pleased to be able to make another statement and one which I hope will be of more than ordinary interest to many of you.

Representatives of the Belgian Government have informed us that Belgium is planning to construct a nuclear power plant, to be erected near Brussels and scheduled for completion in the early part of 1958, to provide electricity in time for the World Exposition which will be held that year in the Belgian capital. Negotiations are now in progress with American firms to this end in the framework of assistance we have extended under the Agreement for Cooperation with Belgium negotiated by the Commission and formalized at the White House last June.

It seems to me wholly fitting that the first atomic power plant to be built abroad with our assistance should be located in Belgium with whose people we have enjoyed such close friendship over so many years. Belgium's assistance to our atomic energy program, during and since the war was characterized by President Eisenhower as "a unique contribution to the defense of the free world and to our strength as a nation dedicated to the preservation of peace and freedom."

The beneficence of the atom is being extended, as rapidly as we can with due prudence and proper concern for national security, to more and more people here and abroad.

This means that for industry, there is and will continue to be an exciting and challenging opportunity to make an enormous contribution to the cause of peace and prosperity for all men everywhere.

With Shearson, Hammill

(Special to THE FINANCIAL CHRONICLE)

LOS ANGELES, Calif. — Beatrice B. Phelps has become associated with Shearson, Hammill & Co., 520 South Grand Avenue. Miss Phelps was formerly with Paine, Webber, Jackson & Curtis.

Fewel Co. Adds

(Special to THE FINANCIAL CHRONICLE)

SAN DIEGO, Calif.—Richard E. Hodgkins has been added to the staff of Fewel & Co., San Diego Trust & Savings Building.

Commercial Financing Keeping Pace With the Growing Economy

By HERBERT R. SILVERMAN*
Vice-President, James Talcott, Inc.
Chairman, National Commercial Finance Conference

Mr. Silverman, in reviewing the current expansion of the economy, warns of danger to some business concerns that expand beyond their financial capacity. Holds finance companies have a more responsible economic rule during current tight credit situation, and should avoid encouraging unwise expansion. Comments on the consumer debt issue, and contends, so long as we maintain high levels of employment and rising productivity, we will have continuing expansion of consumer credit.

Statesmanship in the management and execution of monetary and credit policy in the months ahead may well determine whether in 1956 we shall see the first year of a new period of economic growth. Our industry, like all American industry, has joint responsibility with government in achieving that statesmanship.


Herbert R. Silverman

If the government adopts the right policies and if business—particularly the financial industry of which we are a part—pursues responsible policies, we could easily have in 1956 a total of business activity of between $400 and $405 billion. That is, a total of 5% to 6% above the total output of goods and services in 1955.

That would be task enough. Particularly for the commercial finance industry, which exists because it has demonstrated its ability to see that the funds which business activity requires go to the right places in the right amounts and at the right time. But there is much more to the business outlook. So much more that its implications should be sobering to those who think "booming" business is something to celebrate.

Many companies have announced expansion programs calling for substantial investments in plant and equipment over the next three to five years. Many more are expected to make similar announcements in the months ahead. When you total them up, one fact becomes clear. Nineteen-fifty-six will not merely be a year of even higher business activity. Given the right policies by business and government, it should mark the beginning of a new period of sound growth in the American economy.

*An address by Mr. Silverman at the 11th Annual Convention of the Commercial Finance Industry, New York City, Oct. 24, 1955.

New Frontier: Technology

Consider for a moment what this period means in history. Up to the second World War we had great economic advance from the exploitation of the gains of the industrial revolution. The second World War, with its insatiable competitive demands, ushered in the technological revolution.

J. Frederick Dewhurst, the economist, and his research associates of the 20th Century Fund, reported this year on America's needs, capacities and resources. In this second survey—undertaken because the earlier one made during the war was outmoded by postwar developments — they made a careful study of technological change. This is what they found:

". . . We have made no more than a beginning in exploiting the developments growing out of World War II. New discoveries are already on their way, for industry; government and universities are devoting more effort to pure and applied research than ever before.

"Barring the devastation of World War III, technology will continue to keep the American people supplied with a steady stream of new and improved consumer goods and services and American industry with new and better materials, machines and methods."

Beginning next year, if we do nothing to upset the trends, we may start opening up a new frontier, the frontier of technology, our primary and inexhaustible resource.

That prospect has its pleasant aspects. It is much easier to operate in an expanding economy than in a contracting one. There are, besides, many more opportunities. But it also has its dangers. These dangers lie in areas where the commercial finance industry has prime responsibilities. It would be well, therefore, for us to ponder them a moment.

Speculation Is a Danger

In no period of expansion are all companies in a position to expand. When expansion is general, it is brought about by a large cluster of companies. These are the companies that have prepared for it by the research, the financial programming, the production and market planning and all the other preparations that go into an intermediate - term or long - term business investment program.

In such a period there is a substantial cluster of companies that do not and should not expand. For some the limits of the market have been reached. Others lack, for the time being, the basis of expansion. Their advantage lies in using the period as a breathing spell in which to correct weakness in financial, operating or distribution policies or in their management personnel. To expand in the face of their structural defects may prove disastrous.

In every such period, too, there is a small cluster of contracting companies. Some are in permanent decline. Good times, no matter how good, never declare a moratorium on business failures. The rest are faced with the need for making changes that will halt their contraction. They need strong medicine for corporate anemia, not a goat-gland operation to give them the illusion of virility.

The great danger in the period of expansion that we face is that a kind of business buck fever seizes some managements that are in no sound position to expand. Instead of talking consolidation of their positions, they want to expand because, according to them, everybody else is.

The commercial finance industry has long experience with growth situations. Our services to business have helped many small companies to grow into important factors in their industries.

In the face of a relatively tighter money and credit situation, our industry will have a responsible economic role to play in the period ahead.

We will have to see that no shortage of credit or of short and intermediate term capital hampers the launching of well-conceived and soundly-backed expansion plans which are needed for the proper growth of our economy. We shall have to do this while taking care of the everyday working capital needs of those who can put our funds to good purpose.

But at the same time we shall have to see that we lend no encouragement to those who become afflicted with speculative buck fever. These managements—and I hope that, as in the past, they will be a small minority — will have to be persuaded that "Everybody's Doing It" is just a title of a song nobody trots to any more. If it is possible to persuade these managements to adopt financial programs aimed at consolidation, not expansion, we will be making a further long-run contribution to continuing economic growth.

Our industry, I know, will have no trouble in distinguishing between real growth and true consolidation situations. We are

Continued on page 30

From Washington Ahead of the News

By CARLISLE BARGERON

By way of keeping the record straight: Eugene W. Castle who made several million dollars by producing commercial and home films and who in retirement, looking for something to do to satisfy his restless energy, spent several thousand dollars going around the world checking up on the nonsense of the United States Information Agency, published a book exposing the nonsense early in the year called "Billions, Blunders and Baloney." It sold around 60,000 copies and succeeded in arousing any number of women's organizations and several editors to indignant wrath. But the suave talking USIA laughed if off and got a renewal of its annual appropriation of approximately $100,000,000. They did a good job of ridiculing Castle.


Carlisle Bargeron

One chapter in the book described Castle's experience in Turkey. There he met and talked with the two leading Turkish publishers and quoted them as saying the Voice of America served no purpose whatsoever. The USIA officials in Turkey promptly got a letter from the two publishers saying they had met Castle all right but that he did all the talking and the views he ascribed to them were his views. Knowing Castle well for many years I couldn't help thinking the USIA probably had him tabbed because if he let the Turkish editors do the talking they were probably the first gentlemen ever to have that experience with him. He talks like the late Floyd Gibbons, a mile a minute as they say.

At any rate, with this letter from the two Turks and other criticism from the USIA of the book designed to show Castle didn't know what he was talking about, Congressman Rooney, Chairman of the House Appropriations Sub-Committee on USIA, had a merry time with the fiery Castle. Instead of being interested in all the information he could get, the Brooklyn Congressman seemed to take a delight in arousing Castle's blood pressure. The result was that the USIA appropriation went through Congress without any trouble.

This summer Rooney decided to make an inspection of the USIA European services himself. He has just returned and he describes them as even more worthless than Castle did.

In Istanbul he reports the USIA officials could tell him nothing about the Voice of America which is supposed to be breaking through even the Iron Curtain and telling the backward peoples all over the world the true story of America. The officials in Istanbul couldn't tell just when and how the Voice came to Istanbul. It was Castle's report on the USIA set-up there that brought down the greatest ridicule on him. Rooney reported on several other places and in a public statement left little doubt that he is convinced of the utter futility of the USIA. He concluded his statement by saying:

"The USIA seems more concerned with propagandizing the American people about the good job it is doing than it is in fighting Communism."

These happen to be the exact words of Castle.

I don't suppose Castle is interested in getting an apology from Rooney. But the question does arise as to whether Rooney, having now seen the same things with his own eyes on which Castle reported, will do something about eliminating this relatively small load from the American taxpayers.

Reduction of any of these foreign expenditures is particularly hard. When the Democrats were in control of the Government the Republicans were always attacking the program and the Democrats were defending it. Now that the Republicans are in, the expenditures are going right along sponsored by the Eisenhower Administration. Inasmuch as the Democrats initiated the program they are reluctant to make it an issue against the Republicans, and the Democrats also are in control of Congress. So, foreign spending has ceased to be an issue between the two parties.

An automobile dealer, a real estate man and a prosperous fish broker, all members of my country club, went separately on trips to Europe this year. It was a case of keeping up with the Joneses. The automobile dealer went first and the others followed him. They met in Rome. At this time they must have got together on their refrain.

They will never again criticize the Marshall Plan, they report, after seeing all those beautiful buildings over there. No one of them knows anything about the Marshall Plan. One of them was under the impression that it built the Leaning Tower of Pisa.

NASD District No. 13 Receives Nominees

The Nominating Committee of District 13, National Association of Securities Dealers have submitted the following slate:

Board of Governors: Harold H. Cook, Spencer Trask & Co., to succeed Allen C. Dubois, Wertheim & Co.; Charles L. Bergmann, R. W. Pressprich & Co., to succeed Roy W. Doolittle, Doolittle & Co., Buffalo.

District Committee: W. Scott Cluett, Harriman Ripley & Co., Inc., to succeed Harold H. Cook; Joseph Ludin, Dillon, Read & Co., Inc., to succeed Charles C. Glavin, First Boston Corporation; Graham Jones, Cooley & Co., Hartford, Conn., to succeed Henry Holbrook Hyde, Putnam & Co.; Eugene G. Statter, Hoit, Rose & Co., to succeed John J. O'Kane, Jr., John J. O'Kane, Jr. & Co.

Members of the Nominating Committee were: Orland K. Zeugner, Chairman; W. Fenton Johnston, Walter W. Wilson, Robert S. Morris and Frank Dunne.

Joins Waddell & Reed

(Special to THE FINANCIAL CHRONICLE)

SAN DIEGO, Calif.—Joseph P. Rockwell is now with Waddell & Reed, Inc., 2544 Fifth Avenue. Mr. Rockwell was previously with R. E. Evans & Co.

The Federal Budget Outlook

By GROVER W. ENSLEY*
Staff Director, Joint Committee on the Economic Report

Dr. Ensley, in pointing out a balanced Federal budget for the current fiscal year now seems possible, says it is unlikely that total Federal Government expenditures can be reduced from the current levels during the years ahead. Looks for Federal receipts to rise with the expanding economy, and this may mean a budget surplus in fiscal 1957. Discusses the question whether aim should be to balance the traditionally administrative budget or the consolidated cash balance. Cautions against premature and inflationary tax reductions.

Unless the international situation changes drastically, defense expenditures in fiscal 1956 and in the immediate years ahead will continue at approximately current levels, and thus represent a declining percentage of the Nation's growing production and income. Hence, if the economy expands in line with the increase in the labor force and rising productivity, we may anticipate a balanced Federal budget and surpluses on the basis of present tax rates and expenditure programs. This poses important questions of fiscal policy. For example, should a budget surplus be regarded as the occasion for deliberate changes in Federal tax or expenditure policies? What priority should be given to reducing taxes as compared with reducing the national debt or with expanding Federal financial support for education, highways, and similar programs?


Grover W. Ensley

On the basis of the present favorable economic outlook, these and similar questions may soon become major policy issues.

Prospects for Balancing the Federal Budget

A balanced Federal budget for the current fiscal year ending June 30, 1956, now seems possible.

The "Review of the 1956 Budget," issued last August by the Executive Office of the President, estimated that Federal expenditures will amount to $63.8 billion in the current year ending next June 30. This is about $1.4 billion more than was estimated by the President last January. The principal increase is $1.1 billion in estimated expenditures for agricultural price supports.

Two factors, among others, could result in higher expenditures in the current year than were estimated last August. First, the estimated total of $34 billion for the Department of Defense in the August "Review" anticipated there would be savings and economies of $1 billion from projected program levels realized during the year. Recent statements by Secretary of Defense Wilson have indicated that it will be difficult if not impossible to achieve reductions of this magnitude since it is announced policy to do nothing that impairs combat effectiveness. Second, prices of goods and services the Government buys are rising, thus tending to push up the budget total.

The August "Review" estimated receipts for the current fiscal year at $62.1 billion. This is $2.1 billion higher than estimated by the President last January. The estimate for corporate income tax receipts was raised $2.2 billion, and the estimate for individual income tax receipts was revised upward $300 million.[1] These increases reflect improved business. There is reason to believe, however, that receipts are still underestimated because the Treasury's assumptions for both corporate profits and personal income in calendar 1955 are clearly low. Corporate profits before taxes are assumed by the Treasury to average $40.6 billion this year although the average annual rate during the first half was $42 billion. Similarly, the assumed personal income of $300 billion for the current year is at least $2 billion too low.

The August "Review" estimated the administrative deficit for the current fiscal year at $1.7 billion; it estimated the consolidated cash surplus, including trust fund accumulations, at $300 billion. But it looks now as though Federal revenues this fiscal year could be sufficiently higher than estimated by the Treasury last August, to about balance the administrative budget and to produce a significant cash surplus if total expenditures are held to the August estimate.

Prospects for balancing the Federal budget in 1957 and the next few years are also good on the basis of present tax rates and expenditure programs and continuing prosperity.

It seems unlikely that total Federal government expenditures can be reduced from the current fiscal year levels during the years ahead. Reductions in defense expenditures below the fiscal 1956 level will be much harder to achieve than the reduction of $11.5 billion made since the end of the Korean War. Present fiscal year expenditures are close to the maintenance level of defense expenditures for the long pull.

Non-defense spending will likely rise moderately on the basis of present programs. In the past three fiscal years these non-defense items actually rose in total by about $1 billion, annual rate. Veterans' services and benefits, interest on the debt, expenditures for agricultural price supports, and other expenditures over which the Government has little immediate control, all contributed to this rise. Necessary adjustments in Government pay-scales have increased costs. Rising industrial prices are being reflected in the budget as the Federal Government is a large buyer of such goods.

On the other hand, at present tax rates, Federal receipts should continue to rise if the economy continues to expand. Long-run projections at high levels of production and employment suggest the rise in Federal tax receipts should be appreciably greater than expenditure changes on the basis of present programs. Therefore, favorable economic conditions should result in a budget surplus in fiscal 1957 and the years immediately ahead.

Which Budget Should Be Balanced?

A search for economic implications of this probability of a surplus in the Federal budget in the years ahead leads to the question: Which budget should be balanced, and when?

A quarter of a century ago, the basic thinking on fiscal policy still revolved around the concept of an annually balanced budget regardless of economic conditions. The depression experience of the 1930's led to a considerable shift of emphasis among most fiscal experts away from the annually balanced budget and toward a budget balanced over the business cycle. This meant a compensatory fiscal policy with surpluses in high employment years and deficits in periods of recession.

There remains the question whether policy should be aimed at balancing the traditional administrative budget or the consolidated cash budget which includes trust fund accumulations. Today the administrative budget is still the more popular concept. Most economists, however, prefer the cash budget as being more meaningful from a fiscal policy standpoint.

In recent years, with the growth in size of the Federal budget and with increasing recognition of the complex inter-relations between Government fiscal policy and the economy as a whole, there has evolved the concept of basing Federal tax and expenditure policies upon their effect on the balance of the Nation's economic budget—the combined budgets of consumers, businesses, and Federal, State and local governments. Now the objective of balancing the national economy at levels sufficient for stability and growth has superseded to a large extent the narrower goal of balancing the Federal budget. Senator George has expressed this modern viewpoint as follows:

"When we return home, our constituents will ask us what budget it was that we wished to balance, and whether it was the unbalanced Federal budget . . .; or whether we wished to have the home budgets balanced, and thus increase the capacity of the American people to purchase the products which can be turned out by our mills and our factories." (*Congressional Record*, 83rd Congress, 2nd session, Vol. 100, Part 7, June 30, 1954, p. 9298.)

The Nation's economic budget summarizes the combined budgets of consumers, business, and all levels of government. It includes the incomes, expenditures, savings or dissavings of each of these categories in the economy. Therefore, adjusting Federal tax expenditure policies so as to balance the Nation's economic budget at high employment and production levels implies that when total demand is deficient, either taxes should be reduced, or expendi-

Continued on page 35

*An address by Dr. Ensley before the Annual Conference on Taxation of the National Tax Association, Detroit, Mich., Oct. 19, 1955. The views expressed are those of Dr. Ensley and do not necessarily represent the views of the Joint Economic Committee or individual members of that Committee.

1 There are minor partial offsetting reductions in other items from the January estimates.

The Durability of Prosperity

By HAROLD J. KING, Ph.D.*
Professor of Economics, Duquesne University

Economist contends that march toward collectivism has prevented the appearance of genuine prosperity, and that the pseudo-prosperity we now have is likely soon to disappear. Claims worship of "full employment" as false god of prosperity has led to confusing business with prosperity. Expresses concern over inflation of consumer credit, and holds Kremlin provides capitalistic world with better depression insurance than do the highly-touted Keynesian "built-in-stabilizers."

Just before President Eisenhower's heart attack, the airborne stock market was heading for the stratosphere. The steel mills were pushing out the mighty metal as rapidly as they could. Business was booming, and people were optimistic.


Harold J. King

But when word of the President's illness reached the Stock Exchange, the market took its worst single-day plunge since the crash of 1929. Many started to wonder. They became concerned about the durability of "prosperity."

The Role of Optimism

To nip the doubts and fears in the bud, well-meaning businessmen, and others, promptly came forward with reassuring statements, predicting the continued upswing of business. This they had done before, just after the debacle of '29 which ushered in the worst depression of history.

There can be no doubt that optimism is a powerful force, and a prime ingredient of business booms and "prosperity" in a capitalistic economy. But it is an *emotional* force, like love, hate, fear, and anger. We all know how difficult, or impossible, it can be to turn an emotion on or off like a faucet, at will.

Pessimism is a highly contagious emotion. The speed with which it spreads through an economy is amazing. And it spares no groups, consumers, businessmen, bankers, or brokers. Trying to check it with the fabrication of synthetic optimism is like whistling in a graveyard. The doubts and fears persist.

The Possibility of Genuine Prosperity

You young ladies may well wonder how far gone economists can get, when they talk about the "prosperity" of 1955. For these days don't seem too prosperous to you. The inflated prices definitely restrict your purchases, and make your struggle for an education a difficult one.

The raw, unvarnished, truth is that we do not have the genuine prosperity today that we should have. Tremendous strides have been taken in the physical sciences, and technology. The state of the arts today is such that we should be enjoying a most bountiful life—one of genuine prosperity. But, unfortunately, while the chemists, physicists, and engineers have been contributing so much, the economists—along with the politicians for whom most of them work—have been making a negative contribution to our economic well being. Toward genuine prosperity, economic science has as much to offer as do the physical sciences. But, strange as it seems, most practicing economists today are neither trained in, nor interested in, economic science. Their devotion is to a new form of Communism, which we may call Keynesianism, after the late Lord Keynes, of Britain. As the contribution of Marxism to economic progress has geen negative, so has that of this neo-Marxism, namely Keynesianism.

As citizens of the United States, or participants in a capitalistic economy, it is your birthright to experience some genuine economic prosperity before you leave this earth. How long you will have to wait, I can not say—but I hope not too long. If and when such comes to be, then the days of 1955, in retrospect, will look lean indeed.

Mistaking Busyness for Prosperity

To make ends meet, in this era of inflated prices and taxes, millions of mothers are forced into industry, and millions of fathers find it mandatory to work overtime, or hold down two jobs concurrently. And after hours, many participate in the do-it-yourself craze. Why? Because they enjoy, when exhausted, doing things they can't do well? Or because the high cost of living so dictates?

No, these are not prosperous times. We have come to confuse busyness with prosperity. Genuine prosperity is neither related to, nor dependent upon, the pace of a rat race.

The Meaning of Genuine Prosperity

Scientifically speaking, what makes for economic progress, and prosperity? It's simple. On the one hand, the enjoyment of an ever greater abundance of goods; on the other, more genuine leisure. By genuine leisure I refer to hours that may be devoted to education, religion, or the arts; along with time you can while away at dances, or ball games, or even (if the Sisters will forgive me) chrome-plated cocktail lounges. Genuine leisure does not include time spent making like a third rate carpenter because you can't afford to hire a first class one. Leisure should make for gracious living, not broken fingernails.

Why We Mistake Busyness for Prosperity

Why have we mistaken busyness for prosperity? Most of the credit is due the late Lord Keynes, who took great delight in confusing those economists having minds less agile than his. He furnished them with a false god of prosperity to worship, and named that god "full employment." Sad as it seems, neither Lord Keynes, nor any of his followers — to my knowledge—have bothered to define this deity. So the faithful cultists do not have the comfort of a graven image. They must be content with the glorification of a most nebulous concept.

The dictionary is of no help on this point. For if we adhere to its meaning, we are forced to the conclusion that all the slaves of the world have been more prosperous than their masters. For the slaves have been more fully employed. And, by the same token, China and India must be among the most prosperous nations on earth today.

I don't have the slightest idea which text you use in elementary economics here at Mount Mercy. But the chances are high that it has a good deal of Keynesian propaganda running through it. Unfortunately, Keynesianism is about as conducive to straight thinking in economics, as is alcohol. If those of you who are studying economics want to make a quick rundown on your texts, see how frequently the term "full employment" appears, and how often it is glorified. Incidentally, if you find a definition of same, please let me know.

Will Our Pseudo-Prosperity Last?

Well, how about the durability of "prosperity?" I have endeavored to show that we don't have genuine prosperity—so *that* we can't lose. But statisticians find "prosperity" a convenient term to use in indicating that times have been worse, and can get worse, than they are now.

Are we going to have a recession? Definitely yes. For whenever business completes an upward surge, it moves downward. It has an aversion to moving on an even keel—sidewise, along the statistical charts. How soon will the recession come? How bad will it be? And how long will it last? Actually, these questions fall outside the realm of economic science, and belong to professional business forecasters, and fortune tellers. These two groups have practically the same batting average. For one reason, however, and one alone, the professional business forecasters have a definite edge over the gypsies. Most of the former have had some college English, and therefore, can toss the ambiguities around with much greater facility. As their success depends, in great measure, on repeat business, they can ill afford to engage in the luxury of specifics.

The Coming Recession

Within the realm of economic science, fortunately, some observations concerning the coming recession can be made.

In President Eisenhower's body, a defect, which had gone unnoticed, suddenly manifest itself. This does not mean that his physicians were negligent, for such defects may be virtually impossible to recognize and identify prior to a breakdown.

In the body of our economy, however, there is at least one malignant growth which competent economic physicians have recognized, identified, and warned against. The seriousness of the trouble to be expected from this cancer will most certainly be related to its size when it makes itself felt, by eating into the sensory nerves of the body-economic. Just how soon this cancer will cause the economic sensory nerves to register the pain of a recession can not be forecast with certainty. But its rate of growth suggests that the time may be near at hand.

The competent economic physicians recognize this growth; consider it to be malignant; and identify it as "Consumer Credit."

Consumers furnish the driving power for our economic machine. As they spend, they determine its course, and rate of speed. They may feed it all the gas they can buy from their current income. Or, for a good many months, they may drive it at an excessive rate, by borrowing additional gasoline. But the machine isn't designed to run at an excessive rate indefinitely, and the filling station man may become so narrow minded as to want to collect his tab, or, at least, to refuse additional credit. If, after this day of reckoning, the car is to be kept on the road, a reduction in speed becomes mandatory.

Long, long, ago in the days before Lord Keynes, thrift, and the living within one's means, were considered virtues. But the times, customs, and attitudes have changed, even though the mathematics, and fundamental economic truths have not. Today the consumer who spends no more than he earns is likely to find himself considered an economic saboteur, if not downright unpatriotic. Thus it is not surprising that we American consumers now find ourselves pretty well in hock. For the first law of economics is that human wants are insatiable; and borrowing has become extremely fashionable.

As we went further and further in hock, we were, of course, bolstering the sales of the auto companies, the steel mills, and other businesses, thereby causing them to inflate their payrolls. This increased our earnings, and as they grew, so did our optimism, and *we borrowed even more heavily*. By so doing we have geared the economy to a speed dependent on our constantly borrowing an ever larger amount of gasoline. We would slow it down if we merely reverted to the old virtues, and refused to go further into debt. And, of course, it makes little difference whether we voluntarily cut down our rate of new borrowing, or the filling station man does it for us.

Just how far in hock are we anyway? Ignoring what we owe on homes, and concentrating on our more sensitive short-term debts, we have now, each of us—on the average—run up a tab of two hundred dollars, according to Federal Reserve Board figures. And the amount is still growing. This represents what we have borrowed on our autos and refrigerators; on our names alone at banks and finance companies; and credit extended to us by department stores and other merchants. This means that the average family of five is now saddled with a short-term debt burden of one thousand dollars, and interest costs on short-term obligations alone of some fifty dollars per year. Just as soon as we consumer-borrowers, or our creditors, become sufficiently pessimistic to decide that the party is over—and put on the brakes—then trouble will be at hand—in the form of a recession. We don't like to see the party end. But just how long we can keep it going by plunging further into debt is problematical. We may postpone the hangover, that is the recession, but we can't avoid it forever.

The Impact on Pittsburgh

It is worth noting that people whose lives and hopes are tied up with Pittsburgh, and Western Pennsylvania, have a special reason to be recession conscious. When one strikes, consumers still buy food and clothing, but they postpone the purchase of such durables as autos and refrigerators. So while other industries throughout the land suffer mildly, the steel industry can really get the miseries.

Recession vs. Depression

It has been said that the difference between recession and depression is simple. When your neighbor is out of a job, that's recession; when you (or your dad) is out of a job, that's depression. The real difference, of course, is a matter of degree. Although you have all lived through mild recessions, you young lades carefully selected your birthdates so that you would avoid most of the great ten-year depression, which ended in 1940. You were most wise in so doing. For depression is a curse so great that some (a minority) consider it even worse than war.

Although you can be sure a recession is on its way, you may take some comfort from the fact that no depression is on the horizon. Ironically, we have our Kremlin comrades to thank for this. As long as they threaten us with a possible World War III, our defense expenditures will remain high enough to rule out the possibility of an old fashioned depression. We have also internal safeguards in the workings of our Federal Reserve System, and the U. S. Treasury. Unfortunately we can not place much reliance on the internal safeguards. For when a recession starts, the politicians in power at the time are more likely to apply pseudo-economic measures of the Keynesian variety (including the actuation of the so-called built-in stabilizers), and thereby make it worse. So, strange as it seems, we find ourselves in a world in which the Communist leaders, while praying for a capitalistic depression, are furnishing us with our main insurance against one.

Summary

So, in closing, let us realize that we are not cruising down our economic highway in a modernistic auto, representative of prosperity. We are speeding along in an old Model T. Speeding only in the sense that we are driving it at an excessive rate—at a pace it can not maintain much longer. To a great extent we are driving on borrowed gasoline, and a slowdown in the not too distant future is inevitable.

We won't be able to replace our old Model T with a modern car as long as we deify "full employment," and confuse it with prosperity.

Although a recession is sure to come, because of the malignant cancer developing in our economic body, no depression looms on the horizon.

Ironically our prime insurance against depression stems from our Kremlin comrades, rather than from some highly touted "stabilizers" built into our old Model T.

*An address by Dr. King before the Student Body, Mount Mercy College, Pittsburgh, Pa., Oct. 11, 1955.

With Hamilton Managem't

(Special to THE FINANCIAL CHRONICLE)

DENVER, Colo.—Robert J. Mason is now with Hamilton Management Corporation, 445 Grant Street.

Joins Skyline Secs.

(Special to THE FINANCIAL CHRONICLE)

DENVER, Colo.—Donna P. Ramey is now with Skyline Securities, Inc., 1719 Welton Street.

Joins Bateman Staff

(Special to THE FINANCIAL CHRONICLE)

PALM BEACH, Fla.—Frank M. Hannon has joined the staff of Frank B. Bateman, 243 South County Road.

Nehring & Ricketts Add

(Special to THE FINANCIAL CHRONICLE)

ELGIN, Ill.—Glenn O. Baker is now with Nehring & Ricketts, 4 South Grove Avenue.

Continued from page 2

The Security I Like Best

R. S. T. an interest in cobalt for the first time and Chibuluma will build a cobalt treatment plant at Ndola, Northern Rhodesia, at a cost of approximately $1,400,000. Reserves of Chibuluma, at June 30, 1954, were estimated at 7,300,-000 short tons, but recent development work has expanded this estimate considerably. The cost of equipping the mine is being provided almost wholly by the U. S. Government, to be repaid in metals. Chibuluma has 5.23% copper content and 0.25% cobalt. An annual rate of 17,000 tons of copper and 500,000 pounds of cobalt annually is scheduled for 1956, but probably will be increased, in view of the short supply, which is critical in the case of cobalt. Cobalt currently sells at $2.69 per pound.

Baluba Mines and Chambishi Mines are held for future development. These companies were formed to hold large orebodies of copper and cobalt. The Baluba orebody is estimated at 70,000,000 tons of sulphide ore running 2.68% copper and 0.18% cobalt. Baluba is considered by experts to be possibly the greatest undeveloped source of cobalt in the world. Chambishi Mines has an ore reserve of 25,000,000 tons of 3.46% copper, about the same grade as Mufulira. These estimates of reserves are believed to be on the conservative side.

Assuming Mufulira continues to sell its copper at prevailing prices, pretax earnings are estimated at approximately $60 million annually and net conceivably would be about $31.5 million or $20 million on the R. S. T. shares. This is after taxes and charges and works out to around 90 cents per R. S. T. share. To this projection, should be added estimated profits from Chibuluma. However, at this stage of starting up, this is impossible to accurately predict. However, on an annual output of copper of 18,000 tons, net to R. S. T. might reach $3.2 million, after depreciation charges, as far as is ascertainable at the moment. This would work out to around 14 cents per share on the R. S. T. Note that this estimate is a conservative one and takes no account of cobalt production. Accordingly, for fiscal 1956, it is possible to project earnings in excess of $1 per share for R. S. T.

As far as reserves are concerned, the Trust's equity in the total copper reserves of its subsidiaries amounts to 10 billion pounds of copper or about 442 pounds per share of outstanding stock. Supposing we assume a copper price of only 25 cents per pound, well below current quotations; then, the market value of the copper reserves would be equivalent to around $110 per share of Rhodesian Selection Trust stock, while the issue currently sells at only 7% of this figure. Furthermore, R. S. T. shares are also available at a wide discount from the estimated per share worth of Mufulira alone. For example, the conservative presumption that the Mufulira Mine has only a 20-year life, would make the mine value $272,-772,140, based upon 1954 net income of R. S. T. multiplied 20 times. This compares with a market evaluation of R. S. T. of about $150,000,000, the approximate current price being $6¼ per share. This stock is listed on the New York Stock Exchange.

The financial condition of R. S. T. is exceptionally strong, with current assets totaling $57.8 million and current liabilities $33.5 million at June 30, 1954. Of current assets, $29.7 million was in cash.

Dividends have been generous and are currently being paid semi-annually. There is a 37½% Rhodesian withholding tax which may or may not be deductible from U. S. income taxes, depending upon the outcome of active discussions on the matter concerning the extention of the double taxation agreement between the U. S. and the United Kingdom to Rhodesia.

In summation, I believe that R. S. T. shares are a high quality, low-priced, dividend paying issue, with a substantial background, which are selling at only seven times projected 1956 net income per share. This concern is headed by a distinguished and accomplished group, ranking at the top in technical circles, many of whom are associated with leading American Mining Companies. It seems to us that the growing popularity of foreign shares enhances the status of R. S. T. It is evident that copper and cobalt reserves are huge and ample for many years of operations. As emphasized in the Paley Report to the President, cobalt is critically needed in the defense, industrial and A. E. C. programs. Copper, "the first metal worked by man," is in great demand in such rapidly burgeoning fields as electronics, which has created a short supply and price increases.

A substantial rise in earnings, now underway, and with prospects for future gains excellent, the labor, reserve and demand situation being what it is, R. S. T. shares represent an exceptionally attractive growth situation in copper and cobalt, in my opinion.

Bank of America Group Offers $30 Million California Bonds

Bank of America N.T. & S.A. and associates were awarded $30,-000,000 State of California 5%, 2¼%, 2% and ¼% School Building Aid Bonds maturing Nov. 1, 1957 to 1981 at competitive sale yesterday, (Nov. 2). The bonds are being reoffered at prices to yield from 1.50% to 2.90%.

Other members of the offering group include: The First National City Bank of New York; The Chase Manhattan Bank; Blyth & Co., Inc.; The First Boston Corporation; Harriman Ripley & Co. Incorporated; Harris Trust and Saving Bank; R. H. Moulton & Company; American Trust Company, San Francisco; Glore, Forgan & Co.; C. J. Devine & Co.; Goldman, Sachs & Co.; Union Securities Corp.; Merrill Lynch, Pierce, Fenner & Beane; Weeden & Co., Incorporated.

The First National Bank of Portland, Oregon; Seattle-First National Bank; Security-First National Bank of Los Angeles; Equitable Securities Corporation; Dean Witter & Co.; Reynolds & Co.; California Bank, Los Angeles; William R. Staats & Co.; J. Barth & Co.; Bache & Co.; John Nuveen & Co. (Incorporated); B. J. Van Ingen & Co. Inc.; Coffin & Burr, Incorporated.

Heller, Bruce & Co.; Barr Brothers & Co.; Hayden, Stone & Co.; A. G. Becker & Co., Incorporated; Clark, Dodge & Co.; Shearson, Hammill & Co.; Ira Haupt & Co.; G. H. Walker & Co.; Roosevelt & Cross, Incorporated; Andrews & Wells, Inc.; Bacon, Whipple & Co.; F. S. Smithers & Co.

Trust Company of Georgia; Brown Brothers Harriman & Co.; E. F. Hutton & Company; Wm. E. Pollock & Co., Inc.; Wood, Struthers & Co.; A. M. Kidder & Co.; New York Hanseatic Corporation; Fidelity Union Trust Company, Newark; The First National Bank of Memphis; Gregory & Sons; Branch Banking & Trust Company.

Local Real Estate

By ROGER W. BABSON

Asserting big fortunes in stocks, commodities and real estate have been made by a recognition that nature is constantly working for a balanced situation, Mr. Babson urges applying Newton's Law of Action and Reaction to real estate investment. By way of advice, he recommends real estate in rundown sections be held, but real estate in a booming area be sold

As I look out at the trees, from where I am writing, I am amazed at their balanced shapes. How do the limbs know when to stop growing in order to keep the entire tree so symmetrical? I am told that if several limbs should be cut off on one side, the tree will partially replace these limbs before growing in height. I know that if you pull off one of the two big claws of a lobster so as to throw it out of balance, it will grow another claw to get back into balance.

Roger W. Babson

What About Us Humans?

We are surrounded by miracles; but the greatest miracle of all is seen when we look into a mirror! Among many other wonders is the fact that our two legs grow equally so as to balance in length, weight, and girth. The same applies to the arms, hands, and feet. As food, drink, and air enters our bodies, our wonderful automatic factory divides the proteins, fats, and minerals so that the same quantity goes to both sides of our bodies to keep them in perfect balance.

But our *brains* do get out of balance. The insane and senile people are the commonest illustration of this; but every one of us gets hipped on some one subject. Furthermore, some persons get enthusiastic over every new fad and are always optimists; while others are like my friend, Mr. Humphrey B. Neil of Saxon River, Vt., who has been successfully taking the "contrary side" of every question. I believe very few investors have *made and kept* a fortune by always being either bearish or bullish. The big fortunes in stocks, commodities, and real estate have been made by recognizing that nature is constantly working for a balanced situation. Hence, base your investments on Newton's Law of Action and Reaction!

Applying Newton's Law to Your Real Estate

Some communities today are booming. Others are standing still. It is safe to forecast that this situation will be changed some day. Therefore, those who are pessimistic or uncertain as to the future should not now move to some busy city like Detroit. Some day Detroit may suffer from great unemployment, while your city may then have no jobless. Most graduates from colleges are now crazy to get into "electronics"; but before many years, electronic jobs may be selling at "a dime a dozen." Furthermore, I have learned that *Someone Somewhere* is always making millions in every industry.

Don't be like the cow that always wanted to jump the fence to get into the next pasture. A distant field may look green, but when you get there you are often disappointed. Stick to the city and church where you were born and have friends. Make good in the industry in which you have been trained. Keep in balance. Farming or dairying, which now is not prosperous, will come back. You can depend upon the Good Lord to keep your body, below your neck, in perfect balance; but for some reason, He leaves the brain to you to keep in balance.

Real Estate Values

Many letters come to me from readers asking advice about selling their real estate. I cannot answer these, not knowing the conditions in different sections of the city. This, however, I say: If your property is in a poor section of the city which has "run down," I probably would advise against selling now, but if it is in a booming section, I might advise you to sell. All real estate prices will tend to balance, as years go on. Probably some outlying property, now selling cheap, is a better buy than downtown property in the heart of the business district.

A final illustration of the way prices balance up (if we let God run them) is the record of the automobile. This has brought country people into the business centers to buy. As a result, business real estate has gone up in price. Now automobiles have increased so, and parking cars has become such a nuisance, that "Main Street" property may be reaching its peak. I forecast that many vacant lots, formerly having no buyers, will sell at a premium for parking purposes. So it goes! The real estate wheel of fortune is always slowly revolving. Those few who have the courage to buy low and sell high, make money. Those optimists who buy when everyone else is buying, usually lose money, but the few who help balance the wheel through good times and bad, make a fair profit with serenity.

Cruttenden Adds to Staff

(Special to THE FINANCIAL CHRONICLE)

DENVER, Colo.—Thomas L. C. Scadding has been added to the staff of Cruttenden & Co., First National Bank Building.

THE MARKET . . . AND YOU

By WALLACE STREETE

Interest in the stock market dropped to a low ebb this week with a couple of daily movements by the industrial average down to two-cent gains for a couple of sessions running, for the most pronounced stalemate of the year.

* * *

It didn't prevent a rotating succession of wider special moves as earnings, dividends and various deals continued to pour forth, largely on the favorable side. Where the good news had been well anticipated, the market life for the specific issues was definitely on the dull side, but enough surprises were in the reports to keep the listed issues from putting on a completely drab showing.

* * *

Standard Oil of New Jersey was the center of the high split hopes for a bit in this week's trading. Directors of the company meet today (Nov. 3) for dividend action. However, the appearance of a rather large secondary offering of 50,000 shares, presumably from trust account, served to chill the enthusiasm. No such sale would be made with a stock split imminent, the logic ran. It was enough to turn the stock definitely erratic.

* * *

United Dye, which was able to triple in price right through the market reaction that started in late September, was also definitely erratic and at times eased by multi-point swings. The stock sold this year at 8⅛ but recently reached a peak of 38¼, which is a pinnacle never before reached by the stock in its modern-day history.

Merger Casualty

Warren Petroleum, which has been linked with all manner of "logical" oil firms as a merger candidate, without any official notice to accompany the matchmaking, finally ran out of steam and appeared occasionally in the casualty column. It had pushed to an all-time high before turning reactionary, however. Like many of the other oils, Warren had been largely passed by in the bull market swing of earlier this year, and until its recent popularity had held in a range of around a dozen points for the year.

* * *

International Business Machines, which is no stranger to having its strength blunted by large block liquidation, came in for another such incident this week when a secondary distribution of 28,000 shares—a $10,600,000 bundle—was enough to tumble the stock price $16 a share on a mere 300-share turnover. It meant a write-down in the value of this one block by more than $400,000.

Westinghouse Perks Up

Westinghouse, for the first time in a while, was able to show a bit better stability and at least ended its repeated appearances on the new lows list. It wasn't a performance that was too inspiring but its ability to head up the list of most-active issues on even a modest gain was better popularity than the issue had enjoyed in weeks.

* * *

Steels were still under something of a pall of disappointment largely due to the failure of Bethlehem Steel directors to split the stock as had been widely anticipated. That the company had declared a moratorium on new orders, and the entire industry was operating at record high levels, helped keep the stock from being an outstanding casualty. Carpenter Steel, which took to some wide gains as is not its wont, was cut back rather quickly when the extra payment didn't come up to expectations.

* * *

As a matter of fact, expectations generally were far more optimistic than the directors' actions in a great many cases. On the management side there appeared definite reluctance to go along dividend-wise with the excellent earnings improvements. The fear was that such action would lead to market excesses diametrically opposed to the moves made by Washington authorities to curb the market that, for two years had soared in a nearly perpendicular ascent. The point wasn't lost on traders, apparently.

Some Popular Recommendations

There was some disposition, among market analysts to cull the list for issues of definite value that, if not oversold, certainly haven't been going wild on strength lately. Where the yield even without any yearend larding is around 5%, some tentative recommendations are being made. In cases of the better quality issues, like American Can which is available at a 4½% yield, and American Telephone which is still in the 5% category, there is a definite preference at the moment regardless of the market's next move. Utilities, too, with their defensive nature are on many of the preferred lists, with Boston Edison somewhat conspicuous because of its 5% return which is well covered by earnings.

* * *

Even the long-neglected International Harvester, which shows an indicated return of 5½%, has been bobbing up in suggested portfolios. Commercial Solvents is another issue that is getting individual mention. It fits the pattern with its 5% yield.

Aircrafts Up Again

Aircrafts, well depressed from their peak prices of earlier in the year, stood out rather consistently again this week as favored issues on a rather widespread scale. Lockheed, which sold above 64 earlier this year, and lately has been able to move back to 50, which is 10 points above its low, was favored in many quarters. The popularity stems from a fat backlog of civilian business, added to the military business which is still considerable, to give it a better shelter than some of the other plane makers no matter what turn the political picture will take.

* * *

Air Reduction had plenty of backers with the fortunes of the company picking up markedly. Earnings of the company for this year are variously estimated as running between $3 and $3.50, which is in sharp contrast to the $1.86 it earned on fewer shares last year. In line with predictions, the dividend was raised and some of its followers even went so far as to label it "sharply undervalued." With all the caution around, this amounts to high praise.

* * *

There was little thought of the market striving for any new all-time peak in the immediate future and some of the market commentators have given up hopes of such a feat for as long as half a year. The overall expectation is that the traditional yearend rally will be getting underway shortly as the better dividends raise yields to a more attractive level. But the reaction the market has experienced so far is generally regarded as having been enough of a cautionary note to keep any rally in moderate bounds. Meanwhile the market has been lolling in the lower half of the trading range built up between the September high and the October low which leaves the industrial list definitely neutral.

[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.]

Joins Merrill Lynch

(Special to THE FINANCIAL CHRONICLE)

GRAND RAPIDS, Mich. — Carl B. Dolbeare has become associated with Merrill Lynch, Pierce, Fenner & Beane, Michigan Trust Company Building. Mr. Dolbeare has recently been with McDonald-Moore & Co. Prior thereto he was with Kidder, Peabody & Co. and was Grand Rapids manager for Blyth & Co., Inc.

Hobart, Others Join J. Logan Co. Staff

(Special to THE FINANCIAL CHRONICLE)

LOS ANGELES, Calif.—Charles S. Hobart has become associated with J. Logan & Co., 210 West Seventh Street. Mr. Logan was formerly an officer of the Rutland Company.

Louis D. Bluman, Charles W. Cottle and Frederick Prado have also joined the firm's staff.

Correction on Terms Of Penn-Texas and Colt's Mfg. Merger Plan

The item which appeared in the "Connecticut Brevities" column in the issue of Oct. 27, page 14, relative to the proposed acquisition of Colt's Manufacturing Co. by the Penn-Texas Corporation was incorrect. The terms of the merger proposal, on which Colt's stockholders will vote Nov. 17 call for the latter to receive three shares of $1.60 voting cumulative convertible preferred and four shares of common of Penn-Texas for each 10 of Colt's 400,000 shares of common stock outstanding. In the original item, the word 10 was inadvertently omitted.—Ed.

Sidney E. Tiras With Warren Clark & Co.

HOUSTON, Texas—Sidney E. Tiras has joined the sales department of Warren Clark & Company, C & I Life Building.

Two With Merrill Lynch

(Special to THE FINANCIAL CHRONICLE)

LOS ANGELES, Calif.—George A. Murray and Stanley P. Strumwasser have become affiliated with Merrill Lynch, Pierce, Fenner & Beane, 523 West Sixth St. Mr. Strumwasser was previously with Stern, Frank, Meyer & Fox.

King Merritt Adds

(Special to THE FINANCIAL CHRONICLE)

LOS ANGELES, Calif.—Richard C. Paige is with King Merritt & Company, Inc., 1151 South Broadway.

Hunter Nominated Chairman Of N. A. S. D. Governors

WASHINGTON, D. C. — Frank H. Hunter of Pittsburgh has been nominated Chairman of the Board of Governors of the National Association of Securities Dealers, Inc. His election will take place at a meeting of the board next January.

Frank H. Hunter

H. Warren Wilson

George A. Newton

G. Price Crane

Wallace H. Fulton

Mr. Hunter is a partner of McKelvy & Company. He has served as a member of the N. A. S. D. Board of Governors since January, 1954. A law graduate of the University of Pittsburgh, he has been in the securities business since 1929. He will succeed Harold E. Wood, President of Harold E. Wood & Company, St. Paul, Minn.

Other nominees for N. A. S. D. offices, who will also take office in January, follow:

H. Warren Wilson, Vice-President and director, Union Securities Corporation, New York, Vice-Chairman;

George A. Newton, partner, G. H. Walker & Co., St. Louis, Vice-Chairman;

G. Price Crane, partner, Arnold & Crane, New Orleans, Treasurer.

Wallace H. Fulton, Washington, D. C., Executive Director.

The N. A. S. D. is the self-regulation organization of the securities business with over 3,400 members.

The Appliance and Electronics Industry in Next Decade

By PARKER H. ERICKSEN*
Executive Vice-President
Crosley and Bendix Home Appliances Divisions
Avco Manufacturing Corporation

Mr. Ericksen envisions a steady, but not spectacular growth during the next five years in the appliance and electronics industry, and a still further ascending one from then on. Foresees a host of new products, some of which will make obsolete many that are being sold today. Estimates 30 million appliance products move into American homes annually, and this is steadily increasing. Discusses the appliance marketing problem, and concludes "the tougher the competition the more promising the future."

The expansion of the American economic system to accommodate the projected growth of families and homes expected in the next few years indicate a changing business picture . . . a growth picture.

Parker H. Ericksen

This growth along with several other factors dictate that the business face of tomorrow will be immensely different from today's. For one thing, the population and home growth will be accompanied by an increase in each family's purchasing power. For another, there will be new and different products which will revitalize present markets and stimulate new ones. As buying habits change, new selling techniques will be devised to insure a steady flow of goods from factory to consumer.

As a representative of the appliance and electronics business, I would like to talk about the changes that industry may see in the next 10 years. I leave to you the assumption that comparable conjecture is possible in every industry. (In the vernacular of a full line company like mine, we often include radio and television in the term "appliances." I tell you this because it may come out that way in the course of this talk.)

A Steady But Not Spectacular Growth

Our economists and market research people generally agree that appliance industry growth during the next five years will be steady but not spectacular. By 1960, however, this country enters what may be called the "Golden Decade." By then family formations will begin to soar steadily as "war babies" marry and begin families of their own.

This sharp acceleration offers a great challenge to our distribution system, a system that despite severe criticism has remained a fundamental factor in the continuing triumph of free capitalism. Its weaknesses are many but neither theories nor legislation correct them. Competition does. Competition is the best cure. The incentive of profits always awaits the man who finds a better, faster, or cheaper way of reaching a desired goal.

To understand the magnitude of this challenge to appliance distribution, two points must be covered. First, it is necessary to look at products and markets both that we now have and which we will have. Second, we must review the system through which these products reach these markets. By new products I do not mean weird ideas that stagger the imagination but coldly practical, logical developments which already are working their way from the laboratory to the production line.

A Steady Parade of New Products

The next few years will see a steady parade of new products that give greater ease and convenience—as well as of new and better approaches to solving work problems than present appliances do. It is just such a parade that takes the word "saturation" out of the appliance business. There is no such thing.

How, for instance, can anyone say refrigerators have almost reached the saturation point when over half of the 41 million in homes today are obsolete in terms of even the minimum requirements for handling today's frozen foods?

The tremendous potential of the automatic home laundry business is just beginning to reflect itself in phenomenal sales gains in automatic washers and dryers. But already combination appliances that wash and dry in a single unit are obsoleting the idea of separate units . . . and this even before automatic washers have reached 50% of the so called "saturation" figure.

New products create new business. Equally important is the fact that they lead to the development of other new products or businesses.

For example, the discovery of a consumer demand for frozen foods led to small freezer compartments in refrigerators, then as more and more frozen foods became available, to larger compartments covering the full width of the unit. Today some refrigerators have a third or more of their content devoted to frozen storage. This, in turn, dictated a design change which recognizes that a homemaker uses the fresh food storage area in a ratio of roughly seven to one over frozen food. This basic change, then, put the more frequently used fresh food storage area at eye or arm level—a convenient height for the average woman. Frozen storage moved to the bottom.

Frozen foods are but one of the factors affecting refrigerator design. More dynamic changes are coming as a by-product of another concept — scientifically planned kitchens and work centers within those kitchens.

Today's homemaker no longer is certain a refrigerator must look like a refrigerator has always looked, nor stand in the place it has always stood. Tomorrow's homemaker will be even more flexible and less conventional in her ideas. Accordingly, appliance engineers are working overtime to design more versatile refrigerators.

Today's refrigerators have within them different types and degrees of cold . . . moist for vegetables, near freezing for meats, and so on. Tomorrow may easily see each type of cold storage in a separate unit, located in the area where its type of food is used most often. Refrigerators may be under counters, on walls or may have two-way openings—to the kitchen for food preparation and to the dining area for serving.

The homemaker also is making a searching scrutiny of the products she uses in cooking. Her likes and dislikes, coupled with the new concept of larger, family room kitchens, have sent designers scurrying. The surface cooking units of ranges no longer are necessarily attached or even near to the oven. Within the last three years more and more the market has accepted cooking elements that can be built into walls or cabinets. Still newer and perhaps more practical are cooking units called "stack-ons," designed so they can be set or stacked on standard base cabinets without the expense of "built-ins."

Every homemaker is eager to be an expert chef . . . but certainly not at the expense of a full day of drudgery in the kitchen. No, she wants push-button ease.

The Electronics Field

This points to another field, electronics, that is now beginning to move into the kitchen. Cold and heat developed electronically may become more desirable than present methods. Electronically controlled cooling and heating systems for other than the kitchen purposes also are near.

This brings us to another basic area of the appliance business, television and radio. Every week some 120 million Americans are pleasantly entertained by 35 million television receivers. But overnight they will be saying in one great chorus, "Throw it out!"

Why?

Color . . . color television will obsolete all of these receivers. If within this decade transmission, reception and ease of tuning problems are solved in an economically priced set, we will see a year in which more than 10 million receivers are sold!

And those of you who remember that you were first in your block or neighborhood with television and who will be first in your neighborhood with color television, can expect a resumption of the neighborly friendliness that brought all of your neighbors into your living room every night.

Developments outside the appliance field often affect the basic direction of this industry. Frozen foods represented one example. The work on food preservation by irradiation can affect refrigerators, range, and freezer design. Certainly advances in the textile field have created basic design problems for some laundry equipment manufacturers, and the research chemists have not stopped with the synthetic fabrics now familiar to our tongues.

Obviously these new products will create new markets. Yet even without new products, the appliance picture for the next decade and beyond is promising.

Thirty Million Products Annually

Today the appliance and electronics industry smoothly moves 30,000,000 products annually into American homes . . . 30,000,000 major appliances, a staggering total.

Yet our growth to this figure from the late 1930's has been nothing when compared to the promise of the future. During the next five years the industry will show relatively modest increases, since the soaring growth of some products will be offset in the total by a decline in others.

But starting in 1960, and considered only in the light of today's products, we can expect an annual unit volume increase of two million units, then three, until in 1965 we will be selling more than 50,000,000 major appliances and electronic products a year!

That is simply "normal" growth due to population increase.

Now consider the increased purchasing power of the average family. Today's American family has approximately $630 annually to spend on durable goods. But the 1960 family will have $750 and in 1965, 56 million families each will have $900 to spend. In other words, 20% more families will have 50% more money to spend in this area.

These figures spell a stable, healthy appliance market through the next five years and an ascending one from then on. And this is without benefit of the new products as yet unborn—but products we fully expect to see in the next few years — products which will obsolete many being sold today.

It is impossible to guage today the complete impact on the market of tomorrow's products. But it is obvious that if "normal" growth with today's products alone offers challenge, the accelerated growth of new products magnifies both the challenge and the opportunity.

Two Segments of the Market

The appliance and electronics market today and tomorrow basically consists of two segments:

(1) This group buys single products one at a time to replace appliances they now own or as they start new homes. These represent the "backbone business."

(2) This relatively new but steadily growing group buys entire packages — kitchens, laundry centers or complete kitchen-laundry combined — either in a new home bought from a builder or for their own remodeled home.

The package concept has been accepted quickly, largely because of the continual stimulation for this idea on the part of the shelter and women's magazines and leading architects and builders. But the acceptance to date is almost insignificant compared to tomorrow.

For a moment control your irritation and take a scientific look at that teen-aged daughter of yours. There she sprawls in your favorite chair with her scuffed loafers scratching your wife's treasured coffee table; sloppily clad in one of your best white shirts and faded denims. She'd had the telephone cradled to her ear for an hour as she munches candy and apples, and talks endlessly. But let's not glibly gloss over this picture for as she talks, there are serious processes at work. She is not growing to womanhood without ideas of her own . . . ideas that are moved toward crystallization by the popular magazines she studies as she talks on the 'phone.

By today's standards your home is quite modern, filled with wonderful conveniences that were but dreams in grandmother's day. Yet that little lady on the telephone brashly and bluntly tells you and her mother that both your home and yourselves are old-fashioned!

And by the exacting standards of the tomorrow she'll know, she's right. For this package idea of integrated work areas almost push-button controlled is getting through to her. Already she's vowed she will never dry dishes by hand or hang laundry on a line.

When this exasperating young idol of your life marries and buys a home, either it will contain an integrated, coordinated work-free kitchen or she'll neatly needle her young husband into the remodeling that will give it to her. She and millions like her will be an almost totally new market developing in the next decade.

These two basic markets — for single and for package purchases —are developing different buying habits than those which characterized the single appliance market of years gone by. These buying habit changes originate only in part with the consumer. Basic changes within this business prompt new consumer attitudes.

What was once a relatively simple business is growing more and more complex. Not too many years ago an appliance retailer sold four major products—

- refrigerators
- stoves
- washing machines
- radios

The number of models in any one manufacturer's line was so limited it was possible for the successful retailer to stock easily seven or eight brands.

Although the evolution of this industry has only begun, today an aggressive appliance retailer serving his community well can stock a line from one manufacturer alone that embraces 14 different products—

- refrigerators
- ranges
- freezers
- washers
- dryers
- combination washer-dryers
- dishwashers
- disposers
- kitchen cabinets
- sinks
- water heaters
- air conditioners
- television receivers
- radios

Today there are far more models of each product in each manufacturer's line. A refrigerator line may have 10 models; television, 10 more; and my own company's washer line has seven models. Further, nearly all of the major manufacturers have broadened or are broadening their lines to encompass more products.

To serve a community completely, a dealer must have a broad inventory of the products of the manufacturers he represents. As more and new products broaden each single manufacturer's line, the retailer finds his dilemma increasing. Either he must overlook some of the business opportunities inherent in all products of a line, by stocking only part of the line, or he cannot continue to handle six or seven brands. His store just isn't big enough!

Today many dealers are moving toward handling one or two well-advertised national brands and making greater efforts to identify themselves with the tremendous national advertising programs of those brands. Thus with fewer brands but more products they are doing more volume.

This approach of almost "marrying" one or two manufacturers will become increasingly important as new products reach the market. For these new products will be added to already extensive lines. Since the traditional market of single unit purchases of today's appliances will remain, an adequate inventory of conventional refrigerators, ranges, freezers, washers, dryers and television receivers is basic to a dealer's success. Yet he will also want to stock or have quickly available these newer products of specialized demand.

Complex as it seems and is, the emergence of this wholly new market for packages of appliances rather than single units brings with it new opportunity for the appliance retailer.

It is a fact, of course, that the volume home builder has in effect suddenly become an appliance retailer. But he covers only one segment of this new market. There are 38 million homes in this country whose kitchen and laundry areas fall far short of today's concept of ease and convenience. These homes and the desire of their owners for more automaticity or push-button living represent a dollar volume potential of almost unbelievable magnitude.

True, to capitalize on this the dealer must equip himself and his salesmen to be virtually kitchen planners, contractors and authorities on Federal aid in home financing as well as merchandisers.

It may well be that many of to-

*An address by Mr. Ericksen at the 27th Boston Conference on Distribution, Boston, Mass., Oct. 17, 1955.

day's dealers won't make this change and this home modernizing volume may go to a new type of merchant who has not yet appeared . . . a retailer who specializes in the package market. To build store traffic, this dealer may advertise a factory-built, standard package kitchen or appliance center consisting of two or three appliances and cabinets between them. He can design custom packages from the variety of standard modular items at his disposal. He may deal not in single appliance sales but in quantity. And he will also perform a planning and decorating function for a fee.

That is one question we expect to see resolved in the next decade. There are dozens of others.

For instance, the discount house of today may mellow into an operation more conscious of its service responsibilities to the consumer.

Is the move to the suburbs going to diminish the department store's stature as a retail giant, or will these stores aggressively expand into suburban branches?

Will the average dealer learn the techniques of de-emphasizing certain products and concentrating promotion on growth products?

We have seen that 50,000,000 of today's appliances alone can be sold in 1965. If most of them move through today's 60,000 appliance retail stores, won't this increased volume make possible good business at shorter but profitable margins?

From these questions and a hundred more, it is readily apparent that there is dynamic challenge ahead. The demand for imagination and creative ingenuity has never been greater. The opportunity inherent in the challenge of these complex problems is almost unbelievable. It is this opportunity for individuals and companies and the relentless goading of enterprising competition that provide answers. No one man nor ten can predict or prophesy what will happen. But one thing is certain, the tougher the competition the more promising the future.

Southern Co. Stock Offer Underwritten

The Southern Company, utility holding company, is issuing to the holders of its common stock rights to subscribe at $17.50 per share for 1,507,303 shares of additional common stock at the rate of one share for each 12 shares held of record on Nov. 1, 1955. The subscription offer will expire at 3:30 p.m. (EST) on Nov. 22, 1955. A group of investment firms managed by The First Boston Corporation was awarded the underwriting privileges at competitive bidding on Nov. 1 on its bid of 13.125 cents per share compensation.

Proceeds from the sale of the shares will be applied to the payment at or prior to maturity, Feb. 1, 1956, of the company's outstanding $15,000,000 of 3½% notes payable to banks. The balance of the proceeds, together with treasury funds will be applied to the purchase at $100 per share of up to 55,000 additional shares of common stock of Alabama Power Co. and up to 85,000 additional shares of common stock of Georgia Power Co. The company owns 100% of the outstanding common stocks of the Alabama and Georgia companies and a like interest in Gulf Power Co. and Mississippi Power Co. These operating utility companies comprise The Southern Company System, furnishing electric service in the states of Alabama, Georgia, Florida and Mississippi in a service territory covering approximately 100,000 square miles with a population exceeding 6,300,000.

Over the five-year period 1950-1954 operating revenue of The Southern Company and its subsidiaries increased from $130,688,000 to $193,781,000. For the 12 months ended June 30, 1955, operating revenue was $200,776,000. Consolidated net income for the 12 months ended June 30, 1955, was $24,416,000, which compared with $23,368,000 for the calendar year 1954. Earnings per common share of The Southern Company were $1.35 for the 12 months to June 30, 1955 and $1.29 for the year 1954.

The latest dividend on the common stock of The Southern Company, 22½ cents per share declared payable on Dec. 6, 1955, will not be paid to the holders of the additional stock.

Ketcham Appointed to Fisk U. Fin. Committee

Stanley R. Ketcham, Manager of the Fifth Avenue Branch of Smith, Barney & Co., has been appointed to the Financial Committee of Fisk University, Nashville, Tenn. The committee advises the university's trustees on management of Fisk's $5,000,000 endowment.

Belmont Towbin Director

Belmont Towbin, partner in the investment banking firm of C. E. Unterberg, Towbin Co., has been elected a Director of Induction Motors Corp., Westbury, Long Island, Simon Saretzky, President of the company, announced.

H. H. Kahn Director

Herman H. Kahn, a partner in the New York investment banking firm of Lehman Brothers, has been elected a director of Avco Manufacturing Corporation.

With W. E. Hutton & Co.

BOSTON, Mass.—W. E. Hutton & Co., members New York Stock Exchange, announce that Thomas Lamb, Jr., has joined the organization as a Registered Representative in their Boston office, 75 Federal Street.

George Shettle Director

George P. Shettle has been elected a director of Guardian Mutual Fund, Inc. Mr. Shettle is in charge of economic research and financial analysis of Lambert & Co., New York City.

NAM Answers Criticisms of Its Policy Toward Gold Standard

By ROBERT de FREMERY
Vice-President, Onox, Inc., San Francisco, Calif.
Member, Monetary and Credit Committee
National Association of Manufacturers

Commenting on the pamphlet, issued by the Economists' National Committee on Monetary Policy, attacking the stand taken by the National Association of Manufacturers regarding domestic gold convertibility of the dollar, Mr. de Fremery contends that if the gold standard were now restored, it would place the country in the same position experienced in the 1920's, when the banking system collapsed. Answers arguments presented by Economists' National Committee on Monetary Policy, and concludes their pamphlet has created a disservice to the American people by deadening "impulse to think."

In April, 1955, the National Association of Manufacturers — upon advice of its Committee on Money and Banking — courageously took a stand in favor of **not** restoring domestic gold convertibility of our dollar. In July, 1955, this action was severely and viciously criticised in a pamphlet published and distributed by the Economists' National Committee on Monetary Policy bearing the title: "The National Association of Manufacturers and Irredeemable Currency."

Robert de Fremery

The avowed purpose of the Economists' National Committee on Monetary Policy is "to enlighten the public as to the economics of the monetary issues before the country." But unfortunately most of the literature they publish and distribute conveys the idea that there is unanimity of opinion among specialists in the field of monetary standards—that those opinions can be found in the publications of the Economists' National Committee on Monetary Policy, and that any opinions to the contrary are evidence of confused thinking, lack of knowledge, or selfish interests.

It is vitally important that the American people realize that there is no unanimity of opinion among specialists in the field of monetary standards. If the people do not realize this fact, they may blindly follow the advice of such groups as the E. N. C. on M. P. — only to discover at a later date that the advice was wrong and that they should have thought the problem through for themselves.

It is strange that although the E. N. C. on M. P. thinks there is a well-defined science of money on which the experts agree, they nevertheless feel that no person can understand it and come to the "correct answers" without years of study.

In contrast to this, the N. A. M. feels that although there is no well-defined science of money, nevertheless there are certain basic fundamentals that the American people are fully capable of grasping and that will enable them to vote intelligently — with the courage of their own convictions — and without having to blindly follow the advice of "experts".

The Concern of the Manufacturer With Money Stability

It should be clear that nobody is more concerned about the stability of the dollar than the manufacturer. He knows that an inflation of prices always leads to the demand for government controls which will interfere with his own freedom of action and may eventually lead to the confiscation of his business. He also knows that a deflation of prices, i.e., a collapsing price level, is the cause of 90% of business failures. The larger the manufacturer, the more he has at stake in the maintenance of a stable dollar. So you can be sure that when the N. A. M. takes a definite stand on a question of monetary policy, it is only after very careful consideration has been given to the question at stake.

The problem of whether we should or should not restore domestic convertibility of our dollar into gold should be settled on the basis of what effect each course of action is likely to have upon the stability of our dollar. And that stability is primarily determined by the stability of the supply of money **and the expectation that the supply of money will continue to remain stable.**

The importance of having a stable supply of money — **and one that can be expected to remain stable** — can not be over-emphasized. It should be clear that if the business and financial world have any reason to expect a decrease in the supply of money, they will act accordingly. Plans for expansion will be shelved and every effort will be made to get into a more liquid position. Such actions will themselves hasten the very deflation that is anticipated. But it would be wrong to infer from this that therefore the business world is responsible for the deflation.

In determining the effect of restoring domestic convertibility of our dollar into gold, we should face the fact that such an action will place the business world in much the same position it was in prior to the collapse in 1929. The outlook for business at that time was becoming increasingly bad because there was an expectation that the supply of money was likely to contract. And behind that expectation was the knowledge that the international gold credit mechanism was rapidly reaching a crisis that would sooner or later lead to a collapse of credit.

Although the Federal Reserve System had been installed for the express purpose of preventing a collapse of credit in this country, it was too much to expect it to weather the crisis abroad and at the same time to maintain the domestic convertibility of Federal Reserve Notes into gold. In other words, as explained by Dr. Miroslav A. Kriz, Chief, Foreign Research Division of Federal Reserve Bank of New York, before the Economic Forum of the National Industrial Conference Board in October, 1953:

"While the internal gold convertibility of the dollar in no way restrained the inflationary pressures of the Twenties, it contributed to the collapse of our monetary system in the early Thirties. The root of the trouble was that the necessity for the Federal Reserve banks to be prepared for an internal drain on gold — as well as the drain itself once it had gained momentum in 1933 — exposed our economy to a drastic and undesirable deflation."

Prof. O. G. Saxon took issue with Dr. Kriz by saying that the collapse of our monetary system was due to the collapse of the international gold standard **abroad** in 1931-32, not to our own convertibility. But it should be clear that confidence in our own banking system's ability to weather the impending storm was severely weakened by the knowledge that the Federal Reserve System could not possibly come to the rescue of its member banks and at the same time maintain the domestic convertibility of its notes into gold. There simply wasn't enough gold in the country to fulfill such an objective.

Our Banking System Collapsed In 1933

Many people will not accept the idea that the Great Depression was caused primarily by a lack of confidence in the ability of our banking system to weather a collapse of the international gold credit mechanism abroad. But the hard fact of the matter is that our banking system did collapse in 1933. And the nature of that collapse should be clear evidence that the loss of confidence in 1929 was thoroughly justified. Some people are still of the opinion that the collapse of the banking system in 1933 was merely the result of political rumors that were circulating at that time. But that is damaging admission of the weak position the banking system was in. Surely this country deserves a monetary system that is strong enough to withstand a rumor. And a big step in that direction was taken after the National Bank Holiday by relieving our Federal Reserve Banks of the necessity of maintaining internal convertibility of the dollar.

Now consider for a moment the position we are in today. We are experiencing another boom of gigantic proportions. But manufacturers continue with plans for further expansion. A necessary prerequisite for this expansion is confidence in our banking system. And we have that confidence. The Federal Reserve System no longer has to worry about maintaining domestic convertibility and therefore is in a better position to come to the rescue of its member banks in the event of trouble.

Putting Us Back Into the 1920's

But — and this is very important to bear in mind — if our government were so foolish as to restore domestic convertibility of our currency into gold, then we're back where we were in the twenties. Once again we would be faced with an eventual loss of confidence in the ability of our banking system to stand up under a collapse of credit abroad. It is for this reason that the Board of Directors of the N.A.M. has placed the Association in a forthright position on this all-important subject.

We are aware of the dangers inherent in not restoring domestic convertibility. There is a grave possibility that inflationary forces will build up to such an extent that increasing government controls will become necessary — controls that will seriously interfere with the proper functioning of a free-enterprise economy. But faced with a choice between **certain** deflation and probable inflation, we feel the wisest course of action is to risk the chance of inflation and redouble our efforts to solve the problem of preventing further inflation **without bringing about a deflation.**

Answers to Dr. Spahr's Arguments

Now let us consider the stand taken by Walter E. Spahr, author of the pamphlet distributed by the E.N.C. on M.P.

(1). On page 6, Prof. Spahr raises the question whether or not the Board was authorized to speak for all members of the N.A.M. Of course not. And it's absurd to conclude, as Prof. Spahr does, that when the Board takes a position on a matter of this sort, that it is claiming that all the members of the N.A.M. agree with that position.

(2). Prof. Spahr states that an irredeemable currency is "unsound" and "dishonest". There is nothing unsound or dishonest about an irredeemable currency **provided that it is not over-issued.** Prof. Spahr would probably say that irredeembale currencies have always been over-issued. But so have redeemable currencies. And a redeemable currency that is over-issued is far more dishonest and unsound than an irredeemable currency that is over-issued. The sort of redeemable currency this country had prior to 1933 — and which Prof. Spahr would have us return to — was unquestionably unsound—as later events showed. Before the crash came, the banking system was obligated to pay on demand $56 billions in lawful currency — which, in turn, was redeemable in gold. With a little over $5 billions of gold in the country, it should be obvious why confidence was lost when credit was threatened abroad.

Prof. Spahr believes that our monetary stock of gold in 1928-29 was perfectly adequate to support redemption in gold. His reason for so believing is that past experience with the gold credit mechanism had resulted in our learning that under **normal** conditions only a small reserve of gold is required for the maintenance of both domestic and foreign convertibility. Unfortunately, however, we do not always have normal conditions. And when abnormal conditions arise — as they did in 1931-32 — there simply isn't enough gold to satisfy the outstanding claims for it. And that is why our government relieved our Federal Reserve Banks of the necessity of maintaining domestic convertibility into gold.

Our country deserves a monetary and banking system that can serve us well during both normal and abnormal conditions. It is unwise for us to return to the type of redeemability that causes a collapse of credit in this country every time there is a collapse of credit abroad.

(3). Prof. Spahr believes that the lessons of history favor the use of a redeemable currency. There is good evidence that precisely the opposite is true. The world has turned to irredeemable currencies **because of the unsatisfactory experiences suffered from the use of redeemable currencies.**

Prof. Spahr, of course, contends that the troubles we had when our currency was redeemable in gold were a result of abuses in the use of credit rather than the mere fact of redeemability. It is true that there have always been abuses in the use of credit — and there always will be. Man is not infallible. And that is why we should keep our monetary and banking system operating in such a way that when such abuses occur, they can be remedied without causing the entire credit structure to collapse. But when our Federal Reserve Banks are obligated to maintain domestic convertibility of currency into gold, we lay ourselves open to a drastic collapse of credit every time it becomes necessary to counteract an abuse of credit.

(4). On page 13, Prof. Spahr raises the question of why we should allow foreign central banks and governments to redeem their dollars in gold when we don't allow the American people to do likewise. He feels that the American people are being discriminated against.

The answer, of course, is that experience has shown there isn't enough gold for us to maintain both domestic and foreign convertibility of the U. S. dollar without laying ourselves open to the possibility of a drastic deflation of credit every time credit collapses abroad.

It can be argued, of course, that if it is unwise to have domestic convertibility of our dollar into gold, then it is likewise unwise to maintain foreign convertibility of the dollar.

That is a subject that could well be explored further. But at least for the present we don't think it wise to maintain both domestic and foreign convertibility as we did prior to 1933.

(5). Prof. Spahr's mental attitude toward those who disagree with him is typified by the following statement:

"There are many people who speak for private enterprise and individuual freedom these days who at the same time support irredeemable currency. The inconsistency in their position is obviously not clear to them; apparently they doubt that there is an inconsistency involved. But that is because they are not specialists in the field of monetary standards and human institutions." (pp. 28-29).

The question of whether we should or should not return to the type of convertibility that existed in 1933 is very serious. It is incorrect to convey the impression that monetary specialists are in agreement on this subject. **They are not.**

The E.N.C. on M.P. has committed a grave disservice to the American people by publishing and distributing material that deadens the impulse to think. And that is precisely what they have done. Prof. Spahr has in effect stated that this subject is too complicated for the public to understand without years of study, that all the experts are in agreement anyhow, and that therefore all the public need do is to follow the advice given by the E.N.C. on M.P.

In contrast to this, the N.A.M. recognizes that there is a sharp divergence of opinion among the experts, and that the American people are fully capable of understanding the fundamentals involved. We can do no better than to repeat the warning given by Bradford B. Smith — Economist for U. S. Steel Corporation — in 1947. His advice is as true today as it was then:

"Yet matters pertaining to money **must** be comprehended **if** there is to be judicious thinking about causes, controls and consequences of inflationary boom. In fact, were it my habit to indulge in admonitions, I would say that the American people had better find out about money — and quick!"

N. Y. Financial Writers 14th Annual Follies

The Fourteenth Annual "Financial Follies," more widely known as the "Feast of the Scribes and Pharisees," will be held in the Grand Ballroom of the Hotel Sheraton-Astor, Friday Evening, Nov. 18, it was announced by Jack R. Ryan of the New York "Times," who is President of the New York Financial Writers' Association.

Top figures in finance, industry and government are expected to attend the event, a lampoon of the country's economic events, staged annually by the Association.

Economic Impact of Automobile Industry Labor Contracts

By ROBERT C. HENDON*
Vice-President—Operations
Railway Express Agency, Inc.

Mr. Hendon, in commenting on the Ford-Chrysler-General Motors labor contracts, which provide for lay-off pay, holds that though these contracts do not usher in a new era in industrial relations, they certainly emphasize the trend toward a stabilized labor force. Holds that though this trend will not become universal, since some industries operate under seasonal fluctuations, it will expand and have an effect on all.

I will not dispute the brochure on this meeting which says that this year, this 1955, saw the end of an era in industrial relations and the beginning of another, but I am not quite ready to go that far. What happened at Detroit's bargaining tables this summer, if not ushering in a new era, I will agree certainly emphasized a trend. It emphasized a trend that has been very evident since the conclusion of World War II. A large segment of American industry is moving closer and closer to a stabilized work force. The differences—benefit-wise—between the man at the machine and the man at the desk are being eliminated. While unions may vary, as one union publication put it, from "wild enthusiasm to calm derision" re supplemental unemployment compensation of the Ford-GM type, they seek similar ends of employe security and job protection. Some may take the road of a shorter work week with a greater increase in wages rather than what they describe as "complicated alternative" routes, but they seek the same comfortable destination. And, technological improvements, better manufacturing methods, greater output make up the synthetic sponge that is supposed to absorb the high expense of running a profitable business while getting them safely to their havens.

R. C. Hendon

The rapidity with which we are moving in this direction becomes very apparent when it is recalled that in the early part of 1946 paid holidays for hourly employes were practically unknown to mass industries. Of course, a few companies (including my own) granted them, but they were the exception. The shop worker in most manufacturing concerns received no wages if he took a vacation. Pensions and company-financed insurance plans were rare. And such benefits as pay for jury duty, pay for reserve training, funeral leave, pay for election day, were seldom even seriously discussed.

Yet in a decade all this has changed. Today an hourly rated employe expects, and usually gets, a vacation of two weeks if he has been on the job five years; three weeks after fifteen. Some firms go even further and give him two weeks' vacation after three years or even two years, and he is entitled to at least a week's time off after 12 months of service. He counts on six paid holidays a year, and the seven that have existed in my industry for many years are quickly becoming a common pattern. This hourly worker looks forward to an income when he retires, in many cases completely paid for by the company, and in an amount that will buy more than fishing worms. And his insurance program protects his family should he die, and takes care of him if he is sick or disabled. Moreover, another policy not only pays his hospital bill, but probably that of his wife and children if they get sick.

While fringes were flying, wages weren't standing still. Nineteen fifty-five witnessed the tenth round of increases since the big war. Matter of fact, the incomes of manufacturing employes have almost doubled in the space of this decade. Of course, prices have gone up too. There has been inflation—and plenty of it. But cheap money is not the reason why management thus far has been able to afford this vastly increased overhead in labor costs. To support these ever increasing demands of our workmen has required machined efficiency to increase productivity. There has been an almost imperceptible but very complete revolution in manufacturing—and materials handling—techniques. It is these that have permitted us to raise, and substantially, our standards of living. As Peter F. Drucker has said, there will be no point when one can say "This is the year when the American economy went into automation." A writer in the "Railway Clerk," published by the union which has the largest membership among the employes in my company, recently suggested that automation might have been started in 1784 by Oliver Evans at his flour mill on Red Clay Creek near Philadelphia but then again, he said, in effect, perhaps it started when the first glass blower lost his job to mechanical breaths—or perhaps not until the first dial telephone went into operation. Such confusion confirms Drucker. In any event, until that curious and frequently misleading word "automation" made its entry into the industrial vocabulary, the public was almost totally unconscious of the great strides forward management was making in the ability to produce quality in quantity, and cheaply.

The Tip-Off—Productivity Factor

Perhaps the productivity factor that became a part of the 1950 contracts between the UAW-CIO and the automotive companies should have been the tip-off. For there was an agreement to tie the income of the worker directly in with the greater profits a company earns through better manufacturing methods or more efficient operations. But the idea of the improvement clause didn't spread. Many industries, like the railroad industry upon which one arbitration proceeding forced a one-time 4-cent improvement factor, were not geared to adopt it. Some companies agreed to the provision but considered it merely a gimmick designed to assure an annual automatic increase. They didn't relate its terms to their own situation or to any well-founded probabilities of a measurable percentage improvement.

While I do not endorse the productivity factor as such, the fact that responsible management in a key industry accepted it is highly indicative of the forces at work within our economy. And as a departure from orthodox bargaining practices, some could well think it was more revolutionary in its import, than was, the management-financed jobless pay program established by the big automobile companies this summer. For productivity improvement, so far as the employe is concerned, is profit sharing without risk. It would put the burden on management to be smart enough, alert enough, to sharpen its production skills sufficiently each year to pay for it. And when a company, even a giant producer, agrees to such a pact, it is betting high, wide and handsome on its own ability as a smart manufacturer. More than that, it is shoving out a big stack of blue chips to back the economic future of the country as a whole.

Now, Walter Reuther has put his signature to contracts with Ford, General Motors, Chrysler and American Motors, that contain the principles of company-financed jobless pay. The plan the UAW-CIO finally okayed was a mighty long express trip from its original proposals. But the idea was there in all these pacts. And for political, as well as practical reasons, Reuther wanted credit for that idea. It was the crawl before the walk, the foot in the door, the camel-nose in the tent. The plan is far from a guaranteed annual wage. It provides a jobless wage, but it is neither guaranteed nor is it annual. Fixed are the costs. They are foreseeable. They add up to a nickel. But the impact of the automotive agreements will be felt by industry. McDonald of Steel was quick to push the principal, with pluses, into the can companies. The effects of such agreements cannot yet be fully assessed but they are bound to be extended—and in instances where the economic lights flash red. Companies, large and small, unionized or non-union, will feel the effects of these agreements. This does not imply that we are faced with a pattern. Far from it. For example, I cannot yet see how a service industry like the Express industry, with its uncontrollable seasonal fluctuations, could adjust to such a pattern. It does mean, however, that great impetus has been given to the trend toward job stabilization and, it does mean that the nature of the manufacturing and operating work force is going to change, and change considerably within the next ten years.

In many ways you and I, in our own lifetime, have experienced a greater advance in our material standard of living than has occurred in all the centuries that have gone before. But many say "you ain't seen nothin' yet." There have been many articles written lately, some sounding like science fiction, that describe the brave new world of the future. It is said the average American of 1975 will enjoy a $10,000 income. He will live in a pastoral-type community development, miles away from the place he works, and probably journey to and from by helicopter—the less fortunate probably in helicopter pools! Hourly wages will have been eliminated. Everybody will be on a salary. The four-day week will be an accomplished fact. Men will start to work late in youth—and retirement will come early. There will be leisure for travel, and partial payment plans to make it possible for all, and the travel may include space ship trips via convenient satellite stations. Developments in mechanization will have eliminated heavy labor jobs. The white shirt won't be a means of distinction between classes of workers. The blue shirt may be reserved as the exclusive badge of the television performer. It's a pretty packaged picture all right. But from the events that we have witnessed in recent years, who can call it fantastic? However, (and amid such pleasant reverie I hate to toss some caution) this abundant future, though it may be within our grasp, will not be won unless we are well aware of the implications of our actions today. We must move carefully. We cannot afford to make mistakes. The margin for error is small. Men, management, and the economy must have resiliency even yet unknown.

Perhaps, as the brochure says, years hence, the summer of 1955 will be looked back to as the beginning of a new era in industrial relations. Certainly, two things happened. A mass production industry assumed the responsibility for limited jobless pay. In return, it secured what seemingly is great flexibility of operation, greater freedom of management. That is most important. The management clause in the Ford contract is a production man's dream. It is precisely worded and, assuming it means to all parties what it says, it provides a solid platform for efficient manufacturing. It reads:

"Nothing contained herein shall be deemed to qualify, limit, or alter in any manner the company's sole and complete authority and discretion to establish, regulate, determine, or modify at any time, levels of employment, hours of work, the extent of hiring and lay-off, production schedules, manufacturing methods, the products and parts thereof to be manufactured, where and when work shall be done, marketing of its products, or any other matter related to the conduct of its business or the manner in which the business is to be managed or carried on, in the same manner and to the same extent as if this plan (Supplemental Unemployment Benefits) were not in existence; nor shall it be deemed to confer either upon the union or the board (of administration) a voice in such matters."

As Ernest Breech, the Ford Chairman, recently stated, such a plan should "not shackle management's freedom to manage." The Ford agreement gives the freedom to produce, the unqualified right to manage. There is no co-determination here. The union had to acknowledge the right of management to manage in order to secure its objective—a forward step toward job stabilization. It would seem to repudiate the thought that a union can engage in featherbedding and restrictive practices. I believe that the thought back of the management clause holds the key to the industrial relations future. In the long run it may prove far more significant than the limited GAW plan that was evolved in Detroit.

While the automotive program will probably not be transferred in toto to other industries, it will have its effect on all. It will cause management everywhere to redouble its efforts to regularize employment—if for no other reason than for self-defense. In fact, for some years now, the National Association of Manufacturers has been advocating that industry work toward job stabilization on its own initiative. All of this attention will speed up the processes of mechanization. It will change, as I have said, the nature of the workforce itself and it is this last that is of particular concern to the executives in personnel and industrial relations. For it's their responsibility to train the line in the personnel function. **They have a job on their hands.** Employment stabilization, talked about theoretically for years, is almost here and though from a cost reduction point of view the benefits of working with a permanent workforce are obvious, they bring with them concomitant problems.

*From an address by Mr. Hendon at the Fall Personnel Conference of the American Management Association, New York City.

F. I. du Pont Adds

(Special to THE FINANCIAL CHRONICLE)

LOS ANGELES, Calif.—Joseph A. Wylot has been added to the staff of Francis I. du Pont & Co., 677 South Figueroa Street.

With Coombs & Co.

(Special to THE FINANCIAL CHRONICLE)

LOS ANGELES, Calif.—William D. Bradford is now with Coombs and Company, 524 South Spring Street. He was formerly with C. A. Botzum Co.

The 1956 Economic Outlook

By ARTHUR R. UPGREN*

Dean, Amos Tuck School of Business Administration, Dartmouth College

Holding that "the economic outlook is excellent," Dean Upgren says that in the short-run there are only three important forces which could generate any recessionary consequences, namely: (1) a general decline in consumer spending; (2) a decline in consumer expenditure on consumer durable goods, and (3) a decline in housing construction. Foresees Gross National Product in 1956 exceeding $400 billion.

The economic outlook for 1956 and the years through 1966 is very good. That is a pleasant and simple conclusion — indeed so pleasant and simple that we want to make sure that we don't accept it merely because it's appealing. So let us look at the evidence. What are the grounds for optimism?

Arthur R. Upgren

The reason for optimism in the short run rests in the powerful weapons we have developed in the United States to prevent the economy, on the one hand, from going into any spiral of inflation, and the equally strong weapons we have developed to prevent the economy from going into any downward spiral. Before turning to these weapons it is appropriate to make a brief review of what has happened in the last two years.

In 1953 our economy recorded high levels of output and employment. These surpassed any previously known records. In terms of one simple measure, the amount of gross national output of all goods and services for the economy, we had reached a figure of $370 billion. Then, as we know, came the modest recession of 1953-1954. It was very modest indeed, being less than a 3.5% decline from the high levels of 1953. Thus it was approximately the size of the recession of 1948-1949. Why was it so modest?

In retrospect, the cause of the recession is so abundantly clear one wonders why prophets in high places were so certain that the depression was going to be so serious. The cause of the recession was two-fold. After obtaining a truce in Korea, the Administration reduced defense expenditures from a level of $54 billion to the level, which has now been maintained for almost a year, of $40 billion. That is the level probably to prevail for the coming 12 months. As a result of this reduction in expenditures for defense, there was a substantial reduction in inventories. This reduction amounted to almost $10 billion. In addition, as defense expenditures were reduced, and there was the additional reduction of inventories, naturally the current rate of production in the areas of steel declined very sharply. Thus it was that the rate of steel production fell below 70% of capacity and for the entire calendar year of 1954 almost all steel companies reported a 20% decline in sales. Total takings of all durable goods did not decline as much but the difference was made up out of inventory.

The total decline in these two components during the recession amounted thus to $24 billion. Offsetting them were several increases in the other components of total gross national expenditures. A more liberal housing bill was passed which enlarged expenditures for new homes. Tax reductions encouraged a larger amount of personal consumption expenditures in every quarter of 1953 and 1954. In fact, the tax reductions on personal incomes were so well managed that personal **disposable** incomes rose in every quarter of the recession. This of course is nothing short of magnificent. At the same time, the abandonment of the excess profits tax and the automatic working of our tax structure cushioned very largely the decline in corporate earnings. As a result the decline in corporate profits was so very slight that corporations were indeed encouraged to continue a steady expansion in their total expenditure for new plant and equipment. State and local governments also enlarged their expenditures as they have been doing in every year since the end of the war. Even our foreign trade came to the assistance of the economy. By 1954 Europe was enjoying an excellent recovery and our export volume was fully maintained, and indeed it is at new high levels today. The total upward thrust in the economy substracted a full $10 billion from the total recessionary forces. Thus the depression was mild indeed.

The Recovery

Now let us turn briefly to the recovery. Since the low point of 1954, the total production in the economy has expanded as much **above** the peak levels of 1954 as it had declined below those levels in 1954. Consequently in the second quarter of this year total production was at a rate of $384 billion and it is possible a higher rate is being recorded in the third quarter of this year. The recovery has been stimulated by a very sharp rise in housing expenditures and a very high rate of increase in consumer expenditures for durable goods. In fact all forms of expenditure have increased with the single exception of defense expenditures. This is admirable and it has given us a very strong economy. Now we are ready for the first question. What about the economic outlook for 1956?

I believe the economic outlook is excellent. In the short run there are only three important forces which could generate any recessionary consequences. The first force would be the decline in consumer expenditures of all kinds. This is hardly to take place inasmuch as personal consumer incomes have risen about $17 billion in the last year and the recent wage and salary increases certainly indicate a rising personal disposable income in the coming six months and perhaps entire year of 1956. A second cause of declining expenditures might take place in two special areas of consumer expenditure. The first area is that of consumers' durable goods. The attractiveness of the present goods of a durable character available to consumers is remarkable indeed. Consumer takings have steadily grown and there seems no diminution in sight. It is possible, of course, that automobile output will not be as high in 1956 as in 1955 but the decline will not be large. Inasmuch as consumer disposable income is growing, it seems most likely that expenditures for durable goods and other kinds of goods, other than automobiles, will grow. The second area of expenditure by consumers which is critical is the expenditure for housing.

Housing Construction

It is interesting to look at the record of housing expenditures. About a year ago President Eisenhower said that our total gross national production in the year 1965 might reach the figure of $500 billion. This was based on the estimates of the economists serving the Joint Committee on the Economic Report. These men estimated that total gross national output of all goods and services in 1965 might reach a $535 billion level. At the time these estimates were made expenditures for housing were at the annual rate of $11.8 billion. This particular component in the estimate for 1965 was placed at $16.0 billion. It is indeed interesting to observe that in the second quarter of 1955 total expenditures for housing were at the annual rate of $16.3 billion. Thus in one year housing expenditures advanced rapidly enough so that the actual rate of outlay surpassed an estimate which was made not for one year ahead but for 11 years ahead.

Naturally the expenditures in this area may be expected to decline somewhat. The forces settling in motion a slight downward adjustment here are of course the tightening of credit and the modest increases in interest rates and down payments on houses. The important meaning of the higher interest rates is that this automatically induces a decline in the quotation for government securities. Here the longer term 2-and-one-halves are selling at about 95. At such a figure the holders of these bonds are much less inclined to sell them to finance further acquisition of mortgages on homes. The reason for this resistance is two-fold: First, the holders of government bonds do not like to sell them at levels below par and necessarily take the loss consequent thereto; secondly, as the government bonds decline, the yield on them increases so that higher yields are demanded on other securities. As these higher yields are demanded, there is a reticence to acquire such other securities until the market shall have become stabilized and no further advance in yield is to be expected. We are nearing that position today.

No decline in housing expenditures is expected to occur in 1956. We can certainly expect advancing consumer expenditures for all goods and of course an advance in the expenditure of businesses for machinery and equipment and new construction. Further state and local expenditures are constantly rising and it is possible that once again, after a two-year lapse, Federal outlays for purposes other than defense will rise due to expenditures made in support of the large agricultural crops being produced this year.

The Federal Budget

At the present time the Federal budget is overbalanced on a cash-consolidated basis. Consequently some reduction in taxation is possible next year while still retaining both a strong budget position and a strong Federal debt position. If there is any prospect of some recession ahead, the extraordinarily strong stimulus of tax reduction can be applied. As that reduction is arranged, there is improvement in the prospect that tax revenues will run high on the higher tax base thereby induced.

All in all, it seems possible that our rate of total gross national production might some time in 1956 cross the $400 billion mark. At such a mark the average **family** income will exceed $5,600. This means that consumers are steadily marching into income levels which permit enlarged "discretionary spending." The real question is, will these expenditures enlarge as incomes do increase? I think the answer here is going to be clearly in the affirmative.

*An address by Dean Upgren before the Florida Savings and Loan Association, Ponte Vedra, Fla., Oct. 17, 1955

Great Investment Opportunities in Real Estate, Zeckendorf Declares

William Zeckendorf maintains financial analysts, in overlooking purchase of ground rent, with the security of a building, are neglecting an outstandingly safe investment medium.

William Zeckendorf, one of the nation's leading real estate developers and President of Webb and Knapp, Inc., in an address before the Investment Association of New York, at Schwartz's Restaurant on Oct. 5, stressed investors' neglect of opportunities in real estate, notably in the area of ground rent.

William Zeckendorf

"I would like to talk about real estate in one phase that might appeal to the investment community. I would like to broaden your interest in real estate," said Mr. Zeckendorf. "I feel there are certain types of real estate which are being completely neglected for their potentials at the highest level of financial investment thinking. I have particular reference to the income from underlying land where you have as security the building erected on top of it. This security is so great as to make it almost out of the question for the investor to be extinguished."

"If you only own the land, to be sure, you would not have depreciation and an offsetting benefit, as such, for income tax purposes," Mr. Zeckendorf continued. "Hence, the market for this type of investment would be limited to those who are not concerned with income taxes. I have reference, of course, to pension funds and the like — those who could buy any security without regard to tax consequences. But in these areas what I have in mind constitutes perhaps the greatest overlay of investment opportunity which I know of in real estate that exists anywhere in the United States.

"I am aware when you approach the appraisal of any underlying security, you primarily deal with credit. You look at balance sheets. Balance sheets are things that change, and there are only two approaches that I understand—one is balance sheet and the other is security, collateral security, immutable collateral which is pledged and cannot be removed. This investment is in this latter category, but sometimes you get both.

"As I said, the investment consists in buying leased land where you have as security for the ground rent, the building on top of it. Where the land has a value of 15 or 20% of the total improvement, the effect is that 85 to 80% of the total value secures the ground lease.

"But the strange thing is the crazy approach that the average investor has of looking at this sort of thing," the realty leader went on. "In the first place, where the land has a value of 15 or 20% of the total improvement, the purchase of land held under an underlying lease is the same as loaning on 20% of value. Amortization is completely unnecessary because you have such huge collateral. The building and the ground lease are frequently subject to millions of dollars' worth of bonded indebtedness, all of which is subordinate and junior to the ground rent, and very frequently the yield on that junior debt is lower than the yield at which you have to sell the underlying land. This is upside down, and there is in this country a tremendous opportunity in our business for a reappraisal and a proper appraisal market of these underlying land fees.

"Although these fees can today be purchased and syndicated to yield 5%, they are entitled to a yield comparable to the highest kind of any unsecured high credit corporate security, or any mortgage security that I know about. In fact, I would rate them just above a government bond in yield and I would say that if the current going rate of a government bond is 3%, that these fees should sell in this market for 3½%," Mr. Zeckendorf concluded.

N. Y. Inv. Ass'n to Hear Burgess Nov. 15

W. R. Burgess

On Nov. 15 the Investment Association of New York will hold its Annual dinner at the Waldorf-Astoria Hotel.

Guest speaker will be the Honorable W. Randolph Burgess, Under Secretary of the Treasury.

H. Hentz & Co. Opens Twelfth Branch Office

H. Hentz & Co., members of the New York Stock Exchange, who next year will be celebrating their 100th Anniversary, announce the opening of their 12th branch office at 1430 Broadway (Lowenstein Building) under the comanagement of Jack Renick and Maurice N. Moes.

Mr. Renick has been associated with H. Hentz & Co. since 1928 in various capacities, except for the years 1943 to 1945 when he served with the United States Armed Forces in the China-Burma-India theatre. Upon his return, he assumed the managership of the H. Hentz & Co. office at the Sherry-Netherland Hotel.

Mr. Moes has been associated with the brokerage business for the past 19 years. Before joining H. Hentz & Co., Mr. Moes was connected with Merrill Lynch, Pierce, Fenner & Beane.

Spiess and Rubenstein With L. J. Mack & Co.

L. J. Mack & Company, Incorporated, 50 Broad Street, New York City, has announced the appointment of Peter W. Spiess as senior trader and William E. Rubenstein as sales executive. Mr. Spiess was formerly with Harrison & Schultz and prior thereto conducted his own investment business in New York.

Itterly-Walter Branch

BERWICK, Pa.—Itterly-Walter, Inc. has opened a branch office in the Jackson Building under the management of Frederick D. Dolan. Mr. Dolan was formerly local manager of J. H. Drass & Co.

An Independent Oil Man Views The Petroleum Industry

By CURTIS A. KINARD
President, Kin-Ark Oil Company

Asserting the independent oil companies can look forward to 1956 with considerably more optimism than in recent past, Mr. Kinard foresees no real danger from attacks on the statutory depletion provision in the oil man's tax schedule. Gives data on exploration and production of petroleum, and says search for oil is an expensive business, while lease fees have advanced. Stresses unfavorable impact on independent producers of increased oil imports, and holds this problem should be resolved by the industry itself. Scores Federal control of natural gas prices.

The domestic oil producing industry, especially the independent oil companies who form the vast bulk of drilling and producing firms in the United States, can look forward to 1956 with considerably more optimism than in the recent past. Two significant developments account for this. One was the passage in the House of Representatives of the Harris Bill which calls for the lifting of Federal control of natural gas prices at the well-head. Consideration is promised in the Senate early in the next session. The other is the government's call for a voluntary cutback in foreign oil imports and a subsequent favorable response by the importing industries.

Curtis A. Kinard

Although the industry can expect the usual periodic attacks on the statutory depletion provision in the oil man's tax schedule, attacks that are generally politically inspired or based on emotional considerations, no real danger to this crucial legislation is foreseen. Oil men have weathered such opposition since the provision was made law back in 1926.

More Vigorous Search for Oil

Together, these favorable developments will undoubtedly stimulate a renewed and vigorous search for oil and natural gas in the United States and a resultant increase in total production. Why oil men and especially the small and medium-sized producers need these protective measures is inherent in the domestic petroleum business itself. Reservoirs and oil man taps are not inexhaustible. A well may produce economically for 25 years; it may, despite various modern methods of conservation, stop producing in a very short time. The oil man, then, must keep going on, looking for more oil in both proven and new fields. He does so in his own interests, almost by instinct. His enterprise in this competitive, costly and hazardous business also serves the country's economic welfare in peacetime and its national security in times of emergency. A few general considerations may demonstrate the importance and, at the same time, uniqueness of the industry and the independent oil man's role in it.

Nearly 100 years ago a few imaginative men, using primitive equipment, began drilling a hole in the ground at Titusville, Pa., under the supervision of a retired railroad conductor, Edwin L. Drake. When people heard he was drilling for oil they immediately dubbed it "Drake's Folly."

Today, over a half million wells in the United States produce approximately 2 billion barrels of oil each year—half the world's total supply. In terms of capital investment, petroleum is the country's third largest industry. It provides over 63% or nearly two-thirds of the nation's energy sources that propel a national economy unprecedented in history.

A brief glance at recent exploration and production figures show that in 1953 the drilling of 49,325 wells was completed. Of this number 25,748 produced crude petroleum and 3,801 natural gas. In 1954 drilling was completed in 54,051 wells of which 29,776 produced crude oil and 3,974 natural gas. As of July, 1955, drilling ventures showed a slight increase and production was up by 5%. The point here is that with each new discovery well drilled new additions are made to the 35 billion barrels of petroleum we now have underground in proven reserves. With thousands of able and energetic oil men exploring and opening new reservoirs in 40 oil-bearing states, it would be "folly" to underestimate our ultimate reserve potential.

The "Drakes" of our time are the independent oil men. By definition his is a small or medium-sized, unaffiliated oil company exclusively engaged in drilling and production activities. Unlike the major integrated companies, who may also explore for and produce petroleum, the independent usually does not transport, refine or market his product. In the United States there are nearly 12,000 independent oil companies. Major companies total about 200.

As in the past, the independent operator holds the key to future expansion of the petroleum industry. Although he may operate in fields where oil has already been found, his major interest is in unproven or "wild-cat" areas where drilling has not been attempted but where his geologists tell him, after extensive surveys, oil may be found.

Traditionally, the independent drills 76% of the wells that open new fields. This keeps oil in abundant supply and inexpensive to the consumer.

While modern scientific methods have considerably reduced the earlier hazards of oil exploration, the element of chance can never be eliminated. In new fields eight out of nine wells drilled are dry holes. And even when he finds oil in unproven areas, the independent oil man follows many state regulations made in the interests of oil conservation and for the maintenance of a supply-demand balance. This he does willingly, even though these pro-ration rules somewhat curtail his immediate production and add to his development costs.

Search for Oil Is an Expensive Business

The search for oil is an expensive business. The cost of drilling an average well is estimated at $100,000. However, a 10,000-foot or deeper well can range in cost from $250,000 to a million dollars. Moreover, there has been an almost annual increment in equipment and labor costs and a rise in basic lease fees and yearly rentals.

In drilling a single well, the average independent oil firm—and I think my company is typical—needs a drilling rig costing $300,000; thousands of feet of drill pipe and steel casing; 25 to 100 drilling bits; and large amounts of mud additives, cement, water and fuel oil. Since the war there has been a steady rise in the cost of these materials, especially steel.

On the independent's payroll, either working part or full time, are drilling crews, repair crews, engineers, cementers and other skilled technicians. His staff must include top-grade geologists and geophysicists and, at times, a paleontologist, to get the clearest picture possible of sub-surface oil-bearing structures. His land department staff must be both agile and tactful in the very sensitive role of acquiring leases on lands where his geologists and others have told him oil may be found. Wages and salaries in the oil business, which have been frequently increased in the past several years, rank among the highest of any industry in the country.

Lease Fees Have Advanced

There has also been an increase in lease fees. In my own experience I have watched them rise steadily until today we are paying as high as $25 an acre in basic fees, and yearly rentals range between $1 and $5 an acre. If an independent is to keep pace with the needed expansion of the industry, he must continually buy large blocks of leases running into many thousands of acres on prospective oil-bearing properties. This has to be done even though it may be months and years before drilling can start during which he may have to renew his options.

Actually, the lease lands he holds and their location often determine the success of an independent company in his continuing operations. Almost without exception the oil man today enters negotiations with one or more, sometimes seven or eight other oil firms, independent and major, to combine resources in exploring for oil and developing a field once oil is found. This is called "building a block."

Pooling resources reduces the individual's risk by spreading dry-hole costs. In cases of opening unproven or "wild-cat" fields in which, as I've mentioned, the independent usually takes the initiative, the large integrated oil firms often finance the drilling operations. In this respect the recent merger trend among majors has proven beneficial to the independent for it usually means the availability of greater capital outlay for such joint ventures.

Considering this cost picture and the fact that drilling for oil is always a venture, pitting the oil man against nature, it is understandable why the independents are seriously concerned by an increase in the volume of foreign oil brought into the country by about 18 importing companies. In prewar years the United States was a net exporter of petroleum but in 1946 the situation was reversed when the country imported 5% of its oil supplies. Imports have increased considerably since then.

Naturally, the domestic oil man is familiar with the problems faced by the shapers of our foreign policy in the question of trade liberalization, and he is not advocating a total embargo or a prohibitive tariff on oil imports. In fact, he went along with the recommendations of the President's Cabinet Committee on Fuels, headed by Defense Mobilizer Arthur Fleming, that imports should be held to the 1954 ratio between imports and domestic production which was 13%.

This year, imports began to run higher than the recommended ratio. As Mr. Fleming pointed out in his call for a voluntary cutback, imports of crude petroleum were 15% of domestic production and residual oil was 23%. At this rate the independent domestic producer felt that imports were no longer merely supplementing domestic production but actually supplanting it. The increase obviously meant a partial loss of market for the local oil men, particularly in the Eastern States.

It is my belief that such problems can and should be resolved within the industry itself. It may be that eventual opening of foreign markets, particularly in under-developed areas, may help solve the question. In the meantime, however, the Cabinet Committee's cautionary action was heartening news to the independent oil company and should have a wholesome effect on its future operations.

Federal Control of Natural Gas Prices

Another problem of national scope, affecting both the independent and the major oil companies, is Federal control of natural gas prices at the well-head. In 1954, the Supreme Court, in the now famous Phillips Petroleum case, held that the Natural Gas Act of 1938 gave the Federal Power Commission the right to regulate well-head gas prices.

On exploration ventures the oil man looks for both crude petroleum and natural gas for both, from the discovery point of view, are inseparable. Although more crude is found, natural gas is no insignificant by-product of the industry. It is an important part of the oil man's income.

Even if the industry were able to take the regulation in stride, it would be logical to anticipate a trend toward additional controls, that the control by the FPC would be extended eventually to cover all the nation's sources of energy, including oil and coal. In the face of such threats, the oil industry fought back. Individually and through their national organizations, the oil man waged a campaign showing that Federal control punished both the producer and consumer.

The effort was successful in part, but only in part. During the last Congressional session the Harris Gas Bill, authored by Congressman Oren Harris, of Arkansas, was introduced in the House. It opened a lively debate between champions of the gas producers and those of consumer interests. However, the bill drew important bi-partisan support from some Congressmen of States that were entirely gas-consumers. One was Congressman Joseph P. O'Hara, of Minnesota, who said if the bill were defeated the independent producer would find difficulty getting capital to finance explorations that increase supplies. He prophesied that in five years the consumers would be paying far more for their gas.

Eventually, the bill passed the House by a margin of six votes. It was too late for consideration by the Senate before it adjourned but consideration there was promised early in the forthcoming session. It is hoped that the debate in the House, which brought the question into sharp focus, may help determine the Senate's course of action in January. The House vote was, in fact, a vote of confidence for the independent oil men.

The Depletion Allowances

Another important problem affecting the oil man is the periodic attacks made on his percentage depletion allowance for tax purposes. The provision, passed by Congress in 1926, allows the owner of individual oil and gas leases to deduct 27½% of his gross income before computing income taxes. However, this deduction cannot exceed 50% of net income. The result is that the average depletion deduction is far below the 27½% maximum.

The statutory provision was designed by Congress to compensate oil men for the unusual risks they must take in oil exploration and to attract needed capital for expanded drilling operations. The legislation has paid real dividends for both the industry and the country. By spurring discovery activities, more and better petroleum has been added to the nation's supplies at continuously low prices.

Still, on almost every occasion when the tax laws are previewed, objections, motivated on political grounds, are raised. Percentage depletion then is usually subjected to a close scrutiny in Committee. Opponents, however, have never been able to show that the provision benefits only the oil operator and not the country as a whole. Otherwise, the depletion clause would long since have been deleted. Actually, without it, many an independent oil company would have passed out of existence.

In general, then, the independent oil companies have made telling progress in removing obstacles and continuing an increase in producing the nation's oil. Unless new moves are made to throttle him completely, he can be expected to continue an energetic search for the petroleum reservoirs with which nature has richly endowed our country.

Central States I.B.A. Elects New Officers

CHICAGO, Ill.—David J. Harris, President of Fairman, Harris & Company, Inc., Chicago, was elected Chairman of the Central States Group, Investment Bankers Association of America, at the group's annual meeting in the Attic Club. He succeeds Thomas W. Evans, Vice-President, Continental Illinois National Bank and Trust Company.

David J. Harris

William J. Lawlor, Jr., partner in Hornblower & Weeks, was elected Vice-Chairman, and Paul W. Fairchild, Assistant Vice-President, First Boston Corporation, was elected Secretary-Treasurer.

The new officers take office in December following the annual convention of the Investment Bankers Association of America, to be held Nov. 27 to Dec. 2 in the Hollywood Beach Hotel, Hollywood, Fla.

New members of the Executive Committee are Fabian Brewer, William Blair & Company; Elmer G. Hassman, A. G. Becker & Co., Inc.; Gilbert H. Osgood, Blunt, Ellis & Simmons; and Erwin A. Steubner, Kidder, Peabody & Co.

Mr. Evans and Douglas Casey, President of A. C. Allyn & Co., will represent the Central States Group as Governors of the national association for three-year terms. The Central States Group embraces the states of Illinois, Indiana, Iowa, Nebraska and Wisconsin.

With Oscar F. Kraft

(Special to THE FINANCIAL CHRONICLE)

LOS ANGELES, Calif. — Reginald E. Laine and Calvin L. McIntyre have joined the staff of Oscar F. Kraft & Co., 530 West Sixth Street. Mr. McIntyre was previously with Taylor & Company.

Joins King Merritt

(Special to THE FINANCIAL CHRONICLE)

LOS ANGELES, Calif.—James D. Jordano is now with King Merritt & Company, Inc., 1151 South Broadway.

Will the Proposed British Budget Stop Inflation?

By PAUL EINZIG

Commenting on the proposed new budget for the British Government, Dr. Einzig contends none of the measures proposed, taken in themselves, appear to be effective in curbing inflation. Says consumer demand, because of increased sales taxes, is not likely to be substantially reduced and the 5% increase in the tax on dividends is not likely to discourage dividend increases. Finds proposed cuts in public expenditures not "very impressive."

LONDON, Eng.—Mr. Butler, the British Chancellor of the Exchequer, has now definitely decided to resist pressure in favor of intensifying the credit squeeze by means of a 6% Bank rate. Instead, he has supplemented the effects of the credit squeeze and of the restrictions on instalment selling by a series of fiscal and other measures, in the hope that their joint effect would be sufficient to check the inflationary trend. These measures consist of mopping up some consumers' purchasing power by additional taxation, discouraging dividend increases, cutting down capital expenditure, and raising artificially low rents to more economic level.

Paul Einzig

None of these measures, taken in themselves, appear to be very impressive. The yield of the increased Purchase Tax amounts to merely £75 million in a full financial year, barely sufficient to make an appreciable difference from the point of view of the inflationary demand. On the assumption that the national income remains unchanged, it should mean that, as a result of higher prices, the volume of goods bought by consumers would merely be reduced by something like 5/8%. And for the sake of this trifling reduction the government chose to irritate tens of millions of consumers by petty additions of Purchase Tax on a very wide range of household goods and other necessities.

As a matter of fact, consumer demand is not likely to be reduced to even such negligible degree. For organized labor, irritated by the measure directed primarily against the lower income-groups, is now likely to intensify pressure for higher wages, and will undoubtedly succeed in obtaining increases many times more than £75 million mopped up by the additional Purchase Tax.

It is open to argument whether it would not have been wiser to confine the additional taxation to motor vehicles, television sets and a few other articles the increased domestic demand for which is largely responsible for the inflationary pressure, and also for the inadequacy of the export drive. As it is, the increase of the price of the £700 automobile to £740, or of the £65 television set to £68.15.0, is not likely to deter many domestic purchasers from going ahead with their purchases.

The extent to which an increase of the tax on distributed profits by 5% is likely to discourage dividend increases is also negligible. And the measure has failed to impress the Socialists and the Trades Unions as a compensation for the measures directed against their members. It is suggested that the government would have been wiser to adopt a new tax on dividend increases for a limited period of 12 months, on the understanding that it would be renewed if during that period the wages index would show no further increases. By such means the responsibility for preventing dividend increases would have been transferred to organized labor.

Nor are the proposed cuts in public capital expenditure very impressive. Their total is not likely to be sufficient to reduce employment to a sufficient extent to break the wages spiral. Unless the credit squeeze should reduce private capital expenditure to an appreciable degree, overfull employment is likely to continue.

The most promising measures are those concerning the removal of housing subsidies on newly built houses. This should cause a reduction in building activity which absorbs an unduly large proportion of the nation's manpower and material resources. Moreover, the Local Authorities will now be compelled to charge economic rents, which will leave less purchasing power available to a large number of consumers. What is even more important, the government foreshadowed measures aiming at an increase of the controlled rents of privately-owned houses to an economic level. If and when such measures are put in operation they are likely to affect consumer spending to a substantial degree, always provided that the additional expense does not give rise to corresponding increase in wages and social service benefits.

What really matters is not so much to mop up consumer demand as to prevent its further increase by the continued progress of the inflationary wages spiral. The test of the government's disinflationary measures lies in their ability to bring the wages spiral to a halt. From this point of view there appears to be no ground for optimism. So long as overfull employment continues to prevail, the workers will continue to exploit their scarcity value, and wages demand will be pressed forward relentlessly.

Mr. Butler could choose between two alternative ways of checking the wages spiral—by drastic deflation or by conciliation. The Budget and its accompanying measures will certainly not produce sufficiently drastic deflation. Conciliation was attempted during recent months by Sir Anthony Eden, who had a series of meetings with representatives of both sides of industry in the hope of improving industrial relations. But the hostile atmosphere created by the new Budget will certainly not help in this direction.

So there remains the credit squeeze as the only really effective means for reducing employment. Even though the amounts of outstanding credits showed some decline, the extent of overfull employment continued to increase in recent months in spite of the progress of the credit squeeze. This is because increasing use has been made of non-banking credits.

Under our modern banking system, if a private holder of deposits lends it to an industrial firm, the volume of bank money remains unchanged, because the amount is merely transferred from one account to another, or from one bank to another. This means that the grand total volume of credits, including both bank credits and non-bank credits, increases. What has happened in Britain is that, even though the volume of bank credits has declined in recent months, this decline has been more than offset by the increase in the volume of non-bank credits which is not shown in credit statistics. Unless the monetary authorities succeed in reducing the total volume of credits there can be no means for reversing the inflationary trend.

G. F. Shaskan, Jr., V.-P. Of Central Nat'l Corp.

George F. Shaskan, Jr., a partner in the firm of Shaskan & Co., members of the New York Stock Exchange and other leading exchanges, has been elected vice-president of Central National Corporation, it has been announced. Prior to joining Shaskan & Co. in 1946, Mr. Shaskan held the post of Chief of Finance Desk, Division of Japanese-Korean Economic Affairs, Department of State, in 1945-1946.

G. F. Shaskan, Jr.

FHLB Notes on Market

Offering of two note issues of the Federal Home Loan Banks totaling $295,000,000 principal amount was made yesterday (Nov. 2) through Everett Smith, fiscal agent of the banks. The offering consists of $150,000,000 of 3% series G-1956 non-callable consolidated notes, dated Nov. 15, 1955 and due June 15, 1956 and $145,000,000 of 3 1/8% series H-1956 non-callable consolidated notes, dated Nov. 15, 1955 and due Sept. 17, 1956. The issues are priced at 100%. A country-wide group of securities dealers is participating in the offering.

The purpose of the offering is to refund $60,000,000 of consolidated notes maturing on Nov. 15, 1955, and to provide funds to enable the banks to assist their member institutions in meeting outstanding loan commitments.

Upon completion of the offering and the retirement of the notes due on Nov. 15, next, the Federal Home Loan Banks will have a total of $975,000,000 consolidated note obligations outstanding.

D. B. Macurda Joins F. S. Smithers & Co.

Donald B. Macurda, for a number of years an officer of The First Boston Corporation, has resigned to become manager of research for the investment banking house of F. S. Smithers & Co., 1 Wall Street, New York City, members of the New York Stock Exchange, effective Nov. 1. Mr. Macurda is widely known in financial circles for his industrial studies, particularly his analysis of the aluminum industry entitled "The Aluminum Industry and Four North American Producers." In 1952 he was one of four members of the Special Steel Mission to India, sponsored by the International Bank for Reconstruction and Development. He participated in drawing up the terms of the International Bank's loan to the Indian Iron and Steel Co., the first loan by the bank to private industry.

Investment Bankers Association 44th Annual Convention Nov. 27–Dec. 2

The 1955 Annual Convention of the Association will be held at the Hollywood Beach Hotel, Hollywood, Florida, beginning on Sunday, Nov. 27, and ending on Friday, Dec. 2.

The first business session of the convention will be an open meeting of the Municipal Securities Committee on Sunday afternoon. There will then be business sessions each morning from Monday through Friday. In addition there will be meetings of the Board of Governors and many of the national committees of the Association will hold meetings during the convention and will present their annual reports at that time.

In addition to President Walter A. Schmidt, the speakers at the convention will be:

Harllee Branch, Jr., President of the Edison Electric Institute and President of the Georgia Power Company.

Hon. Gabriel Hauge, Administrative Assistant to the President of The United States.

Philip D. Reed, Chairman of the Board of General Electric Company.

An additional prominent speaker is to be announced later.

It is hoped very much that each member organization will impress upon its representatives the importance of attending the convention sessions.

Convention Registration Fee

The registration fee for the convention will be $40 per person. Checks covering registration fees should be made payable to the Association and forwarded to its office in Washington with the form for convention registration and hotel reservations.

A new method of handling convention reservations will be in effect this year.

Reservation forms are being sent to main offices only. Reservations for all branch office representatives should be channeled through the main office and included on the main office form for convention registration and hotel reservations. Upon receipt of forms at the Association's office, special train reservation forms will then be sent to the branch office representatives concerned in order that they may make their own transportation arrangements if they so desire.

Hotel Arrangements

All reservations for rooms at the convention hotels should be made through the Association's office in Washington on the form for convention registration and hotel reservations. Confirmation of reservations will be made as promptly as possible, but due to the time required for processing them, there will necessarily be some delay in this connection.

In addition to the Hollywood Beach Hotel, the following will also be used for convention housing purposes:—Hollywood Beach Apartments, Surf Hotel, Seacrest Manor, and Golden Gate Hotel—and it will be necessary to place a sizable number of persons at these other hotels.

Hotel Registration—Baggage

Representatives of the Hollywood Beach Hotel will travel on the convention special trains and will furnish passengers with slips indicating their hotel room numbers. These slips will take the place of hotel registration. Slips for the Hollywood Beach Hotel should be presented to the floor clerk on the proper floor of that hotel. Slips for the Hollywood Beach Apartments should be presented at the front desk of the Hollywood Beach Hotel. Slips for the Surf Hotel, Seacrest Manor, and the Golden Gate Hotel should be presented at the front desks of those hotels. Room keys will be turned over as slips are presented.

The hotel's representatives will also furnish passengers with baggage tags filled out with their names and hotel room numbers. One of these tags should be attached to each piece of hand baggage. Then, upon arrival in Hollywood all such baggage will be transported immediately from the station by truck and distributed promptly to the proper hotel rooms.

Convention Transportation

NEW YORK SPECIAL TRAIN

The route of the train in both directions will be Pennsylvania Railroad between New York and Washington, R. F. & P. Railroad between Washington and Richmond, and Seaboard Railroad between Richmond and Hollywood. It is anticipated that there will be two sections on the going trip and one on the return, with schedules as follows:

Going

Lv. New York	*Saturday, Nov. 26*		11:05 a.m.	11:15 a.m.
Lv. Newark	"	"	11:20 a.m.	11:30 a.m.
Lv. North Phila.	"	"	12:35 p.m.	12:50 p.m.
Lv. 30th St. Phila.	"	"	12:44 p.m.	12:59 p.m.
Lv. Wilmington	"	"		1:32 p.m.
Lv. Baltimore	"	"	2:18 p.m.	2:34 p.m.
Lv. Washington	"	"	3:20 p.m.	3:35 p.m.
Lv. Richmond	"	"	5:50 p.m.	6:05 p.m.
Ar. Hollywood	*Sunday, Nov. 27*		11:50 a.m.	12:20 p.m.

Returning

Lv Hollywood	*Friday, Dec. 2*		4:00 p.m.
Ar. Richmond	*Saturday, Dec. 3*		9:40 a.m.
Ar. Washington	"	"	12:15 p.m.
Ar. Baltimore	"	"	1:15 p.m.
Ar. Wilmington	"	"	2:17 p.m.
Ar. 30th St. Phila.	"	"	2:49 p.m.
Ar. North Phila.	"	"	2:58 p.m.
Ar. Newark	"	"	4:10 p.m.
Ar. New York	"	"	4:25 p.m.

PULLMAN RESERVATIONS—Pullman reservations for the going trip should be made through the New York Transportation Committee, of which Robert A. Powers, Smith, Barney & Co., 14 Wall St., New York 5, N. Y., is chairman.

Drawing rooms, compartments, bedrooms, duplex single rooms, and roomettes will be available. Every effort will be made to assign the type of space requested, but when the supply of any given type has been exhausted, it will, of course, be necessary to assign another type instead. One-way Pullman fares (including federal tax) to Hollywood are as follows:

	D. Room 2 Persons	Compt. 2 Persons	Bedroom 2 Persons	Bedroom 1 Person	Duplex Single	Roomette
New York	$57.64	$42.74	$33.41	$28.82	$24.31	$21.23
Newark	57.64	42.74	33.41	28.82	24.31	21.23
Philadelphia	55.33	40.65	32.01	27.67	23.21	20.30
Wilmington	53.68	40.04	31.08	26.84	22.66	19.80
Baltimore	51.26	37.90	29.65	25.63	21.51	18.81
Washington	49.94	37.24	28.99	24.97	21.01	18.37
Richmond	44.55	32.95	25.74	22.28	18.65	16.39

Certificates covering Pullman space will be issued in lieu of regulation Pullman tickets. Certificates will be mailed if applications are received promptly. Otherwise they may be picked up at the office of Robert A. Powers prior to 5:00 p.m. on Friday, Nov. 25. Refunds cannot be made on cancellations which are not made prior to date of departure.

Pullman reservations for the return trip should be made at Hollywood—at Transportation Headquarters on the lobby floor of the Hollywood Beach Hotel. Such reservations must be arranged as promptly as possible after arrival at Hollywood.

RAILROAD TICKETS—Railroad tickets should be purchased from local ticket agents. Those in charge of Pullman reservations will not be able to supply railroad tickets. Round-trip railroad fares (including federal tax) to Hollywood from points served by the special train are as follows:

New York	$108.96	Baltimore	$90.65
Newark	108.16	Washington	86.85
Philadelphia	100.07	Richmond	77.99
Wilmington	97.58		

PITTSBURGH SPECIAL CAR

This car will be operated via the Pennsylvania Railroad from Pittsburgh to Washington, where it will be attached to the New York special train. The schedule will be as follows:

Lv. Pittsburgh	*Friday,*	*Nov. 25*	11:10 p.m.
Ar. Washington	*Saturday,*	*Nov. 26*	8:00 a.m.
Lv. Washington	"	"	3:35 p.m.
Ar. Hollywood	*Sunday,*	*Nov. 27*	12:20 p.m.

Pullman reservations for the going trip should be made through A. Lowrie Applegate, Hulme, Applegate & Humphrey, Inc., 536 Union Trust Bldg., Pittsburgh 19, Pa. Duplex rooms and bedrooms will be available. One-way Pullman fares (including federal tax) from Pittsburgh to Hollywood will be as follows:

Duplex Room, $25.96 Bedroom (1 person), $30.86
Bedroom (2 persons), $35.75

No special car has been scheduled for the return trip, as there has not been sufficient demand in recent years to warrant the operation of such a car. Pittsburgh passengers may, however, travel on the New York special train to Washington and there transfer to regular trains or planes for Pittsburgh.

Railroad tickets should be purchased from local ticket agents. The round-trip railroad fare (including federal tax) between Pittsburgh and Hollywood via Washington is $115.89. The one-way fare (including federal tax) is $62.90.

CHICAGO SPECIAL TRAIN
DETROIT-ST. LOUIS SPECIAL CARS

A special train from Chicago to Hollywood, with special cars from Detroit and St. Louis to be attached at Cincinnati, will be operated provided there are sufficient reservations. Its route will be New York Central System from Chicago to Cincinnati, Southern Railway System from Cincinnati to Jacksonville, and Florida East Coast Railway from Jacksonville to Hollywood. The route of the Detroit and St. Louis cars to Cincinnati will likewise be New York Central System. The schedule will be as follows:

Lv. Chicago*	*Friday,*	*Nov. 25*	11:00 p.m.
Ar. Cincinnati	*Saturday,*	*Nov. 26*	7:15 a.m.
Lv. St. Louis	*Friday,*	*Nov. 25*	10:40 p.m.
Ar. Cincinnati	*Saturday,*	*Nov. 26*	7:15 a.m.
Lv. Detroit	*Friday,*	*Nov. 25*	11:35 p.m.
Ar. Cincinnati	*Saturday,*	*Nov. 26*	6:45 a.m.
Lv. Cincinnati	*Saturday,*	*Nov. 26*	8:00 a.m.
Lv. Chattanooga	"	"	3:35 p.m.
Lv. Atlanta	"	"	7:15 p.m.
Ar. Hollywood	*Sunday,*	*Nov. 27*	10:00 a.m.

*Central Station (Michigan Ave. at 12th St.)

Pullman Reservations

Chicago Special Train—Reservations for the going trip (with the exception of the Detroit and St. Louis cars, for which see below) should be made through George B. Wendt, The First National Bank of Chicago, Dearborn, Monroe & Clark Sts., Chicago 90, Ill.

Drawing rooms, compartments, and bedrooms will be available. Every effort will be made to assign the type of space requested, but when the supply of any given type has been exhausted, it will, of course, be necessary to assign another type instead.

One-way Pullman fares (including federal tax) to Hollywood are as follows:

	D. Room 2 Persons	Compt. 2 Persons	Bedroom 2 Persons	Bedroom 1 Person
Chicago	$60.61	$44.83	$35.04	$30.31
Cincinnati	51.26	37.90	29.65	25.63
Chattanooga	40.15	29.98	23.21	20.08
Atlanta	34.65	25.58	20.03	17.33

Pullman tickets will be mailed if applications are received promptly. Otherwise they may be picked up at the office of George B. Wendt prior to 5:00 p.m. on Friday, Nov. 25.

Detroit Special Car—Reservations for the going trip should be made through Ralph Fordon, Fordon, Aldinger & Co., Penobscot Bldg., Detroit 26, Mich. Drawing rooms, compartments, and bedrooms will be available. One-way Pullman fares (including federal tax) between Detroit and Hollywood are as follows:

Drawing Room (2 pers.)	$61.71	Compartment (2 pers.)	45.54
Bedroom (2 persons)	35.75	Bedroom (1 person)	30.86

St. Louis Special Cars—Reservations for the going trip should be made through Harry Theis, Albert Theis & Sons, Inc., 314 N. Fourth St., St. Louis 2, Mo. Drawing rooms, compartments, and bedrooms will be available. One-way Pullman fares (including federal tax) between St. Louis and Hollywood are as follows:

Drawing Room (2 pers.)	$56.54	Compartment (2 pers.)	$42.13
Bedroom (2 persons)	32.73	Bedroom (1 person)	28.27

RAILROAD TICKETS

Railroad tickets should be purchased from local ticket agents. Those in charge of Pullman reservations will not be able to supply railroad tickets. Round-trip railroad fares (including federal tax) to Hollywood from points served by the special train and cars are as follows:

Atlanta	$53.41	Cincinnati	$90.04
Chattanooga	63.80	Detroit	115.12
Chicago	104.89	St. Louis	99.12

RETURN ARRANGEMENTS

Pullman reservations for the return trip should be made at Hollywood—at Transportation Headquarters on the lobby floor of the Hollywood Beach Hotel. Such reservations must be arranged as promptly as possible after arrival at Hollywood.

No special train has been scheduled for the return trip, as there has not been sufficient demand in recent years to warrant the operation of such a train. Accordingly, arrangements have been made for space on various regular trains.

Air Transportation

Special section flights, using the latest type Douglas "Golden Falcon" DC-7B equipment, have been arranged between New York and Miami via Eastern Air Lines. The schedules will be as follows:

Going

Lv. New York*	*Friday,*	*Nov. 25*	2:30 p.m.
Ar. Miami	"	"	6:00 p.m.
(Eastern Air Lines, Special Section Flight 601)			
Lv. New York*	*Saturday,*	*Nov. 26*	9:30 a.m.
Ar. Miami	"	"	1:00 p.m.
(Eastern Air Lines, Flight 603)			

Returning

Lv. Miami	*Sunday,*	*Dec. 4*	4:00 p.m.
Ar. New York*	"	"	7:30 p.m.
(Eastern Air Lines, Special Section Flight 604)			

*Idlewild Airport

Reservations for the special section flights should be made through Harold H. Sherburne, Bacon, Whipple & Co., 1 Wall St., New York 5, N. Y. The round-trip fare (including federal tax) between New York and Miami is $160.38. Special limousine service will be provided from the Miami Airport direct to the hotel at an additional cost of $2.00 per person. Provision can be made so that those desiring to return earlier or later than the flights scheduled above may go one way with the convention group and the other on a regular scheduled flight on either Eastern Air Lines or National Airlines.

General Motors Head Optimistic on West Europe

Harlow H. Curtice, on basis of recent trip abroad, reports booming markets in that area for housing, automobiles and other consumer goods. Says remarkable economic recovery of Western Europe appears to be on sound and expanding basis.

Harlow H. Curtice, President of General Motors, expressed the view that Western Europe is experiencing " a high level of prosperity, substantially full employment and a rising standard of living" which has created booming markets for housing, automobiles and other consumer goods.

Harlow H. Curtice

Mr. Curtice, returning aboard the Queen Mary on Nov. 1 from his annual business trip to Europe, said the "remarkable economic recovery of Western Europe appears to be on a sound and expanding basis."

"There is full employment and a rising standard of living in each of the countries which I visited," the GM President said. "People in Europe are no different from those in the United States. They are learning that the only way to have more is to produce more. Europeans want better homes, new cars, household refrigerators and many of the other things which contribute to our high standard of living. The increasing productivity of these European countries is bringing more of these things within the reach of the average European," he added.

Mr. Curtice said he was optimistic about the business outlook for 1956.

"I am optimistic about all phases of our business in England, Germany, France and other countries on the continent as well as the United States," he said. "I see nothing in the present picture to indicate any change in the high level of economic activity and prosperity which we now are enjoying."

Mr. Curtice said automobile production in England and Germany is reaching record levels this year, 18 to 20% over 1954, and should increase substantially in the next five years. General Motors production of passenger cars, trucks, accessories and household refrigerators likewise is breaking all records this year, the GM president said.

"The market for our products in Europe and the countries to which we export from Europe is substantially greater than our ability to produce," Mr. Curtice said. "Our output is limited by existing capacity."

During his two-week European trip Mr. Curtice reviewed the progress of General Motors $200,000,000 expansion program, announced last year, and disclosed additional projects for England and France. In England, General Motors has begun construction of a new plant at Liverpool for expanding manufacture of automobile accessories which appear on virtually all British-built motor cars. In France Mr. Curtice announced an additional $4,500,000 project to expand production of Frigidaire household and commercial refrigeration units and AC Delco spark plugs and other automotive accessories.

Mr. Curtice said General Motors huge expansion program for Europe is an "expression of confidence in the economies of these countries and in the future of the automobile and household appliance business."

"Everyone wants an automobile," Mr. Curtice said. "The market for household refrigerators is equally impressive. Our surveys shows that less than 10% of all the households in England and France have home refrigerators. Our production of refrigeration units has been greatly expanded but is still far short of market demand."

Mr. Curtice said General Motors has a record number of more than 55,000 employees in Europe, of whom 22,000 are employed in England and upwards of 25,000 in Germany.

"I have been greatly impressed with the skill and industry of our employees and the caliber of our staff executives overseas," he added.

DeHaven, Townsend Opens Branch in Upper Darby, Pa.

UPPER DARBY, Pa.—A branch office in Upper Darby, Pa., has been opened by DeHaven & Townsend, Crouter & Bodine, members of the New York, Philadelphia-Baltimore and American Stock Exchanges.

Located in the Upper Darby National Bank Building, 9610 Market Street, the new office will be under the joint management of C. Robert Hoffman and William A. Webb. The branch is equipped with Trans-lux stock quotation service and will offer a complete investment and brokerage service.

Established in 1874, DeHaven & Townsend, Crouter & Bodine maintains headquarters at 1500 Chestnut Street, Philadelphia, and branches in New York, Wilkes-Barre, Pa., and Stamford, Conn.

Samuel Shipper Ch. of Bd. of Glick & Co., Inc.

Glick & Co., Inc., 120 Wall Street, New York City, members of the American Stock Exchange, announce the election of Samuel Shipper as Chairman of the board of directors.

Clyde D. Baker Opens

ANTHONY, Tex. — Clyde D. Baker is engaging in a securities business from offices here.

F. E. Butcher Opens

DANVILLE, Ill. — Fred E. Butcher is engaging in a securities business from offices at 41 North Vermilion Street.

Form Federated Secs.

WINTER PARK, Fla.—Federated Securities Company, Inc. has been formed with offices at 530 North Orlando Avenue to engage in an investment business. Officers are William T. Weeks, President; John L. Somerville, Vice-President; and Keith F. Ezell, Secretary and Treasurer.

Stanley Secs. Opens

CAMDEN, N. J.—Stanley Securities Company, Inc. is engaging in a securities business from offices in the Wilson Building. Officers are Stanley Grossman, President and Treasurer; S. Siosberg, Secretary; and David Stein, Vice-President. All were formerly with Bache & Co. and Cohu & Co.

News About Banks and Bankers

CONSOLIDATIONS
NEW BRANCHES
NEW OFFICERS, ETC.
REVISED
CAPITALIZATIONS

The Hanover Bank of New York announced on Oct. 26 the appointment of Colin MacLennan as Controller, effective Dec. 1. Mr. MacLennan, a partner in the accounting firm of R. G. Rankin & Co., is a Certified Public Accountant in New York, Illinois, and the District of Columbia. He joined the Rankin firm in January, 1937, and prior to that was with Deloitte, Plender, Haskins & Sells.

Colin MacLennan

* * *

Arthur S. Kleeman, President **of Colonial Trust Company, New York City,** has announced the promotion of Charles A. Grace, to the office of Vice-President. Mr. Grace will continue as Assistant to Mario Diez, Vice-President and director, who is in charge of the bank's international business.

* * *

Chemical Corn Exchange Bank of New York has appointed Wayne C. Marks to the Advisory Board of its 46th Street and Madison Avenue office, it is announced by N. Baxter Jackson, Chairman. Mr. Marks is a director and Vice-President of General Foods Corporation.

* * *

Sterling National Bank & Trust Co. of New York announces the election of Kirke F. Kollmer as Assistant Cashier. Mr. Kollmer is assigned to the bank's 42nd Street office in the Chanin Building.

* * *

Plans of the **Sullivan County Trust Company of Monticello, N. Y.,** to increase its capital stock from $200,000, consisting of 20,000 shares, par value $10 per share, to $320,000, in 32,000 shares, of the same par value, were approved by the N. Y. State Banking Department on Sept. 29.

* * *

Approval was given on Sept. 28 by the New York State Banking Department to the plans of the **Columbus Trust Company of Newburgh, N. Y.,** to increase its capital from $400,000 (in 4,000 shares par $100 each), to $500,000 in 5,000 shares of same par value.

* * *

On Oct. 19 the Comptroller of the Currency reported that the **First National Bank of Buffalo, at Buffalo, N. Y.,** with common stock of $900,000, was merged with and into the **Manufacturers & Traders Trust Co. of Buffalo, N. Y.,** under the charter and title of the latter, effective as of Aug. 8, 1955. An item bearing on the merger appeared in our issue of Sept. 8, page 982.

* * *

At a recent organization meeting, following the consolidation of the **Morris Plan Bank of New Haven, Conn.,** with the **New Haven Bank N.B.A., of New Haven,** the following changes were announced:

G. Harold Welch, former Vice-President of The New Haven Bank N.B.A., was elected Senior Vice-President; Milton P. Bradley, former President of The Morris Plan Bank, was elected a Senior Vice-President; John A. Rappa, former Vice-President of the Morris Plan Bank, was elected an Assistant Vice-President and Edgar Beale and Robert B. Prisley, former Assistant Treasurers, were elected Assistant Cashiers. Sanford H. Peterson was elected Investment Officer and Norton B. Nichols, Assistant Trust Officer. All other officers were re-elected to their former positions. The consolidation was referred to in our issue of Oct. 27, page 1768.

* * *

A merger of the **Riverside Trust Company of Hartford, Conn.** (a State bank member of the Federal Reserve System), under its charter and title with the **New Hartford Trust Company of New Hartford, Conn.,** an insured non-member of the Reserve System was made known on Oct. 3 by the Board of Governors of the Federal Reserve System.

* * *

At a meeting of the directors of **The First National Bank of Toms River, N. J.,** on Oct. 26, it was voted to pay a stock dividend of one share for each 28 shares held of the common capital stock of the bank on Jan. 31, 1956, to shareholders of record Jan. 10, and to increase the common capital stock of the bank by the sale of 3,000 shares of new common capital stock on March 15, 1956, to shareholders of record March 2; both proposals subject to approval of two-thirds of the shareholders at the annual meeting to be held on Jan. 10, and the approval of the Comptroller of the Currency. If the shareholders approve the two proposals the common capital stock outstanding of the bank will be increased from $840,000 to $900,000 and the surplus will be increased from $1,500,000 to $1,800,000. Since 1881, the date of the organization of the bank, cash dividends have been paid in every year. During the past ten years, in addition to cash dividends, the bank, it is said, has paid a stock dividend each year. Five years ago the resources of the bank were $19,314,000, and it is announced they are presently in excess of $38,000,000. In addition to the annual stock dividends, on several occasions new shares of common stock have been sold to the shareholders.

* * *

The Burlington City Loan & Trust Co. of Burlington, N. J., has changed its title (effective Sept. 7), according to the Board of Governors of the Federal Reserve System, to the **Burlington Bank & Trust Company.**

* * *

As of Sept. 13 the capital of the **Livingston National Bank of Livingston, N. J.,** was increased from $120,000 to $150,000 by the sale of $30,000 of new stock.

* * *

William R. K. Mitchell, Chairman, and Benjamin F. Sawin, President of **The Provident Trust Company of Philadelphia,** announced on Oct. 31 that the merger of the **First National Bank of Delaware County at Media, Pa.** with **Provident Trust** would become effective on Nov. 1. The combined institution, with resources in excess of $210,000,000, will provide customers of both banks with complete banking and trust services developed over the past 90 years. Effective Nov. 1, the officers of the First National Bank of Delaware County became officers of Provident Trust Company. Richard G. Burn has been elected a Vice-President of Provident in charge of the Delaware County offices.

The following have been appointed Assistant Vice-Presidents: Herbert J. Fadeley, Jr.; Paul A. Freeman; Harold Ogram and Edward H. Rigby. New Assistant Treasurers are: William Booth, George P. Dickson, Reuben L. Mathews and Donald M. Hand. C. Edward Fischer was named Assistant Auditor. The consolidation gives Provident Trust Company a total of nine offices, five in Philadelphia and four in Delaware County. The Delaware County offices are located in Media, Swarthmore, Springfield and Nether Providence. The proposed merger was referred to in these columns, June 23, page 2876, and Sept. 22, page 1182.

* * *

Hubert J. Horan, Jr., President of the **Broad Street Trust Company, of Philadelphia,** announces that the merger of **The Morton National Bank of Morton, Delaware County, Pa.,** with **Broad Street Trust Company, Delaware County, Pa.** became effective at the close of business Oct. 28. Total deposits of the combined banks it is announced will exceed $100,000,000 while total resources will be over $110,000,000. James Patchell, Vice-President of The Morton National Bank, has been made a Vice-President of Broad Street Trust Company and will be in charge of the Morton Office. Mary F. Mekenney, former Assistant Cashier of The Morton National Bank, has been made an Assistant Secretary of Broad Street Trust Company. The approval of the stockholders of both institutions to the merger plans was indicated in our issue of Sept. 1, page 887.

* * *

The election of William E. Vollmer, Howard T. Lodge Jr. and Harry A. Bean as Vice-Presidents of the **Liberty Real Estate Bank & Trust Co. of Philadelphia** on Oct. 19, was reported in the Philadelphia "Inquirer" of Oct. 20. Mr. Vollmer, it is stated, thus returns to the banking field, after 11 years as Treasurer of the SKF Industries. He had, says the "Inquirer," previously been with the Philadelphia National Bank for 24 years. From the "Inquirer" we also quote:

"Mr. Lodge has been with the bank since 1939. Mr. Bean formerly was Vice-President of the Miners National Bank of Pottsville."

* * *

A merger of the **Homewood Bank at Pittsburgh, Pa.** with the **Potter Bank & Trust Company of Pittsburgh,** under the charter and title of the latter became effective on Oct. 10. Both are State members of the Federal Reserve System.

* * *

A stock dividend of $50,000 declared by the **Citizens National Bank of Hampton, Va.** has increased the bank's capital as of Sept. 13 from $200,000 to $250,000.

* * *

The Third Northwestern National Bank of Minneapolis, Minn. has raised its capital as of Oct. 20 from $200,000 to $250,000, the addition having resulted from a $50,000 stock dividend. A year ago the capital was similarly enlarged by a stock dividend of $50,000, the amount at that time (in June 1954) having become $200,000, increased from $150,000. An item with respect thereto appeared in our July 21, 1954 issue, page 284.

* * *

A stock dividend of $100,000, has increased the capital of the **City National Bank of Clinton, Iowa,** from $400,000 to $500,000. The new capital became effective Sept. 14.

* * *

Increased to the extent of $500,000 by a stock dividend of that amount, the **National Bank of Tulsa, Okla.** reported a capital of $4,000,000 as of Oct. 18, compared with $3,500,000 previously.

* * *

The sale of new stock to the amount of $50,000 has served to increase the capital of the **City National Bank of Winston-Salem, No. Carolina** from $300,000 to $350,000, effective Oct. 19.

* * *

The Barnett National Bank of Jacksonville, Florida, which in September increased its capital from $2,500,000 to $3,000,000 by a $500,000 stock dividend, has further added to its capital to the extent of $500,000, the sale of new stock to that amount having brought the capital up to $3,500,000, effective Oct. 17. The earlier increase was noted in our issue of Sept. 6, page 1409.

* * *

A capital of $10,000,000, effective Oct. 13 was reported by the **National Bank of Commerce of Houston, Texas,** the amount having been increased from $8,000,000 as a result of a stock dividend of $2,000,000.

* * *

Formal approval by the Comptroller of the Currency at Washington, on Oct. 25 made effective a $10,437,500 increase in the capital structure of the **Republic National Bank of Dallas, Texas,** it was announced by Karl Hoblitzelle, Chairman of the Board, and Fred F. Florence, President of the bank. The increase brings Republic's capital and surplus to $70,000,000. Since 1952, when the bank's capital and surplus stood at $42,500,000, Republic has increased its capital and surplus by $27,500,000 with increases of $7.5 million in 1953, $10 million in 1954 and the current increase of $10 million. Along with the current increase was a stock dividend of 112,500 shares of $12 par value, issued to stockholders of record Oct. 4 without cost to them. A cash dividend of $2,000,000 was paid directly to the bank by wholly-owned affiliates. Subscription of 187,500 shares of new stock was on the basis of one additional share for each 12 shares owned by shareholders of record Oct. 4, at $45 per share, thereby providing $8,437,500. This, together with the $2,000,000 net cash dividend paid to the bank, provided new capital funds of $10,437,500. Of this amount $3,600,000 was allocated to capital, $6,400,000 to surplus and $437,500 to undivided profits. Republic now has capital stock of $30,600,000 in 2,550,000 shares of common stock of the par value of $12 each; surplus of $39,400,000, and undivided profits approximately $4,000,000. With capital and surplus now $70,000,000, Republic's total capital structure, including reserves, is approximately $82,000,000, and resources in excess of $750,000,000 Mr. Florence pointed out. The plans to increase the bank's capital were noted in our issue of Oct. 13, page 1530.

* * *

The First National Bank of San Mateo County at Redwood City, Calif. with common stock of $750,000, was merged with and into **Wells Fargo Bank of San Francisco, Calif.** under the charter and title of the latter bank, effective on Sept. 30, according to Oct. 7 advice of the U. S. Comptroller of the Currency which stated that the First National Bank of San Mateo County at Redwood City was operating four branches.

* * *

Announcement is made that W. R. Mitchell, formerly General Inspector, has been named an Assistant General Manager at the Head Office, of **The Royal Bank of Canada.** T. F. Whitley, Supervisor of Ontario branches, has been promoted to General Inspector with headquarters in **Toronto.** W. H. Sharpe, formerly an Agent in New York, succeeds Mr. Whitley as Supervisor of Ontario branches. J. B. Miller formerly an Assistant Agent, has been promoted to Second Agent in New York.

* * *

Plans for the merger of **Barclays Bank (Canada)** with the **Imperial Bank of Canada at Toronto,** under the name of the latter were made known in a joint statement issued by the Presidents of both banks, L. S. Mackersy of the Imperial, and H. A. Stevenson of Barclays. This was made known in the Oct. 12 issue of the "Globe and Mail" of Toronto, which stated that the proposal, approved by Finance Minister Harris and by directors of both banks, will be submitted to shareholders of each bank at their annual general meetings to be held in December. From the paper indicated we also quote: "A statement by Mr. Mackersy and Mr. Stevenson, said the name Imperial Bank of Canada will be retained if the proposal is carried through. R. S. Waldie will be Chairman of the Board of Directors of the new bank and Mr. Mackersy, President. Other proposed officers, Jules R. Timmins, J. H. G. F. Vale, Vice-Presidents; and John S. Proctor, Vice-President and General Manager. The board of directors will consist of the present directors of the Imperial Bank and four of the present directors of Barclays." The paper quoted also said:

"Imperial, which operates over 240 branches in Canada, had total assets of $682,374,145 at Oct. 31, 1955, of which $367,048,836 represented quick assets. Total liabilities to the public were $659,308,116.

"Barclays Bank (Canada) has six branches in Canada, two in Montreal, two in Toronto, and others in Victoria and Vancouver. Total assets at Sept. 30, 1954, the latest fiscal year-end for which figures are available, were $36,892,000.

"Each holder of one share of the 1,000,000 shares of The Imperial Bank would receive one share of the amalgamated bank, and the holders of the 300,000 shares of Barclays will receive a total of 120,000 shares."

* * *

The directors of the **Bank of Montreal** (head office **Montreal**) have declared a regular quarterly dividend of 35 cents a share on the $10 par value capital stock, payable Dec. 1, 1955, to stockholders of record Oct. 31, 1955. The previous quarterly dividend was 30 cents per share. The directors also declared an extra dividend of 20 cents per share, payable Dec. 15, 1955, to stockholders of record Oct. 31, 1955, according to Arthur C. Jensen, Vice-President and General Manager of the bank. Total payments for the year ending Oct. 31, 1955, are $1.45.

* * *

Midland Bank Limited of London, announced on Oct. 18 that W. Kerr Chalmers, Secretary of the **Bank** and of the **Midland Bank Executor and Trustee Company Limited,** was retiring on pension on Oct. 31. K. L. Barber, as of that date, Assistant Secretary of the **Bank,** has been appointed to succeed Mr. Chalmers as Secretary as from Nov. 1.

A. Clinton Spurr Joins Bache & Co. Staff

Bache & Co., 36 Wall Street, New York City, members of the New York Stock Exchange and other leading securities exchanges have announced that A. Clinton Spurr, formerly President of Monongahela Power Company, has become associated with the firm in its Wheeling, W. Va., office. Mr. Spurr will specialize in matters relating to public utility financing.

A 30-year veteran of Monongahela Power and its affiliates in the West Penn Electric System, he has served as President of the former company since 1935, with headquarters in Fairmont, W. Va.

Investment Clubs—A Growing International Force

By GEORGE A. NICHOLSON, JR.*
Chairman, Advisory Board,
National Association of Investment Clubs
Head, Investment Research Dept., Watling, Lerchen & Co., Detroit
Members New York Stock Exchange

Mr. Nicholson, recalling that only four years ago a few investment clubs founded a national association, points out that the number of investment clubs in U. S. now exceeds ten thousand. Says the movement is definitely "over the hump," and is turning into one of the finest educational programs in the field of economics. Concludes big task of the National Association of Investment Clubs is to cross barrier that exists in public mind of "investment for frivolity" to "investment for education."

Four years ago on Oct. 20, 1951, four small investment clubs gathered here at Rackham to establish the National Association of Investment Clubs. In all, less than a score of people launched a movement which we dared to hope would have national significance.


G. A. Nicholson, Jr.

Today, we have moved into the largest room Rackham has available, and we can take pride in the presence of more than 100 people from outside of the State of Michigan. We can be grateful for the participation of Mr. G. Keith Funston, President of the New York Stock Exchange, Mr. Carl A. Gerstacker, Treasurer of Dow Chemical Company, and Mr. William Minot Thomas, a Partner of Hayden, Stone & Company, who have come to help us in broadening the aspect of our movement so we can make equally strong gains in the year ahead.

Mr. Thomas is indeed a symbol of our Association. He was the first "Wise Man" to come to Detroit from afar. He caught the significance of the investment club movement and his good example has been followed by many other.

This year the keynote must be sounded on: Investment Clubs—A Growing International Force. Brig. Gen. James A. Roberts, D.S.O., E.D. is here today from Toronto because there are now 400 clubs in Canada. In Europe and South America, in Asia and Australia, the investment club movement is beginning an irresistible growth. In the United States there are now more than 10,000 investment clubs with over 100,000 members.

The significance of international growth should not be underestimated in the Cold War. We are fighting it out on three related issues. The first is the most fundamental— a belief in God; the second issue is the political system which generates from a belief in the brotherhood of men; and, the third is the economic and material results produced by a free society. It is on this last issue that investment clubs are carrying the attack by producing grass roots understanding of Capitalism and directing savings into a more productive economy.

Foreign Investment

The key to free world progress —particularly outside the United States—is foreign investment. In 1954, Congress passed legislation permitting reimbursement of American corporations whose plants and properties abroad might be expropriated by foreign nations. This act applies only where a certain type of treaty exists to be sure, but it provides the dynamic by which American capital and know-how can be effective in raising living standards in underdeveloped areas.

This unlimited opportunity for mankind to better itself can develop only as fast as the people in these various countries are willing to move ahead. Investment clubs are the tangible means of producing the economic education, the understanding, and the spirit necessary for such progress.

Detroit can well be proud of its investment club members. These people have come from every segment of the population. They include every race, color, and creed. By their willingness to make personal sacrifices, they have given the world the means of mass-producing investors. Investors are the essential ingredient of Capitalism's ability to improve man's food, clothing, shelter, and the better things of life.

In World War II, Detroit was the "Arsenal of Democracy." In the Cold War, it is forging the weapons of victory — namely the understanding and the spirit that underlies mass production.

Mass production is the highest form of cooperation known to economic history. It can succeed only to the extent that people are willing to blend their personalities into a common effort for the common good. The slave state can never match it in productive power or in the economy of human effort or in freedom to enjoy the fruits of labor.

Educational Program

The investment club movement is based on the simple idea of buying good management at the lowest possible price. We recognize that in a competitive economy some companies are moving up and others are deteriorating. We know that over the years the United States is bound to prosper, and those who invest in its future will profit.

It is on the basis of this philosophy that investment clubs have (1) bought regularly without trying to guess the market; (2) reinvested dividends; and (3) bought only stocks in growing companies. In combination these three principles are bound to produce good results over a period of years, if the investor knows how to recognize growing companies and is careful to buy at attractive prices.

Our educational literature is designed to help people do these jobs. There are many more ways of investing, but these are ones that average people can follow.

Essentially, this educational program is designed to produce investors with greater emotional stability. Most investment clubs analyze securities carefully and welcome lower markets because of the bargain possibilities that exist therein. I never fail to be amazed at the way investment club people are attracted to a declining market for personal investment. It is such a contrast to the reaction of the investor of a few years ago. In those days, a declining market caused selling instead of buying.

I was greatly pleased to hear of a gift to Butler University, at Indianapolis, of $15,000 for the purpose of teaching the people of that community the basic philosophies and principles we have supported throughout in the investment club movement. I anticipate that there will be many other gifts similar to this one of Thomson, McKinnon in the future. Municipal universities such as Butler can do a tremendous amount with night investment classes for the people of a metropolitan community.

In addition, NAIC has sponsored clinics in various cities designed to bring investment club members in direct contact with top management of growing companies and outstanding financial analysts.

The Family

Another aspect of the investment club movement needing comment is the family. The educational program, its philosophies and its principles are entering more and more into family finances. I personally know of many families who are building for the future as if they were an investment club.

Essentially, what is happening is this: Through the investment club, people are learning to put an investment program into their budget; the debt on the home is reduced, the insurance program is carried foward, and an investment account is allowed to develop slowly, but surely at the same time. The wives of investment club members used to say, "Everything goes out but nothing comes in." The obvious reply is that by saving a small amount each month and investing it wisely, a fuller expenditure on home, clothing, transportation, and other needs can be undertaken.

Now that there is a thorough program for pensions and social security, the desirability of investing is higher and more urgent than ever before. I was particularly impressed with one family group where father and mother meet around the dinner table as an investment club with the sons and daughters and their husbands and wives each month.

The investment clubs are truly building a family investment tradition that is far removed from "get-rich-quick" and other undesirable ends.

Our Big Task

Our big task is to cross the barrier that exists in the public mind of "investment for frivolity" to "investment for education." Many people are attracted to investment clubs by human interest stories. We are grateful to the magazines and other publications for popularizing our clubs in this way.

We do recognize, however, that the investment club movement carries with it a serious purpose. We are more than pleased that recent magazine stories are beginning to catch the real educational significance of what the National Association was formed to do.

Kenneth A. Thompson, Financial Editor of The Detroit "Free Press" caught this distinction some years ago. Kiplinger's "Changing Times" has done an outstanding job recently, and the "Barron's" article by Paul A. Johnston was good. "Fortune" also had a good article that caught the spirit and purpose of the clubs. Needless to say, the first magazine article "Investment Clubs and Economic Education" in the Harvard Business School Alumni Bulletin of winter, 1953, had it because I wrote it myself. We are also honored to have Ray Trigger of the "Investor Magazine" with us today.

Industry, too, has begun to catch the spirit and significance. Aeroquip Corporation, Federal Mogul, King Seeley who paid the cost of our program and contributed generously to this Convention's expense, and other companies understand what we are doing. The investment industry is also beginning to understand the significance of our movement.

I believe we will have much less trouble in the future finding people who are willing to put their shoulders to the wheel. More and more club members can see the benefits that come to them and to the United States through belonging to a strong National Association and supporting a more thorough educational program.

Recommendations

The Association has grown beyond the limits of purely cooperative effort. Now Tom O'Hara, Robert Pryor, and Robert Berger have been able to keep the Association functioning is beyond comprehension. Whether we want to or not, an office must be established this year. There is reason to believe that the venture can be undertaken successfully. However, I would remind you that after the Convention two years ago we had $13 in the bank and I was afraid I would have to guarantee the solvency of the organization. With a much bigger venture, I would not be able to do so and therefore ask your help.

With that in mind, I would like to make five recommendations:

(1) The first is breaking the barrier from "frivolity" to "education" so that the National Association will receive the support of industry and public minded citizens.

(2) That we add to the area groups now conducting strong programs in Detroit and Chicago. This will mean some sparkplugs will have to show up and lots of others will have to feed in the gas of personal effort.

(3) Our finance program will have to be broadened to include some extra charges to handle registration, changes of address, etc. This should take the form of a registration fee for new clubs and not an increase in dues.

(4) That we start in many more communities a "21 and 40 program" designed to encourage the establishment of investment clubs among people beginning to save and those who are beginning to look ahead to retirement.

(5) I hope by this time next year, we can add to the Advisory Board several people of outstanding ability who can realize the educational significance of the movement in its national and international phases.

In closing I wish to again welcome our guests who are participating in the program, club members and those who hope to be club members who are in attendance today for the first time. I want to pay tribute to Fred Russell whose courage in 1940 is responsible for the National Association — to Lewis A. Rockwell and Helen Stege, who have been our Presidents—and Wagar Glas who has been our Chairman of the Board and for their wise direction. Paul Miller, James Millar, Bob Davis, and William J. Thompson have done an excellent job in arranging for this the biggest of our Conventions. There are untold others whose contributions have been as great.

These people and all club members are contributing to a growing international force. There is no doubt in my mind that investment club members will pass the million mark and live in every free nation in the world.

*The keynote speech of Mr. Nicholson at the Fifth Convention of the National Association of Investment Clubs, Detroit, Mich.

Says Atomic Power Can Now Be Had at Only One-Third More than Conventional Power

Rear Admiral W. D. Leggett, Retired, now Vice-President of ALCO Products, Inc., tells National Industrial Conference Board fuel cost in atomic power plant would be 7-8 mills per kilowatt hour, compared with 5-6 mills when conventional fuel is used.

An atomic - powered generating station now can be operated for as little as a third more than a conventional power plant, according to a paper presented to the National Industrial Conference Board in New York City on Oct. 27 by Rear Adm. W. D. Leggett, USN, Ret. These figures, he said are not overly optimistic and indicate an encouraging picture for the present state of nuclear energy development. Adm. Leggett is vice - president - engineering of ALCO Products, Inc., contractor for the Army package power reactor. The APPR is under construction at Ft. Belvoir, Va., and is expected to go into service early in 1957.

In a paper outlining the uses of package power reactors, he explained that the fuel cost of such a station would be 7-8 mills per kilowatt hour. This compares with 5-6 mills for chemically - fueled plants operating on fuel costing 40c per million BTU. By assessing the fixed charges at a commonly accepted figure of 13½% per year, the operating costs of a nuclear plant are expected to be slightly lower so that the operating differential may disappear entirely, he said.

Adm. Leggett estimated that the purchase price of an atomic power plant in the 10,000 kw range would amount to 1½ to twice that of a conventional coal-burning station. He added that the actual figures would depend on the power plant, type of reactor, and many other considerations.

The Admiral pointed out there is a tremendous interest in the power field for nuclear generating stations in the 10,000 kw range. In his estimation, civilian applications for such plants include municipalities anxious to continue generating their own power and industrial plants operating individual power stations.

He emphasized that the military is already well aware of the need for atomic generating stations for the chain of bases operated by our forces throughout the world. Touching on the cost of delivering conventional fuel to such bases, the Admiral stated that it is generally five times and can be as much as 10 times greater than for similar bases in the United States. Nuclear power also can help to solve the problem of logistical support, and in many cases can eliminate the need for long vulnerable supply lines. Another little recognized chore of the Armed Forces is furnishing power for devastated areas, and as the Admiral mentioned, nuclear power plants will reduce the effort extended to such power generation.

In discussing ALCO's participation in the atomic power field, Adm. Leggett emphasized that the company is interested primarily in the production of power for the civilian economy. He added that ALCO is not, as many people suspect, chiefly interested in nuclear power for locomotives. He stated that "though the company would love to build an atomic locomotive, we are in the nuclear power field as a diversification rather than as an extension of our locomotive-building activities."

Railroad Securities

By GERALD D. McKEEVER

Seaboard Air Line

The four salient characteristics of the Seaboard Air Line from an investment standpoint are its light and simple capitalization, its outstanding growth record over a number of years, its efficiency and resulting low operating cost, and the steady improvement in its efficiency year after year. The latter is more evident in certain operating statistics than in operating ratios that are based on dollar figures and which consequently are thrown askew at one time or another by a change in the level of gross revenues. All of these characteristics are hallmarks of a highly desirable investment situation. It is, therefore, somewhat of an enigma why Seaboard Air Line stock — there has been only one class since the redemption of the preferred in 1952 — should attract so little interest as to sell at a price to yield roughly 6¾%.

Seaboard Air Line stock is also modestly valued by the other commonly used measure of the price-earnings ratio. It is estimated that the road will earn about $9 per share this year and the current price of 74 is about 8.2 times this per share earnings figure. The stock of its companion road, Atlantic Coast Line, at 42 sells at 8.4 times the 1955 estimate of $5 per share, and yields less than 5%. It therefore can not be said that Seaboard price earnings-ratio is inflated because of the increase in the dividend rate to a $5 annual basis last June 7.

For a while it seemed that the strike against the phosphate producers in Florida might have been an adverse market influence. Phosphate is the largest single traffic item of the Seaboard and represented 13% of 1954 freight revenues. For several weeks after the strike began about June 1, Seaboard showed a drop in weekly carloadings as compared with the 1954 weeks. However, the strike was finally settled on Oct. 5 with the signing up of the largest producer but the absence of favorable market response either in the case of Seaboard or Atlantic Coast Line (the Coast Line is also a large carrier of Florida phosphate) suggests that the strike may not have been much of a price factor in either case.

There is also little validity to the point that has been raised that the tax deferral due to accelerated amortization will amount to almost $2.50 per Seaboard share for this year or just less than 28% of estimated net of $9 per share. Since Atlantic Coast Line stock sells at a much lower income basis, it does not beg the question to point out that the corresponding credit in this case is placed at $1.85 per share, or 37% of the estimate of $5 per share for this year. Also Rock Island with a similar credit of $3.15 per share, or some 27% of its estimated net of $11 per share sells at 7½ times estimated earnings—not much of a concession for the difference in growth factor—and will yield as much as Seaboard at present prices only if the contingent post-split increase in dividend becomes effective.

In the case of the Seaboard (and the Coast Line) secular growth in earnings is expected to be a substantial if not a complete offset to the gradual loss of the tax deferral credit. Another point is that earning power may be bolstered by economies arising from operation of the additions and betterments which gave rise to the tax credits.

So much for refutation of negative elements. The "big story" of Seaboard is the growth in business and efficiency and the resultant productive power of its relatively small capitalization. Suffice it to say on the latter score that the ratio of the stated capital of the Seaboard of 1.38 times estimated 1955 revenues places it just short of the top quality group by this measure. Seaboard's assets are working assets. Seaboard earned 8.15% on its net worth in the not so glowing year of 1954, although this road did well with a decline of only 0.4% in ton mileage as compared with 1953 while the average decline for Class I was 10%. This is a clear case of growth elements cushioning a cyclical phase.

Growth in both business and in efficiency have been the most conspicuous features of the Seaboard picture. One of the statistical services has recently issued a tabulation of ton-mileage indices based on the 1947-49 average at 100. The Seaboard, Coast Line, Southern Pacific and Union Pacific led the list, all at 111 on this basis. The road itself has prepared a table based on 1936-39 as 100 showing the following arresting comparison of 1954 indices:

	Seaboard	Southern Region	Class I
Freight Revenue	391	280	244
Passenger Revenue	224	199	183
Total Revenue	362	272	238
*Gr. T. M. per Frt. Tr. Hr.	209	195	175

*Gross ton miles per freight train hour—overall operating efficiency.

What the index is depends on what base period or base year is selected. Since the postwar period is particularly significant, the following comparison of 1953 and 1954 indices based on 1946 as 100 for Seaboard and the Coast Line and Southern, the major southern lines traversing the same area all or in part:

	1954			1953		
	Seaboard	Atlantic Coast Line	Southern Railway	Seaboard	Atlantic Coast Line	Southern Railway
Revenues	133.1	120.6	117.5	139.0	130.1	129.7
Ton Miles	111.2	101.0	91.5	111.6	106.2	92.5
*GTM per FTH	158.0	147.0	194.0	152.5	140.0	179.0

*Gross ton miles per freight train hour—overall operating efficiency.

The above shows the greater resistance of the Seaboard to the general decline in traffic and revenues in 1954. Looking at the efficiency measure, the outstanding gain of the Southern was due to its lower starting level in 1946. The dieselization of the Southern was more recent, having been completed in June, 1953.

All told, the case for Seaboard common is impressive. Whatever the cause for its backward market action may be, it appears to afford an opportunity for the longer term investor.

Largest Rail Refinancing Completed

The largest debt refinancing program ever undertaken by an American railroad was successfully completed Oct. 27, 1955, with the transferal from the underwriters to the road of a check covering the sale of $280,000,000 in first consolidated mortgage bonds through a nation-wide underwriting syndicate headed jointly by Glore, Forgan & Co.; Halsey, Stuart & Co. Inc., and Alex. Brown & Sons. Left to right above are: Howard E. Simpson, President of the Baltimore & Ohio Railroad Company; A. B. Hager, Jr., Vice-President of Halsey, Stuart & Co. Inc.; Walter F. Price, Vice-President for Finance of the B. & O., and Wright Duryea, partner of Glore, Forgan & Co.

Hoover Commission Findings Furnish Blueprint For Better Government

November issue of the "Guaranty Survey," issued by the Guaranty Trust Company of New York, holds recommendations of the Commission pinpoint definite ways and means of achieving the twin objectives of governmental economy and strengthening of free enterprise.

By pinpointing definite ways and means of achieving the twin objectives of governmental economy and the strengthening of free enterprise, the second Hoover Commission has performed an even more notable public service than its predecessor, states the Guaranty Trust Company of New York in a simplified summary of the commission's work in the bank's monthly publication, the "Guaranty Survey."

Commenting editorially on the commission's report, the "Survey" lauds it as "providing a rallying point for those who for more than two decades have watched with grave misgiving the encroachments of political authority on the economic lives and liberties of the people.

"As government grows in scope, complexity and cost, the harmful effects of wasteful practices and unwise policies multiply, the "Survey" adds. "Errors and extravagances that were unfortunate but tolerable a generation ago can be breeders of disaster in a government that absorbs from one-sixth to one-fifth of the national income, as the United States Government does today.

"The work of the second Hoover commission has been even more comprehensive and potentially beneficial than was that of the first because it has dealt more largely with questions of broad policy. More specifically, the commission has recommended the discontinuance or curtailment of some Federal activities as not only wasteful but actually harmful to the economy. These recommendations can exert their full potential benefits only if they can muster support strong enough to overcome the combined opposition of entrenched bureaucrats, pressure groups, and the perennial advocates of 'big government.'

"Altogether, the commission believes, a strong drive to recover investment, eliminate unnecessary liability, speed liquidation, and dispose of surplus assets would yield benefits of more than $10 billion to the Federal Treasury.

"Important and desirable as these potential savings unquestionably are, many minds will find the deepest significance of the commission's work in the findings and recommendations with respect to Federal activities in fields traditionally and customarily occupied by private enterprise. It is these same findings and recommendations that will be most strongly attacked by the pressure groups and the socialistically minded, and hence will need the firmest support from those who believe wholeheartedly in free enterprise, individual initiative, and limited government.

"The commission's subcommittee on business enterprises in the Department of Defense found 47 categories of such activities in that department alone. These included the manufacture of clothing, paint, ice cream and eye glasses; furniture repair; cement mixing; tree and garden nurseries; coffee roasting; air lines; steamship lines; and a railroad.

"An outstanding feature of the commission's work is the extreme care that has been taken to avoid any recommendation which could possibly be interpreted as impairing or interfering with national defense. This policy is in line with the commission's first officially stated objective, which is 'to preserve the full security of the nation in a disturbed world.'

"The government's civilian agencies also operate many businesses, although the number of these is unknown, as are the number of employees, the value of goods and services they produce, and the profit or loss from their operations.

"The commission recognizes that most of the projects were started for what appeared at the time to be justifiable operating reasons. They were not socialistic in intent. Yet their perpetuation beyond the emergency period has led to the great increase in the growth of governmental as against private wealth. Far more important than the dollar savings that would result from the abolition of the unnecessary projects are, as the commission points out, 'the beneficial results to our economy from eliminating government competition to the greatest practicable extent. The private enterprise system is the basis of the military strength of this nation and of its unparalleled standard of living. Further strengthening of the private enterprise system is the best way to further these objectives."

T. H. Choate Partner In White, Weld Co.; Gimbernat With Firm

White, Weld & Co., 40 Wall Street, New York City, members of the New York Stock Exchange and other principal exchanges, has announced that Thomas H. Choate has been admitted to the firm as a general partner. He was formerly associated with the law firm of Shearman & Sterling & Wright.

Jules R. Gimbernat, Jr. has become associated with the firm as manager of the unlisted trading department. Mr. Gimbernat formerly headed his own firm and has managed the trading departments of Ira Haupt & Co. and Lazard Freres & Co.

W. B. Langmore With Eastman, Dillon & Co.

Eastman, Dillon & Co., 15 Broad Street, New York City, members of the New York Stock Exchange and other principal exchanges, has announced that W. Bankart Langmore has become associated with the firm. Mr. Langmore was formerly with Wood, Struthers & Co.

Allen Midtown Manager For Goodbody & Co.

Goodbody & Co., members of the New York Stock Exchange, have announced that John Hall Allen has been appointed manager of their midtown office, 60 East 42nd Street, New York City. Mr. Allen was formerly a partner in Cohu & Co.

J. Herbert Evans Opens Own Firm

ST. PETERSBURG, Fla. — J. Herbert Evans & Co. has been formed with offices at 90 Thirty-first Street, South, to engage in a securities business. Officers are J. Herbert Evans, President; Stuart B. Warren, Vice-President, and C. Roy Hollis, Secretary-Treasurer. Mr. Evans was formerly manager of the municipal department for Beil & Hough, Inc.

Forms Johnson Enterprises

CLIFTON, N. J.—Charles F. H. Johnson, Jr. is engaging in an investment business from offices at 1051 Bloomfield Avenue under the name of Johnson Enterprises.

Now Perkins, Clark

DALLAS, Tex.—The firm name of J. F. Perkins Company, Adolphus Tower, has been changed to Perkins, Clark & Company, Inc.

Joins First Calif.

(Special to THE FINANCIAL CHRONICLE)

LOS ANGELES, Calif.—William F. Marshall has joined the staff of First California Company, 647 South Spring Street. Mr. Marshall was previously with Marache, Dofflemyre & Co. and California Investors.

Mitchum, Jones Adds

(Special to THE FINANCIAL CHRONICLE)

LOS ANGELES, Calif.—William D. Fletcher has become associated with Mitchum, Jones & Templeton, 650 South Spring Street, members of the New York and San Francisco Stock Exchanges. Mr. Fletcher was previously with Waldron & Company.

Continued from first page

It's Time to Think of Tax Savings

The net capital gain is taxable at a maximum of 50%, but as this rate applies to only 50% of the actual gain, the maximum effective rate is 25%. If the surtax net income, including net capital gain, exceeds $18,000 for individuals, or $36,000 for joint returns, it will be to the taxpayer's advantage to treat security transactions separately, based upon this year's tax rates. Those with lesser income should use the lower rates applicable to their particular tax bracket.

Some Suggestions

Some suggestions which may prove helpful to clients concerned with minimizing tax burdens between now and the end of the year are presented below:

(1) As an initial step classify all security holdings into proper short-term or long-term categories.

(2) If transactions completed thus far this year show an excess of net short- or long-term gain this should be offset where possible by establishing losses, and vice versa.

(3) On the prospect that taxes will not be higher next year and may be somewhat lower, consideration should be given to deferring income until next year if feasible.

(4) Observe the necessity of tax planning as a year-round duty. Study the tax advantages or disadvantages before completing any transaction.

(5) Review last year's record of security transactions so that any carry-over losses can be applied against 1955 tax liabilities.

(6) The last day to effect a sale to establish a loss is Dec. 30, but the last day to establish a gain is Dec. 23 except as a cash transaction.

(7) A loss sustained from the sale of securities cannot be deducted if over a period beginning 30 days before or ending 30 days after the sale, the taxpayer acquired by purchase the same security. The ending of the taxable year during this restricted 61-day period does not prevent the denial of such a deduction. This prohibition does not apply (a) if an individual is sufficiently active in security transactions so that it can be called a trade or business even though he may have other businesses; (b) if he is doing a business as a dealer in stocks or securities.

(8) A security on which a gain is established may be reacquired immediately, if desired, without penalty.

(9) In the case of a security on which a long-term gain is shown and on which a large dividend has been declared but not yet paid, sale of the stock is usually advisable prior to the ex-dividend date. In effect the dividend would be received through the higher sales price and would be taxed at a maximum of 25%, whereas the dividend if actually received would be taxable in full as income.

(10) Securities sold to establish losses should be identified in cases where doubt might arise. Ordinarily the first sale of a block of securities applies against the first purchase. Where there exists a choice of establishing long- or short-term transactions, it lies with the taxpayer, but this choice must be made at the time sale is effected. To overlook this can be costly. If for instance 100 shares of stock were purchased in 1947 for $5,000 and another 100 shares of the same stock in 1948 for $10,000, an order to sell 100 shares for, say, $8,000 could result in a taxable gain unless the shares were identified by certificate number or date of purchase at the time of sale.

(11) If securities are virtually worthless but not legally declared so, it may be desirable to sell to establish a loss before they become worthless, thereby preventing any question being raised by the Internal Revenue Department as to whether such securities are worthless, and, if so, when they became worthless.

(12) If there is no free market for securities of dubious worth, transactions should not be entered into with friends or relatives. Preferably such securities should be disposed of through an auctioneer or through advertising or offering to the issuing company.

(13) There is an important limitation on losses. If there is a net loss of $10,000 for 1955, only $1,000 of this loss may be deducted against income. The remaining $9,000 may be used to offset the first $9,000 of net gains in the years 1946 through 1960. If there are no net gains in those years, then a maximum of $1000 can be taken as a deduction from income in any of these years. Losses as far back as 1950 can be used in 1955 returns, if not previously absorbed by profits or taken against income.

(14) Brokerage commission on purchases are treated as a cost of the securities and commissions on sales as a deduction from the sale price. Commissions therefore only affect the profit or loss on a transaction. This is also true of Federal stamp taxes. State transfer taxes however may be taken as an expense, deduction of which is an advantage for the high bracket taxpayer.

(15) The first $50 received in dividends by the investor is non-taxable. This exclusion may be used by both husband and wife on a joint return, but only if each has $50 of dividend income. For tax purposes, dividends received on securities held jointly are considered as having been received one-half by each, so that the dividend exclusion is available to both.

(16) Interest accrued at the time of a purchase on defaulted bonds selling "flat" is considered as a return of capital, when paid, and is used to reduce the cost price.

(17) Some of the deductible items that are frequently overlooked but legally recognized are:

(a) Interest paid on debit balances.
(b) Dividends on short sales.
(c) Cost of statistical services and investment literature.
(d) Cost of investment counsel or advisory services.
(e) Custodian fees.
(f) Rent of safe deposit boxes.
(g) Cost of professional services for preparing tax returns.

(18) Through short sales "against the box" it is possible to shift profits or losses from 1955 into 1956 since no gain or loss from a short sale is reported until the actual short position is closed out. If, for example, a stock is bought at $50 in September, 1955 and is sold short at $75 in December, the short-term gain is 25 points. If the stock is delivered in 1956, the transaction would be reported in that year; if the stock is delivered this year, the transaction would be reported as consummated in 1955. When a security has been held for less than six months, then no matter how long a time the short position is maintained, a profit on closing out the short position is taxable as a short-term profit. If the short sale is established at a time when the stock has been held for more than six months, a profit on closing out the short position would be taxable as a long-term transaction.

(19) If the investor has an excess of losses in the current year and wishes to carry these over into 1956, he may do this through arbitrage securities. He can buy the convertible bond or preferred stock of a volatile equity and simultaneously make a short sale in the common stock. Whether the stock rises or falls he can close out the profitable side of his transaction just before the end of the year and liquidate the losing side of the trade in January, 1956. He has thus created a profit against which he can offset his excess 1955 losses and will start 1956 with a tax credit against any gains he may make in that year.

(20) Another way to utilize unused losses is to purchase a bond that is selling above par. If the bond is held for 30 days, the premium above par that was paid can be deducted by the taxpayer from his cost basis. When the bond is sold after 30 days the amortization has reduced the cost of the bond and the investor has a short-term profit even if the bond is sold at the same price at which it was bought. The amount of the amortization is all profit and can be set off against accrued losses that still exist.

It might be mentioned that for the long-term investor, these same premium bonds make attractive holdings. If, for instance, a bond matures in five years and is bought at 105, the premium may be amortized over the life of the bond, that is, one point a year can be shown by the investor as an itemized deduction from his adjusted gross income. If the bond is callable, however, the premium over call price may be amortized to the earliest ~~call date instead of~~ to the maturity date. For bonds issued after Jan. 22, 1951, amortization to earliest call date can only be effected if this date is more than three years from the date of original issue.

(21) Attention should be paid to filing returns of husband and wife. Important tax reductions are realizable in most cases since the combined net taxable income and capital gains of both may be equally divided for the purpose of computing the tax, which is based upon the lower percentage rates applicable to one-half of income.

For those who will still pay taxes in the upper brackets after taking advantage of the foregoing points, there are certain opportunities available for reducing taxable income through the participation in oil well drilling ventures. For a detailed explanation see *Commercial & Financial Chronicle*, June 16, 1955 "Tax Advantages for Oil Investors."

Paul Sarnoff Opens Own Firm in N. Y. C.

Paul Sarnoff has formed Sarnoff & Co. with offices at 65 West 44th Street, New York City, to engage in a securities business. Mr. Sarnoff was formerly New York manager for Newling & Co., Ltd. Prior thereto he was with Bache & Co., Edwards & Hanley and Ira Haupt & Co.

With King Merritt

(Special to THE FINANCIAL CHRONICLE)

JACKSON, Minn.—Adolphe H. Porisch, Richard G. Schoenhoff and John J. Cirhan have become affiliated with King Merritt & Co., Inc.

Albert Fried Co. Admits

Albert Fried, Jr., member of the New York Stock Exchange, on Nov. 3 becomes a partner in Albert Fried & Co., 60 Beaver Street, New York City, members of the Exchange.

Bank and Insurance Stocks

By ARTHUR B. WALLACE

This Week—Insurance Stocks

Extended Coverage, a line of insurance business written by fire companies and a few casualtys, as recently as 1940 accounted for only about 2% of premium writings, but it is rapidly becoming the *bete noir* of the business. When it was quite new, extended coverage was "thrown in" in many policies for a minor additional premium payment, and it probably helped to sell insurance in some cases, for extended coverage protects against a wide range of hazards, some of them quite remote in the minds of many property owners: "windstorm, hail, explosion, riot, riot attending a strike, civil commotion, aircraft, vehicles and smoke." Although the 1938 hurricane that hit Long Island and Connecticut should have alerted property owners to the need to protect themselves against these hazards, the growth in the line from, let us say, the $34¼ million of premium volume in 1940, for a few years was unspectacular and not particularly costly to the underwriters.

But by 1944 over $81½ million of business was being written, and it accounted for above 3½% of total volume. It was in that year that another great hurricane visited the northeast coast, spreading devastation on Long Island, in Rhode Island and Massachusetts. After that came the badly damaging storm in November, 1950, in the northeast, followed by the hurricanes of the past several years, which, by all the old rules of behavior, should have wreaked their violence in Florida and southern parts rather than in the unaccustomed latitudes.

So, the line took on greater importance as more property owners sought protection from what they felt might be more frequent visitations. It grew until in 1954 it accounted for 5.70% of total net premiums, or something over $407,000,000. But the headaches to the underwriters came about because a line that had not been troublesome, and was based on moderate premium rates, was beginning to show serious losses.

In the insurance business premium rates may not be changed at the whim of the carrier, or insurance company. They are subject to approval by the supervisory authorities in the States in which a given company is licensed to conduct its business; and it is the custom to base rate changes on a time experience in a given line of the business, usually about three to five years. So it is that the companies have had to face a seriously rising volume of losses under their extended coverage policies, while premium rates on the line have been far too low even to give the carriers any chance whatever to make ends meet. But they are now getting some upward rate adjustments; and if the tropical storms persist in hitting the northern latitudes, further increases will have to be granted.

To bring out the seriousness of the condition a comparison may be apt. In the five years, 1950-1954, inclusive, the combined loss and expense ratio of stock companies in straight fire coverage averaged 89.8%. That in extended coverage averaged 119.9%, showing a heavy loss. In only one of these five years, 1952, did the industry do better than break even, and even in that year this line did only a little better than total fire and casualty lines whose average was 94.2%. In 1950 this line showed a combined ratio of 148.0% (no doubt accounted for in large part by the November storm of that year, already mentioned), and in 1954, with three hurricanes, and not a few tornados, it was 140.8%.

Not all of the extended coverage losses have been charged up against the companies. As the line is a potentially heavy loser much business is reinsured. The Hazel storm, Oct. 15, 1954, probably the worst of them, ran insured losses to a probable $250 million, as it affected ten States. However, some $100 million of this was assumed by Lloyds through reinsurance. In this hurricane one of our larger companies had claims numbering about 155,000 for $21 million. Naturally, this hit 1954 earnings hard.

This year's tropical storms that hit the northeast resulted mainly in flood damage. This is not covered under an extended coverage policy, hence the major part of these losses was the headache of the owners of the properties flooded. The reason for the refusal of the companies to cover property against water, or flood damage, is that the only ones who take out policies would be those with exposed properties, and the companies would have no compensating business from the better risks, namely, those whose properties were not exposed. As somebody has put it, there is no point in the man on the hill insuring his possessions against floods that will never reach him.

Continued from page 12

Commercial Financing Keeping Pace With the Growing Economy

staffed to appraise business situations realistically and speedily, and to give whatever advice and help are indicated by the facts.

This is proved, I think by our performance in 1955, one of our best years in our recent history. We take that performance as a matter of course. Indeed, I wonder if any of us have made any effort to make our customers, no less the general public, aware of what that performance contributed to the high levels of business activity this year.

Let we review it with you for a moment from a point-of-view that may not have occurred to you, that of the economy as a whole.

The High Economic Activity of 1955

Many leaders in business were fearful as 1955 dawned on the horizon that the recession of 1953-54 would continue. But we, like the commercial bankers who are our principal suppliers of funds, did not share their pessimism.

We realized that the temporary economic setbacks of 1954 did not herald economic retreat. We were convinced, as we faced 1955, that the worst phases of the postwar transition to a peacetime economy were over. We recognized that the corrections in the business indicators represented a strengthening of company situations that could recover lost ground and set the stage for a new period of economic growth.

Our consensus was that if American businessmen seized the opportunity and avoided excesses, the way ahead was clear. Business activity could be expanded to a level comparable with the highest peaks of the postwar period. Even more, an orderly expansion, reversing the downtrends, could lay the basis for resuming in 1956 the phenomenal rates of growth that were interrupted by the recession of 1949-50 and the outbreak of the Korean War.

It was obvious that if business was to achieve these goals, the commercial finance companies as well as all the other financial institutions needed to have adequate funds to finance them. Our companies anticipated their requirements well in advance of the need. Indeed, some of them went into the public market for additional capital for which, at the time, there was no immediate demand, accurately forecasting the future requirements. The commercial banks began a rearrangement of their investments which has continued into the present quarter.

As the demand for funds expanded, our institutions were ready to meet it. Financial preparedness is as important to the strength of our economic fortress as defense preparedness.

So it was that in keeping with this sound analysis of the situation, the nation's financial institutions, on which business depends for working capital and short-term investment capital, made their services available to companies ready to take part in the big push for more jobs, more income and more goods.

All of us who remember the financial history of the past 75 years can call to mind instances when unjustified pessimism in the financial community created credit strains that delayed business progress.

Since then, those of us who play an active role in carrying out money and credit policy have acquired sharper tools for probing into the secrets of the economy. Adequate financial services are no longer the privilege of the large, heavily-financed company. In our democratic economy, they are available to the small and the medium-sized company as well, and to the low income as well as the top income wage earner. Our society demands only integrity and ability to fulfill one's contracts and commitments.

More and more during this year companies in a situation in which they could improve their financial or operating positions, or in which they could recover lost markets or expand into new ones, sought financing programs to do so.

In many situations commercial finance companies were called upon by commercial banks to participate in the financing of the banks' customers. We were able to provide needed services not otherwise available, with the speed that is a characteristic peculiar to our industry.

A large number of shared accounts developed between members of our industry and the commercial banks. They are an augury of the future.

The Consumer Debt Issue

One of the advantages our convention affords us is that we can meet once a year and thrash out the great controversies in business that concern our industry. This year thinking is divided on several such issues. A notable one is whether there has been an unhealthy rise in consumer instalment debt.

Our industry is directly interested in consumer financing. We finance department store budget accounts, appliance paper, furniture paper, tuition fees, airline fares and power equipment, to name a few lines. Indirectly, our financing often makes possible underlying sales financing. Moreover, the level of consumer sales is one of the key economic indicators.

As we anticipated, consumer sales for 1955 promise to exceed the record level of 1954. In prospect for 1956 are a 3% rise in soft goods sales and an 18% to 19% rise in consumer durables, even if there should be a drop in automobile sales below 7,000,000.

Clearly, the changes in the level and distribution of personal income have expanded the consumer market beyond previous indications. Indeed, the consumer called the turn this year. In 1954, business liquidated inventories drastically. Restoration of inventory to adequate level and balance was delayed until the pressure of sales could no longer be resisted. Then, early this year, there was headlong inventory readjustment.

In the face of a slight decline in total activity in 1954, personal income rose 1%. A further rise, perhaps on the order of 2% to a level in the neighborhood of $295 billion, is being registered this year. This upsurge in demand brought about the recovery in plant and equipment investment.

We do not yet have data on how this large personal income is being distributed. But we can infer that it is being distributed more widely than ever by the high level of employment we reached this year—a record of 65 million jobs. Record income, more widely distributed, expands the consumer market the way record cold expands the waters of a lake. It pushes the ice into every cove.

It is true that we have had a significant rise in the total of consumer credit. It rose from $28.4 billion in the second quarter of 1954 to $32.5 billion by June of this year, an increase of 13%.

Of the $3.8 billion increase in total consumer credit over the year, a rise in instalment credit accounted for $3.2 billion of it. Instalment credit reached a record level of nearly $25 billion. Instalment loans rose more than 14%, single payment loans 15% and charge accounts 8%.

These aggregates sound impressive. But in a way they are misleading. For spending by consumers this year is only 94% of personal income after taxes, against 92% last year. Since 1953 the share of personal saving in gross product has declined only 1%.

During this year we had a continuation of the housing boom and we had an automobile boom. A residential housing boom should not trouble us too much next year for credit restraint and the competition of public works and industrial contractors for funds should produce a decline in residential construction. Informed students are forecasting a 15% drop in housing starts.

Part of the demand for instalment credit arose to finance the initial expenses incident to the formation of new households. This also accounts, in part, for the rise in charge accounts. It also contributed to the automobile boom. Non-car families moving from the central city to the suburbs find at least one automobile a necessity for shopping and local transportation. Rising personal incomes also increase the number of two-car families.

The postwar growth in the desire of the American people to own their own homes is a significant development. In 1948, 49% of non-farm families owned their own homes. By 1955 this proportion had risen to 55%. Six per cent in seven years! One thing we may be sure of is that in the next seven years, that is by 1962, the proportion will be even higher.

Three-fifths of the total rise in consumer credit is accounted for by automobile sales which, in turn, reflected a rise in demand. The Department of Commerce has made careful estimates of the relation of income to demand. It found that a 10% rise in real income—which can be achieved by price cuts as well as by wage increases made possible by matching rises in productivity—brings out a 25% increase in demand.

Those who shake their heads over a rise in instalment debt from 22 to 25 billions should think a moment. Consumer paper runs from 12 to 36 months, usually, with an average term of 20 months. That means that many of the loans in their base figure by now have been extinguished by repayment. The critical questions about consumer debt are can it be repaid without undue strain and is it being repaid?

The fact is that the liquid assets of consumers have been rising. As the University of Michigan study showed, the greater the amount of liquid assets held, especially by the low income groups, the smaller will cash savings tend to be.

If the part of the rise in consumer debt that has originated from the housing and auto booms is set aside, we find simply that we have resumed prewar trends in short and intermediate-term consumer credit. Even more than in the past the consumer considers his purchases of "big-ticket items" a form of saving.

It is a fallacy, I think, to believe that instalment sales "borrow from future sales." Whether the consumer pays cash in one lump sum or cash in a series of equal or declining payments, he pays for what he buys.

We have democratized credit in this country so much that the cost of financing instalment purchases is a negligible factor in household budgets. "Big-ticket items," the way we make products in the United States, outlive the underlying loans many times. Some of the refrigerators with the dome on top that General Electric introduced in 1925 are still in use.

So long as we maintain high levels of employment, so long as we have rising personal income matching rising productivity, we will see continuing expansion of consumer credit. Instalment accounts and budget accounts are conveniences to household financing to which the consumer is entitled.

An "Unprecedented" Boom?

Another issue on which we will wish to test our judgments is about the nature of the current expansion. Are we, in fact, in the midst of an unprecedented boom?

For the life of me I cannot see it. In 1954 we had a rather moderate decline in investment in new plant and equipment. Only a minority of managements were afflicted by the prevailing pessimism. The majority realized that one year's situation was no guide to the profitability of facilities that would only begin to earn their keep from two to five years hence.

The total for this year should be close to the record level of 1953, say $29 to $30 billion. Next year's level is difficult to forecast without the surveys yet to come but at present indications should be between $31 and $32 billion. Where is the unprecedented boom in these figures? We have recovered lost ground and we are going on to a moderate degree of growth that may improve and continue for several years ahead.

Big aggregates have a way of hypnotizing the gullible. A Gross National Product of 400 or 405 billion looks like an awful lot of dollars. And it is. A 5% or 6% rate of increase, against the 3% average of the last 75 years, looks enormous. It is. But before we allow ourselves to be mesmerized by these figures, we should pull them apart to see what they are made of.

Since the end of the war, as the result of changes in personal income, there has been an enormous growth in the service industries. That growth may be expected to continue next year. It accounts for the rate of increase expected. The industrial sector of the economy is not likely to expand its output by much more than 3%. The largest factor in this advance will be a further increase in the output of machinery producers.

Where, then, is the great boom? Public works construction can expand only to the extent that funds, equipment, management personnel and labor force are released by residential construction, at the most 10%, which should cancel out in the accounts. Even at the higher levels in prospect, there is no runaway plant-building boom in sight.

We have been catching up and we are about to begin normal growth at the new higher rate which is normal to the postwar economy. Business activity should expand slowly in the early part of next year, picking up momentum as we reach mid-year.

Realistic Prospects for 1956

These prospects are important for our industry to consider on several counts.

First, they provide a clue to realistic inventory policy. There are some who say that inventories generally, at present, are low. I do not believe that, generally, they are too low. It may well be, as happened once before in the postwar period, that we have learned to use inventories still more efficiently.

At any rate, if inventories are too low, they can only be too low in specific situations. We must avoid, particularly in the period of expansion ahead, any danger of speculation in inventory. We can do that by dealing with each company's particular situation on its merits.

Our industry is well equipped to analyze such situations. We will exercise the caution that is normal to our operations and which is, in fact, a safeguard for our clients. But we will not close our eyes to sound business possibilities.

Only the other day the Royal Bank of Canada put out in its monthly letter a plentiful helping of advice to small businessmen on money management. It quoted the basic principle, "avoid excessive inventories," and then it went on:

"In this advice the operative word is 'excessive.' It is poor economy to skimp on money for the necessary or desirable development of your business. No one should hesitate to borrow so long as he can put the money to efficient and profitable use and pay it back when it is due."

This is sound advice.

Second, in the field of equipment financing we can expect an ever greater call upon our services. The total of plant and equipment expenditures in prospect could call for from $3 to $5 billion of short and intermediate term capital in addition to long-term funds. When the capital market appears to favor temporary delay in a flotation beyond a desirable date for getting a business investment program under way, our industry is prepared to tide the company over so that the financing program can be carried out more expeditiously.

In another phase of equipment financing we could render equally signal service. During the past year disasters have struck several industrial areas. Plants had to be rehabilitated or rebuilt. Government agencies were prepared to underwrite the financing but their necessary investigations delayed action from 60 to 90 days. This represents a substantial loss to the companies and workers involved.

In such situations, our industry is prepared to enter on notice, decide in a day or two the size of the funds that can be extended, and to carry the burden until government underwritten bank financing can be made available. Indeed, in several situations, commercial finance companies rendered that service on the invitation of local banks.

But I think the most important reason why we should welcome the prospects of the year ahead is that, year in, year out, we are right at home in growth situations. We are in the center of the mass production industries. We are the great cushion that absorbs for our clients the shocks of rapid change in the volume of money and credit available.

Monetary Policy and Expansion

The problems American business faces in the year ahead are the normal problems of business expansion. The solution of these problems accounts for the fairly steady growth characteristic of our economy. The services we provide are well adapted to achieve such solutions. The services that the commercial banker and the investment banker render to industry are well known. They too are available to the business with expansion opportunities. So I think we can say that business is ready, come what may, and finance is ready. But are the monetary authorities ready?

I would be more willing to give an affirmative answer if more confidence were displayed in the ability of the nation's financial institutions to deal with potential credit excesses by careful selection between applicants for credit.

The policies of mild credit restraint, and of restraint "without the adjective" are powerful weapons. But they involve two dangers. One is that they create upward pressure on interest rates unwarranted by supply and demand factors. This is deflationary if it reverses expansion into contraction. It is inflationary, since the cost of capital enters the price of every product, if it does not reverse the economy's direction. The other is that they tend to reduce the money supply, which, at times in the past, has been a major cause of recession.

Certainly money and credit policy should discourage speculative excesses. So should all financial policy. Our industry has collaborated, and will continue to collaborate on the achievement of this goal. But the money and credit measures involved in restraint must not be permitted to halt sound and solid and normal economic growth.

Statesmanship in the management of monetary and credit policy in the months immediately ahead may well determine whether in 1956 we shall open an epoch of sustained economic advance.

There are some in high place in business and government who fear rapid economic growth. They might remember the warning of Edmund Burke: "Great empires and little minds go ill together."

Fortunately that attitude does not prevail in financial circles. A quarter of a century ago, J. Edward Meeker, the great analyst of the New York Stock Exchange, advised us to raise our sights.

"The United States," he said, "has entered its economic maturity. We have ceased . . . to be a parochial nation on the fringes of modern civilization, nor can we longer judge our economic problems simply with the outlook and the philosophy of the impoverished country villager."

Why the Economy Is Growing

What are the factors making for our growth? Dewhurst pointed them out in his monumental study. Our population growth, which adds 800,000 new households of consumers to the market each year for the next half decade. Our productive capacity which, large as it is, turning out 40% of the world's goods, has proved not large enough for current demand. Our stocks of houses, automobiles and other durables, the levels of which do not meet our standards for all our people. The stream of new materials, new final products and new methods and processes, which open the way for new enterprises and new industries. Our demands for public works and public and private institutional buildings, which we cannot begin to satisfy in 1956 because we have not created the facilities.

Why should we fear the pressures which these growth factors create?

In our democratic society we have these immense possibilities for growth precisely because we try to distribute income equitably, and thus expand our market; because we try to give everyone equal opportunity, and thus expand the numbers of scientists, engineers, enterprisers and specialists; and because we try to leave men free to make their greatest individual contributions. Whom does our wealth bless? Even the least among us, increasingly.

This is the secret of our success, but it is an open secret. Adam Smith, writing when our republic was founded, knew it and preached it. "It is in the progressive state," he said, "that the condition of the laboring poor, of the great body of the people, seems to be the happiest and the most comfortable. . . . The stationary is dull; the declining melancholy."

It is entirely fitting that we call to mind such reflections of great thinkers on economic progress and the progressive businessmen who help to achieve it.

Yet, whenever we deliberate on the virtues of growth, we should hark back to its dangers. Even on the prospects of more rapid progress, we of the commercial finance industry will tend to take the balanced view. We now face a new dawn. That dawn may be golden—if we paint it so.

Continued from page 10

Investment Potentials Of Atomic Energy

fission energy will be used for many years. AEC Chairman Lewis Strauss stated, in October of this year, as follows: "Since this [controlled fusion] is such a long range project, I believe every dollar that is invested in an atomic reactor will have been amortized long before this is either found to be feasible or infeasible."

It is worth emphasizing that oil still remains a fundamental resource, despite the appearance of uranium, just as the telephone still serves an important function, despite the advent of wireless radio many decades ago. The point is that fission and fusion may each subsist side by side, each with its own sphere of application. Thus, if fusion is achieved some years hence, and is developed commercially some years thereafter, it may well have only a restricted application, since fuel cost is fast becoming practically negligible in atomic power economics anyway.

It is the capital cost of atomic reactors and associated fuel reprocessing plants that make fission power cost what it does. There is, therefore, little for fusion power to work on when it comes to lowered *fuel* cost, and no real basis at this time for deciding whether the fusion machine, if invented, will cost half as much, ten times as much, or a thousand times as much as an atomic reactor. The following quotation from Admiral Strauss' press conference, Oct. 3, 1955, is of interest: *"Question:* Admiral Strauss, does it seem possible at this stage of the game that the capital cost in running, say, a fusion machine would be less than that of running a uranium or thorium machine? Mr. Strauss: When you don't know what the machine looks like, you can't tell."

It has been stated that, if controlled fusion is accomplished, it may occur without the production of radioactive materials, such as occur to a very large extent from fission. It is to be noted that, while this may be an advantage initially, it is expected that fission products will have a positive value, and their absence in the fusion process may weigh the scales in favor of fission to a decisive degree.

If, by some lucky and presently unforeseen stroke of genius, fusion is tamed, the earning power of uranium stocks is, within the limits above described, practically immune.

Thorium

Those of us who have believed in the future of thorium have been borne out by recent announcements. It is now expected that one of the promising reactor designs, the thermal (or slow) breeder, will use a thorium fuel system, although it is far from clear whether the thermal breeder will be a widely used type. The fast breeder has vigorous proponents also, and it is not expected to use thorium.

In any case, it is important to note that thorium cannot be used alone; at some stage in the process, one must depend on uranium. This is because thorium is itself not fissionable, but is what is known as fertile. In this respect, it is similar to U-238, which constitutes 99.3% of natural uranium metal. Both U-238 and thorium depend on U-235, the fissionable variety of uranium which constitutes .7% of natural uranium.

Thorium present no threat to uranium for another reason. The price of uranium has been guaranteed until 1962. Uranium stock prices are largely protected by mining profits which will be realized before the expiration of the price guarantee. The price guarantee is not contingent upon possible developments in thorium technology.

Energy and Uranium

As mentioned earlier, the price of uranium is unique in the extent to which it is protected from adverse market action; all uranium ore presented to the Atomic Energy Commission must be purchased, and the price cannot be lowered before April, 1962, in the U. S. and Canada (Canada purchases ore concentrates rather than ore). Contracts running to 1967 have been made for South African uranium.

It has been explained that neither fusion nor thorium presents a threat to well-established uranium stocks. Similar reasoning applies to the question of an excess supply of uranium.

On the subject of uranium supply, it may be interesting to look at the over-all energy situation. We may be better oriented as to uranium's limitations and capabilities if we see how it fits into the larger picture of which it is only a part.

To see what the uranium demand will be, it is a little early to use world figures, so let us restrict ourselves to the United States for a moment. There are, of course, almost innumerable factors affecting required ore tonnages over which there is dispute. I have selected three of the variables which appear to me to be particularly significant, and, instead of fixing them, I have prepared a table to show what happens to tonnage over a range for the variables selected (see Table II).

The three variables are:

(1) Cost in mills per Kwh.

(2) Burnup or percent of fuel fissioned.

(3) Ratio of inventory to consumption.

The table shows three possible costs, 7, 6, and 4 mills per Kwh. (electricity). Based of figures prepared by the AEC, it is found that 14.4% of U. S. capacity built since the war produces power costing more than 7 mills. If we pick the year 1965, we find that the U. S. is expected to add about 12 million Kwh. of capacity during that year. Neglecting the point that the power costing more than 7 mills may not be in blocks suitable for atomic reactors to provide, it is interesting nonetheless to assume that 14.4% of 12 million Kw. will be atomic—that is to say, 1.73 million Kw. Similarly, we assume that 40.5% of additional capacity will be atomic if 6-mill power is attained, and 84.4% if 4-mill power is attained.

The table shows the ore required during the year depending on whether we are able to burn up 7%, 3.5%, or only 1.4% of the total uranium present, and depending on whether we need an inventory 15 times as large, 30 times as large, or 45 times as large as the amount consumed during the year.

It will be noted that the tonnage varies all the way from 220,000 tons per year to 19,780,000 tons per year, a factor of about 90. This is, of course, not surprising in view of the wide range over which our parameters were permitted to vary.

As an example, I would be inclined to assume a burnup of 3.5%, an inventory-consumption ratio of 30, and power at 6 mills. Our tonnage becomes about 2.4 million tons. Of course, it should be recognized that these are not independent variables. Thus, an improved burnup will lower cost, other factors remaining equal; and a high inventory-consumption ratio will certainly raise cost, again other factors being equal. Still, these figures show us what may happen if, for other reasons, cost goes up despite an improved burnup.

Now the tonnage being processed this year, as well as the tonnage to be processed in 1957, after the big plants for the most part are in operation, are not known. Still, we know very roughly that about $400 million worth of ore concentrates will be produced in 1957. Assuming ore of the same grade, unclassified concentrate production costs appear to run about $70 per ton of ore processed. Figures will vary widely according to the grade and type of ore treated, as well as regional differences in cost. But for an order of magnitude figure, let us divide $70 into $400 million with the result that we get about 5.7 million tons of ore. This figure may be wide of the mark, though it is to be hoped that errors in the gross value of concentrates purchased may be compensated for by errors in the cost of processing concentrate. At any rate, 5.7 million tons of ore is a great deal more than 2.4 million tons, the figure earlier arrived at. What then are the chances that this gap may be swallowed up? We know that any excess supply will exert a strongly depressant effect in 1962, assuming the price guarantee is not extended. Here, we will have to be entirely qualitative.

First, most of the major mines now located will be mined out by 1962. Some of the Canadian deposits will not be, and this places them in an exceptionally strong position in the light of their low-cost plants (by then fully amortized). Supply will be sharply reduced by 1962 unless the government extends the price guarantee in the fairly near future. If the guarantee is extended, supply and demand will not operate to set price, just as they do not operate to set price today.

On the demand side, our comparison of 5.7 million tons with 2.4 million tons has assumed that military requirements will drop to zero. No one except those with access to the very top most secret production figures for all nuclear weapons can answer that.

However, we can draw some inferences. It is true that highly placed officials have stated that we will approach the saturation point on aerial bombs. Even assuming that our military could ever accept the idea that they had enough of any weapon, while the enemy was free to produce more, it would appear that demand for new weapon types will continue for many years. We know now that the Armed Services plan a whole arsenal of atomic devices. The Army is known to consider the A-bomb now a *tactical* weapon. The 11-inch cannon is to be replaced by an 8-inch cannon firing an atomic shell. It is axiomatic in military planning that we must prepare for the worst. However, the Russians may smile, the spectre of atomic war is still with us. A planner can assume that "brush fires" at least will be put out with conventional arms. He cannot carry this assumption to the point of leaving our commanders shorn of the power to make the decision at the time. We must have a full stock of *all kinds* of atomic weapons. This would include atomic shells for anti-aircraft guns, guided missiles—intercontinental and otherwise, atomic warheads for torpedoes, atomic ammunition for the Navy's big guns, and perhaps other weapons not yet envisioned. The concept that our stockpiling is accomplished when we have two bombs, or three bombs, or X bombs for every enemy city worth blowing up is unrealistic in the extreme.

Our military men must be given, and I believe will be given, a *flexible* family of weapons for massive retaliation. This observer finds it difficult to imagine us as approaching weapons saturation while we are so actively engaged in diversifying and extending our range of atomic capabilities.

But let us assume the most extreme case and say that the armed services in the air, on the land, and on the sea are so confident, or so foolish, that they call a halt to weapons production of all types. We can be relatively certain that those who must deliver the weapons will not be so minded. The virtual elimination of range from the submarine's limitations must, in time, be met by the submarine's quarry, and the birds of prey to which the submarine is quarry. Atomic warships and aircraft propelled by nuclear means must be pressed with urgency whatever the condition of the bomb stockpile. Certainly, military propulsion will require a substantial and growing tonnage of ore to be mined to fill the long complicated pipeline.

In very condensed form, the reply to the uranium bears goes something like this:

(1) Fusian, thorium, simple over-supply are all beside the point until 1962.

(2) After 1962, it appears that

(a) Supplies will be shrinking, unless the guarantee is extended, in which case, see argument 1.

(b) A slackening bomb demand will be offset by a mounting demand for: (1) non-bomb weapons; (2) military propulsion; (3) civilian power.

Having pointed out that the negative fears about atomic energy are not well founded, I return to my original thesis: Potentials in atomic energy have never appeared so promising.

TABLE II

Thousands of Tons of Uranium Ore (.25% U308) per Year for Consumption and Inventory

		7 mills/Kwhe 14.4% add'l capacity 1.73 Million Kwe			6 mills/Kwhe 40.5% Add'l cap. 4.86 million Kwe			4 mills/Kwhe 84.4% add'l capacity 10.13 million Kwe		
Burnup %		7	3.5	1.4	7	3.5	1.4	7	3.5	1.4
Ratio of	15	220	441	1,102	619	1,239	3,097	1,191	2,583	6,457
Inventory	30	427	854	2,135	1,200	2,401	6,002	2,502	5,004	12,517
to Consumption	45	670	1,351	3,377	1,898	3,796	9.490	3,956	7,912	19,780

Data assumed to be fixed:

0.25% ore; 5 lbs. U3O8/ton (re)
U = .85 U3O8; 4.25 lbs. U/ton (ore)
U-235 = .7% x U
1/454 lb. (1 gram) = 24,000 KwhH (heat)
Kwhe (electricity) = .25 KwhH
Kwhe = Kwe x 365 days/year x 24 hours/day x .75 load factor
Total central station electrical capacity to be added in 1965 = 12 million Kw. of which % nuclear depends on cost/Kwhe

Data varied in table:

Burnup: Alternatively 7.0%, 3.5%, 1.4%
Ratio of Inventory to Consumption: Alternatively 14, 30, 45

De Witt Conklin Firm Adds McDowell to Staff

De Witt Conklin Organization, 100 Broadway, New York City, specialists in stockholder and financial relations, announce that Lloyd A. McDowell has become associated with them.

Two With L. Schneider

LOS ANGELES, Calif.—Harvey S. Janis and Richard C. Mills are now affiliated with Leonard B. Schneider, 5909 Melrose Avenue.

Continued from first page

As We See It

both parties. Where no such thing exists it may be almost anything else, but it is not bargaining.

In increasing degree of late years the labor unions have been operating from a position which leaves employers very little freedom of choice. To be sure, the unions often ask for more than they expect to get, and are content to take less than total demands, but in few instances is the employer in a position to refuse to the union what it has really set its mind to get. And sins both of omission and of commission on the part of government have had a major part in bringing this state of affairs to pass. It exists —let no one deny it—notwithstanding the so-called Taft-Hartley Act about which union leaders have had so much to say.

"Economic Pressure"

The court last week politely referred to some of these tactics as "economic pressure," and that they certainly are. But they are more than that. In the cases which come most directly and conspicuously to the attention of the public the union controls virtually every man, woman and child who could possibly do the work that the employer has to be done. The union leaders by one means or another control the unions within very wide limits. The employer then must do what he is told or expect to have his plants closed down while his competitor continues to operate and take away his customers. That is about all there is in the matter—so long as demands are not too extreme to affect membership loyalty and are within the range which the employer is able to grant, by passing the cost on to the general public.

In a great many individual instances with which the public generally is not so familiar, the situation is rather different but no more admirable. There is, first of all the ubiquitous picket line—which the courts to their eternal shame have upheld as an exercise of the right of free speech. And, no less distressing, is the fact that most of us have become accustomed to the notion that somehow the constitution guarantees the unions the right to form a cordon around an employer's place of business, and virtually cut it off from access to supplies and other things essential to doing business.

How this technique ever managed to reach the status and standing it now has among so many of us we shall never be able to understand. A surprising number of people still adhere to the New Deal inspired notion that there is something essentially unworthy in crossing a picket line regardless of all and any circumstances. Politicians generally dare not characterize a picket line for what it is. They rather let it be supposed—and probably correctly so—that they approve of such things. And these are the very law makers who make drastic laws to apply to any business or employer who dares do anything remotely analogous to a picket line.

Picket Line Technique

This device often enables labor leaders to close down places of business by pulling out small numbers of workers who are at once supported by picket lines. Thus anything in the nature of democratic management of the union is out of the question. As a matter of fact there is nothing with less of the democratic about it—notwithstanding all that is said on the subject and all the formalities through which the unions go in dealing with any individual case. Small groups invariably, or almost invariably, govern decisions and tactics.

Thus what the court has now ruled—to the effect that there is nothing wrong with applying economic pressure in support of legitimate demands, the politicians and, with deep regret be it said, the voters of this country have long ago asserted. All our labor legislation, all our public policy, all the words of the politicians, and very nearly all the words of the great rank and file support the notion. They not only applaud it; they make it possible. These are some of the economic facts of life of this day and time, and although they are familiar enough to the student of current trends they will bear repetition.

They are particularly worthy of thought at the present time because they raise the question of whether we are not facing a sort of perpetual rise in prices. The power of the unions, and their readiness, not to say insistance, upon taking advantage of every opportunity to make more and more burdensome demands of business, take on special significance at a time when financial policies encourage speculation and when the consumer who is the final arbiter in all this appears to have been lulled to sleep. It is evidently time we took stock and seriously asked ourselves where all this is to wind up.

Let no one be soothed to sleep by smooth talk about increased "productivity," which is defined by the economist as output per man hour. One would suppose, to hear much that is today being said on the subject, that men were producing more each hour by reason of some action on their own part. Of course, it is the employer by incurring further capital costs that is increasing productivity. It may or may not bring warrant for higher pay to labor.

Continued from page 3

A $400 Billion Output in 1956

thinking yet. But we **have decided** as to the general type of economy which we think will unfold next year. This is the framework within which we will be making our plans and decisions for 1956.

A Continued Upsurge in the Economy

In its simplest form, our forecast calls for a continuation of this year's upsurge in production and demand in most segments of the American economy. However, this increase will come at a slower rate during the next six months than it has during the last year, and there is a strong possibility that the upward curve will flatten out completely during the second half of 1956. In total, however, next year should bring us almost up to a $400 billion economy, in terms of the total output of goods and services in this country. This is 10% higher than the previous peak year, which was 1953.

However, the increase in total activity does not mean that all segments of the economy will expand uniformly together. Instead, there will be a series of "rolling adjustments," in which stability or declines in certain industries will be offset by relatively rapid gains in others. Production of consumer durables and residential construction, for example, which has been so important in sparking the current boom, unquestionably will decline somewhat from their current highs, in order that the market for these goods can catch its breath a little and digest the record output of recent months. At the same time consumers will spend a larger portion of their ever-increasing incomes on a wide variety of soft goods and services. In fact, consumer income will grow so much next year that people will be able to increase their savings at little over current levels. It would appear that businessmen, generally, will spend more on new plant and equipment and inventories than during the recent past, as they seek to expand industrial capacity in line with our new levels of peak demand.

You probably remember that many business executives and economists stood on platforms like this a year ago and made predictions as to what would happen in 1955. In many, many instances, these predictions have proved to be wrong. With relatively few exceptions, most members of the business community were, a year ago, much more conservative of their appraisal of the business situation than actually has proved to be the case. In my own case, about a year ago, I believed that while things would improve during the fourth quarter, the over-all business gain would tend to level out during the early part of 1955. Now what went wrong with my forecasting?

In the first place, you should remember that the business situation a year ago reflected certain elements of pessimism. Unemployment had steadily mounted and had reached uncomfortable levels in a number of industrial areas. Furthermore, 1954 was a Congressional election year and there was some evidence to indicate that the outcome might very well split the control of government between the two political parties. You will also remember that a number of respecied business analysts were of the opinion that last year's business recession, once started, had a built-in tendency to continue the downward spiral, as had, in fact, occurred during some past business declines.

Therefore, it seems to me that, when I projected a moderate upturn and then a leveling out, I was, in actuality, presenting a reasonably optimistic forecast. It is now evident that we were all wrong.

In retrospect, it is now apparent that the 1954 decline reversed itself very quickly. Somehow or other, most of us failed to grasp the fact that the American people, right in the middle of an economic recession, were going to decide to spend more and to save less. We did not realize the extent to which they were willing to go into debt via the consumer credit route in order to obtain striking new automobiles which Detroit was then preparing to unveil. Nor did most of us who were attempting to forecast the future last year properly appreciate the depth of demand for new, modern housing. In short, although some of us did predict a definite end to the downturn, we did not anticipate the veritable explosion which was to propel consumer buying to new highs within a few months' time.

Let me point out to you that the optimistic outlook for 1956, which I discussed a few minutes ago, also has its elements of uncertainty. After last year's experience, we will be watching three areas very closely, and if adverse circumstances develop in any of these, it may be necessary to revise our present forecasts.

Credit—A Sensitive Area

The most important of these sensitive areas is that of credit. The credit system of our country, like that of any highly advanced economy, is an extremely sensitive apparatus. If credit is expanded too rapidly by our banking system and Federal monetary policy, an inflationary spiral very soon develops. Like a fever, inflation has serious effects upon the permanent soundness of our institutions. On the other hand, if the availability of credit is not increased rapidly enough to meet the needs of a growing population and higher standards of living, a brake is put upon forward planning, and the country can very soon go into an economic tailspin. In forecasting continued prosperity for 1956, we are saying that the policy leaders and technicians who are responsible for the credit mechanism will continue to exercise excellent judgment in their sphere of activity.

A second problem of possible concern for next year is that of inventories. The rapidly fluctuating inventory cycle — in which stocks are built up rapidly in periods of increasing demand, and then are reduced rapidly in periods of declining demand—is one of the serious, unsolved economic problems which remains to plague us. Twice the inventory cycle has triggered an over-all recession—once in 1949 and again in 1953. In both of these periods, a pronounced inflationary trend had caused a speculative desire to build up inventories to levels which could not later be held. Perhaps the inventory problem will diminish in severity in the future as we gain experience and remain alert to the dangers of excessive inventory savings.

Finally, the maintenance of a confident attitude in the minds of the public and businessmen is essential if our prosperity is to rise to the levels which I have forecast. The continuing forward commitments which are necessary for healthy growth will not be forthcoming in the necessary amounts once serious doubts concerning the future begin to appear in the minds of significant portions of our nation's population. In spite of current speculation in this area, in light of the strength of our economy, I, personally, see no reason why anyone should have their basic confidence shaken. Since human beings are always unpredictable, this factor merits continuing scrutiny.

The Program of the Steel Industry

Against this backround of present and continuing steel shortage . . . and a fundamentally strong and expanding economy . . . what actions are being taken by the steel companies to increase the availability of steel?

In order to put this question in its proper perspective, let me first point out to you that steel capacity in the United States today is nearly 40% larger than it was at the end of World War II . . . and that it has increased by more than 25% since the beginning of the Korean War five years ago. Furthermore, you must understand that in the steel industry, more than in most industries, expansion usually cannot be achieved merely by erecting a new structure and buying new machinery. In the steel industry, an increased flow of iron ore, coal, limestone, manganese, and other alloying elements must be secured from mines flung across the face of the world. Expansion of the steel capacity really starts with a provision of more earth moving equipment to get the ore out of the Mesabi Range or the great South American mines. Additional freight cars must be provided to hold coal, ore, and limestone. Additional facilities must be built for treating and coking coal and for recovering the economically necessary by-products. Enormously larger quantities of fuel and water must be brought into a growing steel plant. All of these facilities must be provided before one new addition can go up in an open hearth shop to house the brick work required to melt the steel, or before the rolling equipment needed to reduce the steel ingot to the desired shape can be installed.

Therefore, expansion of steel capacity requires assembling investment capital in extremely large amounts . . . capital which prefers the risks and rewards of the steel business to all other investment outlets . . . in order to secure satisfactory and enduring profit.

In spite of the great difficulties involved in planning, financing, and undertaking major expansion there is no question but that the steel industry, somehow, will find the means to provide the expansion necessary to assure adequate long-term availability for its customers.

Basically what is going on in our economy, and what is driving us along at the ever-increasing pace which keeps pushing the already unbelievable American standard of living to noticeably higher levels almost every year is that we Americans are adventurous, healthy people who have deliberately turned our backs on old, established forms of society in order to develop a new way of life in brand new conditions. The aggressiveness, the willingness to change, the almost instinctive rejection of the past which has been developed in the American people as a result of our history makes it much easier for us to tear down and rebuild our cities every generation, to change homes and jobs frequently, to forget about the class distinctions and class barriers which have impeded rapid change in so many other countries of the world.

It also is apparent that we have developed appropriate organizations for carrying out far-reaching economic developments efficiently. The modern American corporation, which thus far has commanded the capital necessary to develop new products and to expand facilities on a basis diversified enough to weather business adjustments in one line of production or another is a major reason for our success. Likewise, the development of well-rounded leadership both in industry and in labor unions has been another significant step forward in the development of our economy.

There are, of course, many other factors which could be mentioned as contributing to the ever-increasing productivity which is the real source of our growing wealth. Careful research by highly trained scientists has taught us many things which we did not know just a few years ago, thereby enabling us to produce better products more cheaply than we could by following the methods of 1940 or even 1950. The spread of higher education has provided a more intelligent working force and a wiser and more stable group of consumers.

To me the most striking thing about any sober enumeration of the fundamental reasons for our ever-increasing material prosperity is that many of these reasons lie outside and beyond the realms of economics or scientific research. Instead, the fundamentals get right down to human beings. We are prosperous because our people know how to work together . . . how to trust each other . . . are willing to risk, to dare, and to strive for a better life together.

Let us never lose sight of this indissoluble linkage between our material prosperity and our national ability for intelligent teamwork.

I believe that we have it today.

I believe that it will continue.

Therefore, I see on reason why the over-all economy in 1956 should not reach just about the highest level we have ever experienced.

Sol Meisler Opens

Sol Meisler is engaging in a securities business from offices at 4 East 41st Street, New York City.

Kamen Co. Admits

On Nov. 10 Meyer Orol will be admitted to limited partnership in Kamen & Company, 25 Broad Street, New York City, members of the New York Stock Exchange.

Two With F I F

(Special to The Financial Chronicle)

DENVER, Colo.—John W. Collins and William F. Crisp, Jr. have been added to the staff of F I F Management Corporation, 444 Sherman Street.

Harry A. Silvey

Harry A. Silvey, member of the New York Stock Exchange, passed away at the age of 65 following a heart attack.

Continued from page 5

The State of Trade and Industry

ability to pass on higher costs may pinch some firms. It added that new highs in employment are expected next year.

The metalworking weekly believes the gross national product will be $400,000,000,000, with the Federal Reserve Board industrial production index averaging 141. Expenditures for new plant and equipment will take up to $30,000,000,000. Housing starts will add up to 1,200,000, while expected total construction is forecast at $43,000,000,000.

Even with personal income estimated at $313,000,000,000 by this trade weekly consumer debt is expected to keep growing. An almost certain cut in personal income taxes will mean about $2,000,000,000 more in consumer spending power. Big business tax cuts are unlikely, it states.

Production increases are expected in the machinery, railroad, oil and gas equipment and container industries, while appliance manufacture may be up as much as 10%.

Passenger car production was estimated at 7,000,000 plus, trucks at 1,250,000.

Farm equipment manufacturers and shipbuilders may feel a small pickup, according to the magazine, but the aircraft and electrical machinery industries will remain about the same. Steel ingot production will total 115,000,000 tons.

Hot-rolled carbon sheets may be the most difficult steel product to get in early 1956, "Steel," notes.

Four Pittsburgh area mills may drop out of the hot-rolled sheet market for at least the first part of the year. This report persists even though the mills deny it. They explain the large carry-over of orders in 1956 is preventing their acceptance of new orders for delivery early next year. There is some belief that mills wish to divert hot-rolled tonnage into cold-rolled sheets, the biggest finished carbon steel product the mills sell.

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 98.1% of capacity for the week beginning Oct. 31, 1955, equivalent to 2,368,000 tons of ingots and steel for castings as compared with 100.0% of capacity and 2,413,000 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 96.7% and production 2,334,000 tons. A year ago the actual weekly production was placed at 1,822,000 tons or 76.4%. The operating rate is not comparable because capacity was lower than capacity in 1955. The percentage figures for 1954 are based on annual capacity of 124,330,410 tons as of Jan. 1, 1954.

Electric Output Continues Mild Increase the Past Week

The amount of electric energy distributed by the electric light and power industry for the week ended Saturday, Oct. 29, 1955, was estimated at 10,659,000,000 kwh., according to the Edison Electric Institute.

This week's output advanced 15,000,000 kwh. above that of the previous week, when the actual output stood at 10,644,000,000 kwh.; it increased 1,507,000,000 kwh., or 16.5% above the comparable 1954 week and 2,297,000,000 kwh. over the like week in 1953.

Car Loadings Register Further Slight Increase the Past Week

Loadings of revenue freight for the week ended Oct. 22, 1955, increased 7,254 cars or 0.9% above the preceding week, according to the Association of American Railroads.

Loadings for the week ended Oct. 22, 1955, totaled 834,499 cars, an increase of 88,554 cars, or 11.9% above the corresponding 1954 week, and an increase of 30,086 cars, or 3.7% above the corresponding week in 1953.

U. S. Car Output Made Further Progress Last Week As the Entire Industry Turned to 1956 Models

Output in the automotive industry for the latest week, ended Oct. 28, 1955, according to "Ward's Automotive Reports," rose perceptibly above that of the week preceding as the whole industry became engaged in 1956 model assembly.

Last week the industry assembled an estimated 156,952 cars, compared with 137,425 (revised) in the previous week. The past week's production total of cars and trucks amounted to 182,908 units, or an increase above the preceding week's output of 19,086 units, states "Ward's."

Last week's car output advanced above that of the previous week by 19,527 cars, while truck output declined by 441 vehicles during the week. In the corresponding week last year 68,649 cars and 18,754 trucks were assembled.

Last week the agency reported there were 25,956 trucks made in the United States. This compared with 26,397 in the previous week and 18,754 a year ago.

Canadian output last week was placed at 5,350 cars and 602 trucks. In the previous week Dominion plants built 4,712 cars and 663 trucks, and for the comparable 1954 week, 2,717 cars and 542 trucks.

Business Failures Ease in Latest Week

Commercial and industrial failures dipped slightly to 230 in the week ended Oct. 27 from 239 in the preceding week, Dun & Bradstreet, Inc., reports. The toll remained above the 223 which occurred last year and the 218 in 1953, but was 23% below the prewar level of 300 in the similar week of 1939.

Failures involving liabilities of $5,000 or more declined to 199 from 206 a week ago yet exceeded slightly the 193 last year. The toll among small failures with liabilities under $5,000, dipped to 31 from 33 in the previous week and compared with 30 a year ago. The number of failing concerns with liabilities in excess of $100,000 dropped to 12 from 21 last week.

Wholesale Food Price Level Holds to Easier Trend Registering a New Low Since June 27, 1950

Moving downward for the fourth straight week, the wholesale food price index, compiled by Dun & Bradstreet, Inc., fell to $6.05 on Oct. 25, from $6.08 a week ago, marking a new low since June 27, 1950, when it stood at $6.04. The current number reflects a drop of 9.8% from $6.71 on the corresponding date a year ago.

Higher in wholesale cost last week were flour, rye, oats, barley, bellies, butter and potatoes. Lower in price were wheat, corn, beef, lard, cottonseed oil, cocoa, eggs, steers 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 Holds to Downward Trend in Latest Week

The downward course in the general commodity price level continued last week and the Dun & Bradstreet daily wholesale commodity price index showed a further decline to the lowest level since mid-August. The index closed at 274.37 on Oct. 25, as compared with 276.00 a week earlier, and with 277.49 on the corresponding date a year ago.

Cash grain market continued to weaken under restricted demand.

Corn prices at Chicago dipped to the lowest level since 1948, reflecting increased offerings of new crop corn, the sharp drop in hog prices and limited export demand.

Good weather during the week aided the picking of corn and the corn was said to be of good quality. The United States Department of Agriculture placed total stocks of corn as of October at 1,024,053,000 bushels, settings a new record for that date. Weakness in wheat was attributed to hedge selling and liquidation induced by the week-end report of the Department of Agriculture that wheat stocks in all positions as of Oct. 1 were at a new record for the date at 1,739,849,000 bushels. With Fall seeding about finished, the outlook for the Winter wheat crop was reported excellent, with total acreage about in line with Government recommendations.

A moderate volume of business in hard Winter wheat flour was transacted in the early part of the week, aided to a large extent by mill price concessions.

Buying sentiment among bakers and jobbers, however, remained bearish owing to the burdensome wheat supply situation.

The cocoa market was easier under pressure of scattered liquidation and hedging as well as some selling for tax purposes. Warehouse stocks of cocoa continued to mount and totaled 228,086 bags, as compared with 221,756 bags at this time a year ago.

The actual coffee market was mostly steady although futures prices trended lower toward the end of the week.

Strength in the spot market was attributed to the low inventories held by roasters and importers.

Domestic and export demand for lard was only fair and prices sold off sharply following the recent upward movement. Heavy market receipts and weakness in wholesale pork continued to depress the live hog market where prices dipped to the lowest levels since December, 1945. It was reported that the Government will shortly start a pork purchasing program in an effort to bolster sagging hog prices.

Spot cotton prices moved mildly higher most of the week but developed some weakness toward the close. Early firmness was influenced by the expectation of rapidly increasing loan entries with a resultant tightening of free supplies.

Weakness in late dealings reflected growing concern over the increasing loss of United States cotton export markets and the mounting accumulation of the staple in this country.

CCC loan entries in the week ended Oct. 14 were reported at 238,900 bales, the largest for any previous week this season, and comparing with 174,800 bales a week earlier. Sales in the 14 markets were slightly above last week, but much smaller than a year ago.

Trade Volume Rose Moderately the Past Week in Response to Sales Promotions and Cool Weather

Encouraged by numerous sales promotions and cool weather, shoppers stepped up their retail purchasing in the period ended on Wednesday of last week.

Retail sales increased moderately and exceeded last year's level. Automobile sales were high and steady, and most dealer backlogs of 1955 models were greatly reduced.

The dollar volume of retail trade in the 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 0 to +4; East, South and Pacific Coast +2 to +6; Middle West, Northwest and Southwest +3 to +7%.

The volume of wholesale orders expanded slightly in the week with a moderate increase over the level of the comparable 1954 period maintained. Although some noticeable decreases were reported in textile trading, buying activity quickened in most wholesale centers.

Department store sales on a country-wide basis as taken from the Federal Reserve Board's index for the week ended Oct. 22, 1955, remained unchanged from that of the preceding week, Oct. 15, 1955, at 8%. For the four weeks ended Oct. 22, 1955, an increase of 9% was reported. For the period Jan. 1, 1955 to Oct. 22, 1955, a gain of 7% was registered above that of 1954.

Retail trade in New York City last week showed marked progress over sales volume in the corresponding period of 1954, rising by about 8%.

Good shopping weather contributed toward the increase.

According to the Federal Reserve Board's index, department store sales in New York City for the weekly period ended Oct. 22, 1955, rose 4% above that of the like period of last year. In the preceding week, Oct. 15, 1955, an increase of 1% (revised) was recorded. For the four weeks ending Oct. 22, 1955, an increase of 3% occurred. For the period Jan. 1, 1955 to Oct. 22, 1955, the index recorded a rise of 2% from that of the corresponding period of 1954.

Continued from first page

Common Stocks as Insurance Company Investments

America. Would you rather share in something that is increasing or would you rather "play it safe" and receive a fixed return each year? That in essence is the problem confronting the insurance investment officer today. Of course he has the problem of how much he can afford to invest in shares in America, how much of his policyholders' surplus can be placed in fluctuating values. Several years ago at your annual meeting I probed this problem as deeply as I know how and came up with some rather complicated formulae having to do with insurance and investment exposure. I'm not going to repeat them here today—but rather address myself to the problem: if you have room for common shares in your portfolio, why should you buy them? What can they be expected to do for you?

Again let me revert to the fundamental of common stock or share ownership. The owner of a common stock owns a share in the business, as the business grows and prospers, the shares earn more money, pay more dividends, hence become more valuable. If you do not have to worry about fluctuations, if the market value of your common shares should decline 50-75% without beginning to impair capital, then under normal conditions of insurance exposure you are justified and should have common shares in your portfolio.

I do not need to quote elaborate statistics to illustrate that America is once again on the march to higher and higher standards of living. It is difficult indeed to pick up a publication these days without a revelation of what 1965 or 1975 will be like. And we should like both of them! In Boston just a week or so ago the 27th Annual Conference on Distribution took place. The Gross National Product (value of the nation's goods and services), it was estimated there should increase 40% from current levels by 1965 and 71% by 1975. Other forecasters, both from Washington and private business, hold similar views. Because of (1) our dynamic population increase, (2) amazing advances in technology, (3) the dawning of what history may term the atomic age, (4) the steadily rising discretionary (over and above food, clothing and shelter) purchasing power and (5) the propensity to spend of our people, the American economy is still in the early hours of its destiny.

Now my question to you is: how can your investment portfolio share in this growth without ownership of shares in the enterprises that will grow in America? There is no other way.

However (just because America is destined to grow and become more prosperous during the next decade does not mean that all industries and all companies will grow at the same rate. Here selectivity must be stressed and here is where uncommon stocks or shares have their day. You generally don't buy averages — you buy shares that do better or worse than the averages. The old story of the colored railroad porter is very much to the point. What was his average tip, he was asked? A dollar, he replied—but then as an afterthought, the trouble is, hardly anyone ever tips the average!

Selection of "Uncommon" Shares

What should be the criteria of selection for these uncommon shares that will outperform the averages? Certainly a reasonable yield is one—but only one. In general shares should yield more than bonds because, of course, interest on the bonds is paid before dividends on the stocks. The bondholders get theirs first. How much is this safety factor worth? Usually in the neighborhood of 33-50% greater annual return or approximately 1½%. For those insurance companies paying the full corporate rate of 52% on interest received from bonds, there will be an obivous yield attraction from shares which yield even less. Dividends received from stocks are 85% exempt and the corporate rate applies to only 15%, producing an effective tax rate on dividends of 7.8%. Therefore when the before tax yield narrows to zero for stocks compared with bonds, the after tax advantage is still nearly double for stocks versus bonds. It pays to use a sharp pencil in figuring bond and stock yields these days when the tax collector plays so prominent a role. Remember, it's what you keep that counts.

Now I am going to throw out a challenging remark with which orthodox investment men will probably disagree. And I make it because, as in military tactics, it does no good to fight the last war. It does no good to sit behind a Maginot Line of bonds and pretend that you're safe. Far better is it to survey the fundamentals to see the hazards and endeavor intelligently to cope with them.

The fundamental hazard to the investor which I see is the huge inflationary potential which exists in this country in the form of bank and savings deposits, other forms or savings and credit facilities. If everyone in America used the financial means at their disposal to acquire either goods for their personal consumption or for their homes or shares in America's enterprises, there would simply not be enough to go around. The potential demand far overshadows the potential supply. Fortunately we do not all act on identical impulses or emotions in this country, although the action of the stock market on Sept. 26 last might seem to contradict this statement. Therefore while a tremendous inflationary potential exists in the means of our people to acquire more than our actual supply, the danger that they will all be activated at the same time is remote—unless an emotional shock intervenes which will cause people to prefer tangibles or shares to cash and bank and savings deposits.

Apart from such an emotional shock there are other factors at work which over a period of time would seem to make for continued inflation. First would be the Employment Act of 1946 whose significance is just beginning to be grasped by the financial community. Both parties now subscribe to the so-called Full Employment Act which in essence states that government will intervene with its full powers to restore full employment whenever it is threatened. It is safe to say that nearly everyone agrees with the objectives of the Act because depressions have few friends. It is very difficult to achieve full employment without keeping plenty of money in circulation and if private business is not able to do this in the future, the government probably will. The result could be huge Federal deficits which with depreciating currency, have always accompanied inflation.

In addition to the Employment Act of 1946 which is really the cornerstone of our economy and incidentally the best market letter of the current (not, I trust, late) bull market, there is of course the constant pressure on hourly wage rates on the part of the trade unions. This has a constant influence upward on the price level. And if the trade unions are getting theirs, the farmers cannot be far behind—and in our semi-managed economy of today the government has at its disposal means of raising the income of the farmers through commodity price props which in turn raise the cost of living. This is not the time or place for an economic discussion but I think few economists will disagree that there is an inflationary bias in our economy which will exert an upward pull to the price level over a period of 5, 10 years and the foreseeable future.

If our general price level is moving higher, then the old view that bonds are safer than stocks may be more fiction than fact. It does little good to receive interest semi-annually over a period of 30 years at the end of which time principal is returned intact if this principal has depreciated 50% or more in purchasing power during the same time. It is a losing game. Although one can point out that technically insurance liabilities are short-term current obligations which can be discharged out of current premium income and that more premium income will be received as the price level advances, still it seems not only foolhardy but wasteful to sterilize one's surplus in bonds which have no chance of increasing in value with the rise of the price level.

Effect of Inflation on Nature of Company's Assets

The record shows very clearly that during the inflation after World War II the companies whose assets were invested largely in bonds needed to go to their stockholders for additional funds far more frequently than those companies whose surplus was invested in part or in whole in common shares. I can cite examples of companies which have recently altered their investment policies after several trips to the capital market to obtain new capital during the past seven years. As the price level advances and as premium volume expands commensurately, then more capital and surplus become necessary, to do this business. Companies can in effect obtain this additional underwriting capacity in the future by investing now in the prime industries of this country which seem destined to grow and consequently be worth more over the years.

The argument for common shares in an insurance investment portfolio hence rests upon two factors: (1) the inflationary bias of our economy which should cause the general price level to advance over a period of years thus creating the need for additional underwriting capacity because of the consequently increased premium volume; and (2) the growth of this country in population and national income which should make for increased business, greater profits and higher dividends for the shareowners of the great companies in the important industries of America.

If I thought the price level in America by 1965 would be lower than today, that haircuts, for example, which during my lifetime have gone from 25c to $1.50 with $2 threatened, will suddenly reverse themselves and go back to say $1—along with commensurate changes in the general price level; or if I believed that America was going to stop growing in population and wealth and then 10 years from now there would be fewer people doing less business, then I would not advise common stocks as investments for insurance companies or for anyone else. However, I believe the opposite will be true and that common stocks should assume an increasingly important part in insurance company portfolios.

When and Which Common Stocks To Buy

Granted this premise, the question then becomes *when* and *which* common stock to buy. And the "when" quickly becomes: "Is the market too high now?" Whether the market is too high now or not depends entire upon one's criteria. If the standard of judgment is to be the past, then assuredly the market is "too high" because it is selling 20-25% above its 1929 peak and it took 26 years or almost a generation for prices to get back to where they were in that fateful year. However, I would be the last to believe the past is a reliable guide to the future. If it were, everything would be too easy and we could all stop working. No, while the future is sired of the past, it is subject, like a growing child, to its own environment and usually ends up by becoming quite different. The future, like lighting, never seems to strike twice in the same place.

Common shares, I submit, should be judged on their intrinsic value at the moment plus their future prospects. And by intrinsic value I mean first and foremost earning power, not just for one year but over a period of years. It is earning power which represents the sum total of product acceptability on the part of the public plus managerial ability on the part of the managers of the enterprise, the result of all of which should be satisfaction to the investor in the form of dividends. It is earnings power which is the life blood of investments and which should be the major determinant of stock values.

How much should be paid for this earning power? Should the multiple be 10 or 15 times earnings or more? Again there is no ready rule of thumb. Obviously the earning power of a corporation growing at the rate of only 5% per year is worth less than the earnings power of a corporation growing at the rate of 20% per annum. The earning power of the corporation in a depression-proof business is worth more than the earning power of a corporation in a "prince or pauper" business. There are many other variables. A corporation with a long record of earnings and depth in management is worth more than a one man company with a short albeit brilliant record. In other words, as in most problems of investment, there is no substitute for judgment. Informed judgment of the industry and judgment of the company and its managers is of the first importance in the selection of a security.

That is why common shares with an indifferent record of success such as the coal stocks, may be high even though they yield over 6% and sell at only eight times earnings whereas IBM may be cheap yielding less than 1% and selling at 30 times earnings.

At present the 100 common shares which our firm follows regularly as representing the Prime Property of this country are selling at approximately 12 times this year's estimated earnings, to yield more than 4¼%. Is this high? Not compared with previous market peaks when investors were willing to pay 19 times current earnings, as in 1929, nearly 17 times earnings at the 1937 peak and 16 times at the 1946 peak, and when stocks actually yielded less than bonds. Today despite the inflationary threat which I have mentioned and despite the loss of 50% in the purchasing power of our dollar over the past 15 years, common shares yield 40% more than bonds. For insurance companies, taxable at the full corporate rate on bond interest, common shares today yield not 40% more than bonds, but 200% more than government bonds. Can there be any more eloquent testimony of the place of common stocks as investments for insurance companies? This 200% additional after tax income per year from high grade common shares compounds at a rapid rate even though the initial investment in common shares be small.

From the standpoint of both earnings and yield quality common shares do not seem over-priced today. Probably they are not on the bargain counter as they appear in retrospect to have been in 1948-49—but how many who say the stock market is high now were saying that the stock market was cheap then? Probably very few. The fact is that the attitude of investors toward the stock market frequently is more emotional than rational. In 1948-49 investors were worried about the coming postwar depression which was supposed to follow every major war. Mr. Sewell Avery was the foremost exponent of this view. Now, however, there has been a complete change in the emotional attitude of most businessmen and investors toward the future. Instead of expecting a depression our best economists, both in Washington and in business, tell us that the future is bright indeed. I happen to believe these forecasts as I have indicated previously. With this optimistic background for investment decisions it would be surprising to me if the value of our finest properties in the country, what we call Prime Property—U. S. A., was not worth more than 12 times earnings. Either the future will not be as rosy as is now believed or investors will begin to pay more for the Prime Property of our country, it seems to me — either one or the other.

This is not to say that there will not be intermediate corrections in the market. We are probable in the midst of one now which may extend well into 1956. The price of stocks, like the tree, has never grown to the sky. The present period is dominated by uncertainty as to the business climate for the four years beginning 1957. While such uncertainty persists the market as a whole may occupy a trading range bounded by the highs of Sept. 23, just prior to President Eisenhower's heart attack and the lows which were reached on the third successive "black Monday" about three weeks ago.

Such a period would actually be a good one for insurance investment officers to begin to place some of their available funds in the best quality common shares. There should be plenty of time for study and no need to rush in headlong. The shares should be bought with the idea of permanent investment in the essential, growing industries of the country. The best results have been obtained not by endeavoring to "outsmart" the experts and guessing the lows and highs of the market—but by investing at regular intervals in such recognized quality issues as General Motors, General Electric, Standard Oil (N. J.), du Pont, Union Carbide, etc. Over a period of time an average price will be obtained for these issues. This will probably be more satisfactory in the long run than waiting and attempting to guess how low the market is going to go. The only way to begin is to begin.

Summary

In summary I would feel more than amply repaid for your consideration in listening to this address if you remembered these points:

(1) Common stocks have no place in an insurance company

portfolio but uncommon stocks, the quality issues, do;

(2) The amount of common stocks which can be acquired will depend upon each company, its insurance exposure, its investment exposure, its underwriting record, its reinsurance commitments, the emotional willingness of each management to accept additional investment risk. Each company, in other words, must decide what its program and objectives will be.

(3) Although historically the market as a whole is high, from the intrinsic value standpoint, the market is still moderately priced particularly in view of our bright business future. Common shares return 40% more than bonds and after full corporate taxes no less than 200% more than bonds.

(4) Because of the inflationary bias of our economy increased ownership of shares by insurance companies will make for increased underwriting capacity in future years and will also provide a hedge against the upward pull of costs of the claim reserves.

(5) Only through increased ownership of shares in America can insurance company portfolios reap the full benefit of what history may record as one of the most exciting and dynamic periods in American business history. America is still in the morning of its destiny.

Continued from page 13

The Federal Budget Outlook

tures increased, or both. Similarly, if the economy is booming, most industries operating at capacity, and with prices rising, Federal policies should dampen down excesses in total demand by reductions in expenditures, and by increasing or holding tax rates at such levels as will produce surpluses. Fortunately, both the Federal revenue structure and expenditure programs contain built-in features which tend automatically to offset inflationary and deflationary tendencies in the economy.

Fiscal policy aimed at balancing the Nation's economy at high levels of employment and production is in line with a major recommendation of the Douglas Subcommittee of the Joint Economic Committee on Monetary, Credit and Fiscal Policies in the 81st Congress:

> ". . . that Federal fiscal policies be such as not only to avoid aggravating economic instability but also to make a positive and important contribution to stabilization, . . . " *(Monetary, Credit and Fiscal Policies,* Senate Document No. 129, 81st Congress, 2nd session, p. 1.)

This view was reaffirmed by the Joint Economic Committee under the chairmanship of Representative Wolcott of Michigan in its unanimous Report to the Congress in February, 1954. The Committee expressed its belief that a deficit would have to be accepted as an unfortunate necessity when unemployment is appreciable and growing, even though all hoped that deficits could give way to balanced budgets and even surpluses when economic conditions became more favorable. (See House Report No. 1256, 83rd Congress, 2nd session, p. 15.)

Thus in 1953-54 when economic activity was declining and unemployment growing, the fiscal policy that emerged from the Congressional forum did not focus on overcoming a budget deficit. On the contrary, the Congress reduced taxes and provided other measures aimed at encouraging business recovery. In fact, the tax reductions of 1954, especially those taking effect on the first of that year, were so large that personal disposable income actually rose in 1954 as compared to 1953.

Implications for Future Policy

If fiscal policy for the coming year is to be based on the need for balancing the Nation's economic budget at high levels of employment and production, commitments to reduce Federal receipts should be deferred until the economic outlook for the coming year is clearer, even though we might now reasonably forecast balance or even surplus in the Federal budget because of the momentum of the current prosperity. The emergence of such a surplus in the coming year should not lead necessarily to the conclusion that it automatically justifies tax reductions. A tax cut next January in the fact of a booming economy would be inflationary. Of course, the economic outlook may change as the months pass. In this event, the Congress could move quickly to provide revenue adjustments appropriate to the needs of the economy.

After observing what he called "premature" talk about tax cuts accompanying the August "Budget Review," Congressman Reed, former Chairman of the House Ways and Means Committee, stated:

> "Today . . . certain inflationary pressures are again apparent. The cost of living has begun to edge upward in the wake of wage and price increases. Consumer credit is at an extremely high level. I have always maintained that, when the economy begins to show signs of lagging, tax reduction is a necessary stimulant and will result in increased revenues. Recent events have proven the soundness of this position. On the other hand, when the economy is operating at record-breaking levels, the inflationary impact of tax reduction should be carefully appraised. Inflation is a more deadly enemy of a nation's security than taxes will ever be." (Press release, Sept. 4, 1955.)

It should be noted that the emerging balance in the Federal administrative budget is largely automatic and due to the built-in flexibility mentioned earlier rather than the direct result of current deliberate tax and expenditure actions by the government. This balance will not likely develop as the result of further expenditure reductions by the Administration and the Congress, such as took place at the end of World War II and at the conclusion of the Korean conflict. Federal expenditures, as we have seen, promise to be fairly stable from here on, on the basis of present programs. Neither is balance the result of tax rate increases of the kind that resulted in the substantial surplus in fiscal 1951. Rather, as we have said, the improved fiscal position largely grows out of higher Federal revenues resulting from a booming national economy.

The differing nature of the new balance, therefore, does not present as strong a case for as prompt a reduction of total Federal receipts as perhaps was justified in earlier instances of emerging balance when a major concern was one of expanding private demand for goods and services at a time Federal demand was falling rapidly. With total demand for goods and services pressing capacity today, and with little likelihood of reducing Federal demand at any foreseeable time, consistent fiscal policy would apply the surpluses to reducing the $277 billion public debt.

Moreover, we should recognize that devoting a budget surplus to tax reduction may further postpone Federal expenditures designed to meet the needs of our rapidly growing population and our expanding economy. We have been forced by fiscal prudence to hold these programs in abeyance for a decade and a half under the pressure of World War II, Korea, and the cold war. The Nation will, I am sure, continue to recognize the primary importance of defense requirements. We must not, however, lose sight of the fact that while we have had to proceed slowly in developing programs for highways, schools, hospitals, and similar public facilities and services, the need for them has grown at a very rapid rate. The lack of a real school program to match our economic, security, and cultural needs has been characterized a national disgrace. Increasing stability in defense expenditures, combined with a growing revenue base, provides the opportunity for action on this and other programs.

Failure to increase Federal expenditure for these programs would mean that the Federal government is to assume less and less of its historic and cooperative responsibility, shifting larger shares of the burden to State and local governments. Such a shifting could bring with it retrogression in the standards of public service at a time when our world military, political and economic leadership calls for strengthening these standards. Furthermore, a shifting to greater State and local responsibility could weaken the Nation's over-all tax structure from the standpoint of economic stability and growth. Thus, decisions with respect to Federal tax reduction should be based on a careful weighing of the benefits of such reductions against the benefits to be derived from providing an adequate level of Government services.

Caution with respect to reducing total Federal receipts, of course, does not preclude giving serious consideration to changes in the Federal tax structure including, perhaps, shifts in the distribution of the tax load. The tax structure contains discriminations and inequities at the present time which call for correction. The possibility that changes may be needed to insure balanced growth in the economy should also be a matter of continuing concern. This December, the Subcommittee on Tax Policy of the Joint Economic Committee, under the Chairmanship of Representative Mills, will hold extensive hearings on the relation of Federal taxes and tax policy to economic growth and stability. I believe this will be the most thorough study of the economics of our tax system and tax policy ever undertaken. From this inquiry there should emerge fresh insights into the major directions which tax policy should follow to meet the Nation's growth requirements.

It should be emphasized that the long-run possibilities for Federal tax rate reductions are good. International conditions and economic trends, of course, hold the key. If the world political situation does not worsen and if we have economic growth and price stability, we would anticipate

> "reductions in taxes which would lower the combined total of Federal, State, and local revenues in 1965 [a decade hence] perhaps 15 to 20% below the hypothetical yield that could be expected from present Federal tax rates at levels of output and income estimated for 1965." (For detailed projections see *Potential Economic Growth of the United States During the Next Decade,* materials prepared for the Joint Committee on the Economic Report by the Committee staff, Committee Print, October, 1954, p. 11.)

I have been talking entirely about fiscal policy. In this area, as in other areas of public policy, we must acknowledge that it is not possible always to be precise, either in timing legislation or in formulating a detailed program best suited to current economic conditions. Furthermore, fiscal policy must be coordinated properly with monetary policy. There is perhaps a tendency today to place too much confidence in monetary policy as an effective stabilizer. In the present context we should recognize the danger that over-confidence in the effectiveness of monetary policy could lead to premature and inflationary tax reductions. Awareness of the limitations of both fiscal and monetary policy should incline us toward a complementary use of these tools for balancing the Nation's economic budget in a manner consistent with the economic stabilization and growth objectives of the Employment Act of 1946.

Our Reporter on Governments

By JOHN T. CHIPPENDALE, JR.

The tone in the Government market is still good, and not a few money market specialists are of the opinion that the technical position of the market continues to improve. This, according to reports, means that Treasury securities, particularly the longer-term ones, are still moving into strong hands. In addition to tax switches, which are being done in increasing amounts and with a decided trend toward extending maturities, there is tangible evidence that more new money is being put to work in the most distant Treasury obligations.

The squeeze in the short-term Government market appears to have passed for the time being. This is evidenced in the lower yield on Treasury bills and the reduction in the rate on bankers' acceptances. The rediscount rate is still the subject of much discussion, but no change is looked for in this rate unless the inflationary forces get stronger.

Tax Switches Feature Market Activity

There appears to be considerable in the way of tax switches being made in the Government market and it is reported that the trend of these exchanges is now more pronounced in the direction of lengthening maturities than has been the case in the immediate past. Institutions which can make use of tax losses, according to advices, are letting out the middle-term Treasury obligations and this money is being reinvested in the longer-term issues. It is indicated that the 2½% Government bonds have been among the favored issues in these swops, which are being made for tax purposes and to extend maturities. Commercial banks, with savings deposits, according to reports, have been the leaders in this operation.

Long 3s of 1995 in Good Demand

The longest Government bond, the 3% due 1995, continues to be well taken, with pension fund as well as some of the charitable organizations among the prominent buyers of this issue. On the other hand, certain of the large institutions which are owners of the longest Government bond are still sellers, with indications, however, that there is not the same desire now to let this security out as was the case in the not distant past. It is reported that positions in the 3% due 1995 have in some instances been reduced to levels below which certain of these institutions are not inclined to go at this time.

The attitude towards the longer Government bonds continues to be very constructive, and the opportunity to pick up these issues on set-back will still be availed of by investors as well as some dealers and traders. Also, funds are being shifted from the equity market into selected maturities of the more distant 2½s. It is reported that quite a bit of the common stock money which is going into Government bonds is for foreign accounts.

Less Pressure on Short-Term Market

It is evident that the short-term money market is under less pressure, because a few more of the liquidity buyers have come back into these securities. Not only have corporations increased somewhat their purchases of Treasury bills, but money which has been raised through the flotation of corporate and other obligations has been finding an outlet in the most liquid Government issues. The fact that the bill rate is under the rediscount rate has also taken some of the tension away from the near-term market.

Active Credit Restraint Policy Continues

Even though there is a more favorable feeling towards the money market as a whole, there are no indications yet of any change in the policy of the powers that be. Likewise, it is the opinion of most money market specialists that there will not be any change as long as the forces which caused the policy of "active restraint" to be adopted continue to be as powerful as they are. These forces are the sizable demands for loans, as well as mortgage money. Consumers credit is still expanding, and commodity prices continue to rise, with the economy virtually operating at capacity. This means that the forces making for inflation are still very strong and so far they have not shown any signs of tapering off.

On the other hand, if these forces should get stronger, it is believed that there will be another increase in the rediscount rate. Such a rise in the Central Bank rate would be further confirmation by the monetary authorities that the policy of active restraint is definitely an active one. It is quite evident that the trend of affairs in the economy are being watched very closely by the powers that be.

Mutual Funds

By ROBERT R. RICH

Medical Profession Develops Electronic, Atomic Energy Uses

The atomic age has brought electronics and atomic energy fully together with the medical profession for the first time, although their use actually stems from the pioneering discovery of X-rays in 1895, according to the "Atomic Activities" monthly letter published by National Securities & Research Corporation.

The interest of physicians in atomic energy dates back almost to the turn of the century when Madame Curie isolated radium, and the medical use of electronics was pioneered by Roentgen's discovery of X-rays in 1895, the letter says.

"While the use of radium for medical therapy is well understood," explains Robert Colton, Manager of the Atomic & Electronics Division of National Securities, "it is not generally recognized that the phenomenon is a true nuclear reaction and that radium therapy was probably the earliest practical application of atomic energy.

"Like other nuclear reactions, the disintegration of naturally occurring radioactive radium to a stable lighter element is accompanied by penetrating energy emanations which can destroy unhealthy cells and tissues. Radium, however, is rare and, therefore, expensive; also it has some undesirable pharmacological properties, and its other physical and chemical properties seriously limit its use."

With the advent of the atomic era, however, an entire series of radioactive elements are now artificially made in atomic reactors or with particle accelerators, the letter says.

"These radioactive elements and synthesized compounds," Mr. Colton explains, "possess not only the desirable properties of radium but also other excellent properties which immensely broaden the entire field of radiation therapy."

Since selective affinities for certain portions of the body, certain types of tissue, or certain organs is particularly important, the physician can now select a particular radioactive compound with the characteristics he needs. "Iodine, for example, will concentrate in the thyroid and phosphorus in the bone marrow, liver and spleen," Mr. Colton adds.

"The same energy emission characteristic so vital to radiation therapy," he declares, "is also the key to many new diagnostic procedures. With sensitive electronic instruments the location and concentration of radioisotopes can be detected wherever they may migrate. For example, thyroid activity may be evaluated by iodine 131 uptake, eye tumors many times may be defined because of their affinity for radioactive phosphorus, and basic physiological studies like blood volume and circulation indices can be studied with man-made radioactive isotopes.

"For dentistry, radioisotopes are also evolving new research procedures. Now, studies of calcium deposition, tooth decay, brushing techniques and dentifrice action can be carried on more rapidly and effectively. The dentist may also benefit from new developments in isotope radiography, functionally the same as X-ray but utilizing equipment with radioactive sources. Isotope radiographic equipment may eventually be more compact and less expensive than standard X-ray units.

"Important as they may be, radioisotopes do not monopolize the field of radiation therapy and diagnosis; in many cases electronic equipment, including Betatrons, X-ray units, and particle accelerators, complement their use. X-ray is used both for therapy and as a diagnostic aid, Betatrons when particularly high energy is desired for deep penetration; and, if a very finely focused electron beam is required, a Van de Graaff particle accelerator would be chosen. Many other types of electronic equipment are vital tools for medical science. A few examples include a variety of scintillation counters for use with radioisotopes, electrocardiographs for studying heart action, and electroencephalographs for measuring brain waves."

TOTAL NET ASSETS OF George Putnam Fund of Boston for the three months ended Sept. 30, 1955, amounted to $117,830,000, compared with $90,760,000 a year ago. Net asset value per share was $12.79 compared with $10.99 on Sept. 30, 1954, adjusted for the 100% stock distribution to shareholders of record May 20, 1955. The number of shareholders totaled 32,800 on Sept. 30 compared with 28,000 a year ago.

The trustees noted in their letter to shareholders that in the two weeks following the sharp market sell-off of late September investors purchased over four times as many new shares as they resold to the Fund. On the day following the initial break, investors purchased the largest dollar amount of new shares for any day this year.

While advocating a "cautious but not bearish policy," the trustees stated that "with an exceptionally strong business background we believe that the chances of a severe market decline are unlikely."

A "balanced" fund, The Putnam Fund at present has about one-third of its assets invested in fixed income securities and two-thirds in high quality common stocks. The bulk of new money coming into the Fund in the past year has been invested in fixed income securities.

COMMONWEALTH FUND Plans A and B of Boston, reports net assets of $19,029,952 at the close of its fiscal year, Sept. 30, 1955. This is an increase of 23% compared to previous year-end net assets. Asset value per unit at Sept. 30, 1955, was $1.444, compared to $1.309 per unit in 1954.

Philadelphia Fund's report to shareholders shows net asset value per share of $17.38 on Sept. 30, 1955 — an 11.8% gain since the 1954 year-end, adjusted for 31¢ per share interim capital gain distributions, and a 30% gain since Sept. 30, 1954, adjusted for 90¢ interim capital gain distributions.

Other capital changes since Sept. 30, 1954 are shown below:

	Sept. 30, '54	Sept. 30, '55
Total Net Assets	$2,102,667	$3,556,921
Shares Outstanding	149,878	204,599
Unrealized Appreciation	$547,932	$1,093,263
Realized Gains	$159,352	$161,120

OPEN-END COMPANY STATISTICS — SEPTEMBER 30, 1955
116 OPEN-END FUNDS
(000's of dollars)

	9/30/55	6/30/55	12/31/54	9/30/54
Total Net Assets	$7,257,355	$7,185,699	$6,109,390	$5,369,700

	Month of September	Month of August	3rd Quarter 1955	2nd Quarter 1955
Sales of Shares	$126,970	$91,240	$314,966	$271,976
Redemption	35,434	31,894	100,078	109,932

Purchases and Sales of Portfolio Securities
(Excluding U. S. Government Securities)

	3rd Quarter 1955	2nd Quarter 1955	9 Months 1955	Year 1954
Purchases	$416,925	$431,697	$1,265,023	$1,363,398
Sales	277,068	312,751	864,818	968,033

Holdings of Cash, U. S. Governments and Short-Term Bonds

Sept. 30, 1955	$441,283	June 30, 1955	$362,553
Aug. 30, 1955	422,394	Dec. 31, 1954	308,701

Distributions to Shareholders by Open-End Funds

	3rd Quarter 1955	2nd Quarter 1955	9 Months 1955	Year 1954
From Investment Income	$59,893	$54,460	$168,935	$200,102
From Security Profits	28,848	10,723	69,548	129,933
From Other Sources	31	31	160	552
Total	$88,772	$65,214	$238,643	$330,587

Number of Accumulation Plans Opened
(81 Funds Reporting)

Month of September	Month of August	3rd Quarter 1955	9 Months 1955	Year 1954
9,855	10,362	29,871	84,527	67,462 (Estimated)

Number of Shareholder Accounts
Sept. 30, '55–1,961,855 June 30, '55–1,901,089 Dec. 31, '54–1,703,846

Bullock Analyzes Missile Step-Up

The nation's guided missile program will be stepped up during the next few years and the Government is expected to spend much more than the present estimated $1 billion annually, according to an analysis by the investment management department of Calvin Bullock.

"The proven companies, those which have high performance standards, ability, necessary capacity and are competitive, probably will be given weapons system responsibility as prime contractors," the analysis states. Aircraft assemblers and larger industrial firms, particularly manufacturers of electronic guidance equipment, probably will be the chief beneficiaries, it reports.

The variety of guided missiles now in production, including some still in the planning stage, their characteristics, ranges and some performance data are outlined.

Guided missiles are classified in three ways, the firm states. The first is by power plant, whether rocket, ramjet, turbojet or a combination of the latter two with rockets. The second is by flight path, cruise, ballistic trajectory or ballistic plus cruise. The third is by six types of operational use, air-to-air, air-to-surface, air-to-underwater, surface-to-air, surface-to-surface and target, or drone.

Approximately 30 different types of missiles are in various stages of development and testing, the analysis reports, with about a half-dozen already in the military arsenal and several more due to reach that point in the near future.

"Guided missiles vary greatly as to size, weight, speed and range," the report states. "Length may be from a few feet to forty feet, body diameter from six inches to four and one-half feet, weight from about one hundred pounds to seven tons and more and range from a few miles to thousands of miles. Speed may amount to as much as ten or twenty times that of sound."

The guidance mechanism represents roughly 60% of the total cost of the average missile.

Still in the "engineering dream" stage is Convair's Atlas, an intercontinental ballistic missile which would travel at speeds as high as 15,000 miles per hour at a peak altitude of 800 miles, covering the planned 5,000-mile range in a half hour.

Data on various missiles now in production for operational use, include Nike, Corporal, Terrier, Sparrow, Matador, Talos, Regulus and Falcon. The fast rate of guided missile development assures the success of space satellites which will be placed in orbit within the next two or three years.

"With possible broad changes indicated for the future, the investor will have to be alert so as to determine which companies are to benefit the most," the analysis concludes.

Massachusetts Life Fund, a balanced mutual fund, reports for the quarter ended Sept. 30, 1955 total net assets of $25,035,548, equal to $37.32 per share on 670-891 shares outstanding. This compares with $19,531,500, equal to $33.08 per share on 590,452 shares outstanding for the same period a year ago.

On Sept. 30, 1955, common stocks represented 63.32% of the Fund's assets, with 9.03% in preferred stocks, and 27.65% in bonds and cash.

Largest industry holdings in the common stock section on Sept. 30 were in public utilities, oils, steel, automotive and aircraft, and rubber.

Additional funds during the quarter were invested principally in U. S. Treasury notes, high-grade corporate bonds and preferred stocks. Utility stocks were increased in the common stock holdings of the Fund.

Eaton-Howard Assets Now Over $210 Million

Combined assets of the two Eaton & Howard Mutual Funds were at a new high of $210,707,757 on Sept. 30, 1955, compared with $161,718,791 on Sept. 30, 1954. Eaton & Howard Balanced Fund quarterly report, issued to 24,724 shareholders, shows assets of $158,376,948, an increase of $28,498,219 during past 12 months.

Shares outstanding on Sept. 30, 1955, totaled 7,493,451 compared with 7,037,337 on Sept. 30, 1954.

Value per share was $21.14 on Sept. 30, 1955, compared with $18.46 on Sept. 30, 1954.

Common stocks totaled 68.5% of Fund on Sept. 30, 1955; 11.0% was invested in preferred stocks; 14.8% in corporate bonds; 5.7% in cash, U. S. Government bonds or short-term notes. Largest common stock holdings were oil (14.6%); power & light (10.5%); insurance (5.5%); chemical (4.9%); banking (4.9%).

Eaton & Howard Stock Fund quarterly report, issued to 10,098 shareholders, show assets of $52,330,809, an increase of $20,490,747 during past 12 months. Shares outstanding on Sept. 30, 1955, totaled 2,690,190 compared with 2,034,710 on Sept. 30, 1954.

Value per share was $19.45 compared with $15.65 a year ago. 86.1% of Fund was invested in stocks on Sept. 30, 1955; 13.9% was in U. S. Governments, short-term notes and cash. Largest stock holdings by industries were oil (13.2%); insurance (8.7%); chemical (7.1%); power & light (7.0%); natural gas (6.1%).

The Bond Fund of Boston net assets on Sept. 30, 1955, were $3,531,899, equal to $8.13 per share, it is noted in the semi-annual report of the Fund for the six months ended on that date.

These figures compare with net assets of $3,223,300 on Sept. 30 of last year, equal to $8.24 per share. During the 12 months' period, the number of shares outstanding increased from 391,086 to 434,426.

The report notes that at the end of September all bonds owned were of bank quality, with 50% rated Aaa or Aa and the balance rated A or Baa. Of the Fund's outstanding shares at that time, 45% were owned by fiduciaries, profit-sharing funds and non-profit organizations; 35% were held by individuals; and 20% were owned by insurance companies and other corporations.

At the close of the semi-annual period the Fund's investments comprised 48 issues, with 54% in utilities, 37% in industrials and 9% in rails.

Pointing out that the objective of the Fund is to afford a high degree of stability to both principal and income in order that it may constitute an appropriate medium for the defensive portion of an investor's account, the report observes that it has been possible in recent years to raise the quality standard and at the same time to increase income.

National Investors Corp. income was 14% higher during the first nine months of 1955, as compared with the like period in 1954, for shareholders who took the December 1954 distribution from realized gain in additional shares, it was reported.

Net assets totalled $52,941,315 on September 30, as compared with $47,218,073 at the beginning of the year and $40,925,149 on September 30 of last year.

Asset value per share was $18.38. This was moderately less than three months ago, reflecting the unsettlement in security prices that followed news of President Eisenhower's illness. It compares with the $16.53 reported last December 31 and the $14.96 of September 30 last year.

Securities Salesman's Corner

By JOHN DUTTON

That "Little Bit Extra"

There is nothing that will bind your customers closer to you than real sincere, personal, interest in their welfare. Give that extra attention to such details as a telephone call when news comes along; unasked for analysis of an account; notice when a dividend is coming; help and assistance when "rights" must be either sold or exercised. Do these things, and you are going to hold your clients and obtain many more as a result of their recommendation.

Find out all you can about your clients. Make a note of their birthdays, their wive's names, their children and their ages. Your business contacts with your customers will then become not only a confidential business relationship, but one where people will come to you with other problems as well. The more you become interested in other people the greater will be their loyalty to you. They will then follow your recommendations and they will make the proper investments—satisfaction will follow.

I have always believed that the best sales are made after the customer has bought the salesman. People want to believe in those with whom they are dealing. In these days there are so many technical things with which we are unfamiliar that we must place our confidence in those with whom we trade. Surely the investment of the savings of your customers is no exception.

But Sincerity Must Be Real

There is something about a genuine person that cannot be counterfeited. No man can act like the friend of his customers and in the end compromise with their welfare. He will be found out. By this I mean nothing more than placing one thing uppermost as a test of every transaction—*"is this the best thing for my customer"?* Unless you do this, sooner or later that customer will lose faith and go elsewhere.

During the past few weeks I have had the opportunity of talking with several new clients who came to my office because they finally woke up to the fact that the business they were doing with another customer's representative was not on a sound basis. One customer had bought a highly speculative promotional stock that was completely unsuitable for her requirements and, when she finally discovered what she had bought, the market had declined to a point where almost half of her speculative commitment had been washed away. Why take an otherwise conservative account of a person who could not assume such risk and ruin it? What is the sense of handling an account in such a manner? If the man who had made this suggestion had only thought it over he would have seen that this client could not assume undue risk. His own self-interest would have told him that he was risking the loss of a customer. But if he had thought of the customer's welfare first, then he would have counseled against such a venture. In fact, he would have been better off to have taken a chance that his customer might not have agreed with him if he had talked against such a purchase. You can seldom lose a friend by telling them that the ice is thin and they may get a ducking.

Show Your Interest

Don't be afraid to show your interest. I've made calls in the evenings when I have had news that was truly important to give to clients and they appreciated it. I've helped with such matters as securing attorneys for customers and advising them to make their wills. I've sent them flowers when they are ill; I've remembered birthdays of their children; I've been to their weddings, their sickbeds, and their funerals, and over the years I can truly say that the best friends I've ever had have been my customers. I've tried to sell them securities that would give them the maximum for their money, whether it was growth, income, or a combination of the two. And those who wanted to speculate have done so after we have had an understanding. No one expects the impossible; people know that you are only human. They will forgive honest mistakes and the majority will take them in stride and come back to you again and again—just so long as your batting average is reasonably good and you are thinking and working for them not only part of the time, but all the time.

It will work for you when all the fancy sales talks and clever ideas will backfire. It will build for you day after day. It is the answer to that which people everywhere are seeking—just plain old fashioned, sincere, honest effort *in their behalf.*

Roger G. Johnson Opens

FT. LAUDERDALE, Fla.—Roger G. Johnson is engaging in a securities business from offices at 2007 Northeast 29th Court under the firm name of Roger G. Johnson & Co. Mr. Johnson was formerly with Piper, Jaffray & Hopwood of Minneapolis and Andrew B. Knox & Co.

Inv. Research Formed

WASHINGTON, D. C.—Investment Research Company has been formed with offices at 1424 K Street, Northwest. Dennis M. Bailey is sole proprietor.

Shupp Inv. Co. Opens

SAN ANTONIO, Texas—Shupp Investment Company has been formed to engage in a securities business from offices at 931 Gladstone.

Joins Daniel Reeves

(Special to THE FINANCIAL CHRONICLE)

BEVERLY HILLS, Calif.—Horace W. Brier has joined the staff of Daniel Reeves & Co., 398 South Beverly Drive, members of the New York and Los Angeles Stock Exchanges. Mr. Brier was previously with H. Hentz & Co.

With Harry Pon

(Special to THE FINANCIAL CHRONICLE)

AZUSA, Calif.—Louis Gagliano and Roger Sizoo have been added to the staff of Harry Pon, 711 North Azusa Avenue.

Lloyd Arnold Adds

(Special to THE FINANCIAL CHRONICLE)

BEVERLY HILLS, Cal.—Benny Rubin has become affiliated with Lloyd Arnold & Company, 404 North Camden Drive.

Public Utility Securities

By OWEN ELY

The Southern Company

Southern Company, controlling four large subsidiaries through 100% equity interest, operates the largest electric system in the South with annual revenues of over $200 million. This is virtually all electric revenues, less than 1% representing steam heating and transit service. The service area of 113,000 square miles comprises most of the States of Alabama and Georgia, northwest Florida and southeast Mississippi. The region has important deposits of coal and iron; limestone and clays; marble and granite; oil and natural gas; salt and other minerals. There are also large forest areas supporting the lumber, pulp and paper industries. An ample water supply is a major factor in the location of many industries in the area.

A wide variety of industries have been attracted to Southern's territory, including iron and steel; textiles using both natural and synthetic fibers; chemicals; rubber; lumber, pulp and paper, including newsprint; oil mills, packing and food processing plants, fertilizer plants, etc. Thus many of the plants in the South are new, modern, and highly efficient—highly competitive with units in other areas. Agriculture is becoming more diversified, with a trend away from cotton to livestock and poultry, peanuts, tobacco, grains, sweet potatoes, tung nuts, fruits and vegetables.

Industrial development seems to be increasing at a sharply higher rate; inquiries for large blocks of power to supply new facilities or expanded facilities of existing plants are being received almost daily. Among the companies which have recently announced plans for locating new units in the service area are National Gypsum, International Paper, Chemstrand, duPont, Olin-Mathieson Chemical, Owens-Illinois Glass, American Machine & Foundry, Radio Corporation of America, Allied Chemical and Dye, etc. During the past five and a half years 550 large new industrial plants have been established in the service area, with a capital investment of $484 million. Industrial prospects considered likely to locate in the area include 75 new industries with an estimated capital investment of $395 million.

The Southern Company operates a completely integrated electric system, with operations supervised by a central office in Birmingham to determine the amount of power which can best be produced by each hydro and steam plant for maximum over-all efficiency, taking into account the generating cost at each plant and the line losses in transmission. Southern is pioneering in automation and its "Early Bird" computor is the first of its type.

Generating facilities at the end of 1954 were 3,030,000 kw, and 466,000 kw additional capability will be brought into service during 1955-57. Seventy-two per cent of present capacity is steam and 28% hydro. Capacity has doubled since 1948, and about two-thirds of electric plant now in service has been constructed in the postwar period.

The system is fortunate in having a choice of cheap fuels, in addition to hydro. Alabama Power operates a large coal mine near its Gorgas plant which produces about one-sixth the present fuel requirements of the entire system; about 70% of Alabama's fuel is coal and the balance natural gas. Georgia Power burns about half coal and half gas; coal costs have been substantially reduced through an ingenious barge-truck system of transporting coal from other States to one of its major plants. Gulf Power uses about 60% gas and 40% coal, while Mississippi Power depends entirely on gas. With coal costs declining and gas rising, Southern Company subsidiaries have been gradually switching from gas to coal. All subsidiaries have fuel clauses in their rate schedules.

Since the days of Wendell Willkie, the Southern System has had low residential rates and high residential consumption. Sales for residential customers are expected to cross 3,000 kw this year—a figure well above the national average.

The estimated capital structure at the end of 1955 is as follows:

	Millions	Percent
Long-Term Debt	$439	54%
Preferred Stock	108	14
Com. Stock Equity (19,594,946 shs.)	260	32
	$807	100%

The common stock equity has been increased from 22% in 1947 to the present pro forma level of 32%. To finance the huge construction expenditures and increase the equity ratio, the company had to sell large amounts of stock annually during 1948-53. The present rights offerings of 1,507,303 shares on a 1-for-12 basis is the first since 1953. Having largely accomplished their objective with respect to the equity ratio, it appears likely that the company will not have to issue common stock again until early 1958.

Due to drought conditions, earnings this year have been affected to the extent of about 6¢ a share, as compared with normal water conditions. Earnings are estimated at $1.42 on average shares, or $1.31 on year-end shares in 1955; and in 1956, with average river flow, Chairman Yates estimates $1.45-$1.50. Since payout policy is around 65%, this would warrant an increase in the dividend rate to $1.

Southern Company System is obtaining substantial tax savings through accelerated amortization which are not reflected in the reported share earnings. In 1955-57 these will approximate 40¢ a share, with probably a slightly higher figure indicated for the four years following. The system has tentatively adopted the Declining Balance Method for reporting depreciation for tax purposes under the 1954 revenue code. The estimated amount of taxes deferred by this method in 1954 was equivalent to about 3¢ a share.

Joins M. H. Bishop

(Special to THE FINANCIAL CHRONICLE)

MINNEAPOLIS, Minn.—Kelly I. Drey is now with M. H. Bishop & Co., Northwestern Bank Building.

Creger With E. H. Hansen

(Special to THE FINANCIAL CHRONICLE)

WHITTIER, Calif.—James D. Creger has become associated with E. H. Hansen & Co., 124 North Bright Avenue as manager of the sales department. Mr. Creger was previously with Dempsey-Tegeler & Co.

Two With Real Property

(Special to THE FINANCIAL CHRONICLE)

BEVERLY HILLS, Calif.—Charles D. Cavanagh and Ewart W. Goodwin are now with Real Property Investments, Inc., 233 South Beverly Drive.

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)	Nov. 6	§98.1	*100.0	96.7	76.4
Equivalent to—					
Steel ingots and castings (net tons)	Nov. 6	§2,368,000	*2,413,000	2,334,000	1,822,000
AMERICAN PETROLEUM INSTITUTE:					
Crude oil and condensate output—daily average (bbls. of 42 gallons each)	Oct. 21	6,752,650	6,713,700	6,671,300	6,174,400
Crude runs to stills—daily average (bbls.)	Oct. 21	¶7,477,000	7,357,000	7,404,000	6,928,000
Gasoline output (bbls.)	Oct. 21	26,084,000	25,565,000	25,426,000	23,418,000
Kerosene output (bbls.)	Oct. 21	2,253,000	2,059,000	2,061,000	2,145,000
Distillate fuel oil output (bbls.)	Oct. 21	10,813,000	10,897,000	11,131,000	10,950,000
Residual fuel oil output (bbls.)	Oct. 21	7,717,000	7,639,000	8,066,000	7,420,000
Stocks at refineries, bulk terminals, in transit, in pipe lines—					
Finished and unfinished gasoline (bbls.) at	Oct. 21	151,536,000	150,480,000	151,805,000	149,834,000
Kerosene (bbls.) at	Oct. 21	36,844,000	37,228,000	36,254,000	38,874,000
Distillate fuel oil (bbls.) at	Oct. 21	149,886,000	148,849,000	142,814,000	135,437,000
Residual fuel oil (bbls.) at	Oct. 21	46,641,000	47,288,000	46,932,000	56,475,000
ASSOCIATION OF AMERICAN RAILROADS:					
Revenue freight loaded (number of cars)	Oct. 22	834,499	827,245	819,025	745,945
Revenue freight received from connections (no. of cars)	Oct. 22	699,051	684,252	681,043	623,399
CIVIL ENGINEERING CONSTRUCTION — ENGINEERING NEWS-RECORD:					
Total U. S. construction	Oct. 27	$295,207,000	$419,915,000	$266,042,000	$220,233,000
Private construction	Oct. 27	177,470,000	257,600,000	154,320,000	113,112,000
Public construction	Oct. 27	117,737,000	162,315,000	111,722,000	107,121,000
State and municipal	Oct. 27	87,792,000	106,261,000	74,646,000	99,951,000
Federal	Oct. 27	29,945,000	56,054,000	37,076,000	7,170,000
COAL OUTPUT (U. S. BUREAU OF MINES):					
Bituminous coal and lignite (tons)	Oct. 22	9,810,000	*9,800,000	9,570,000	9,033,000
Pennsylvania anthracite (tons)	Oct. 22	489,000	500,000	602,000	507,000
DEPARTMENT STORE SALES INDEX—FEDERAL RESERVE SYSTEM—1947-49 AVERAGE = 100	Oct. 22	133	128	121	123
EDISON ELECTRIC INSTITUTE:					
Electric output (in 000 kwh.)	Oct. 29	10,659,000	10,644,000	10,627,000	9,152,000
FAILURES (COMMERCIAL AND INDUSTRIAL) — DUN & BRADSTREET, INC.	Oct. 27	230	239	186	223
IRON AGE COMPOSITE PRICES:					
Finished steel (per lb.)	Oct. 25	5.174c	5.174c	5.174c	4.798c
Pig iron (per gross ton)	Oct. 25	$59.09	$59.09	$59.09	$56.59
Scrap steel (per gross ton)	Oct. 25	$44.50	$44.83	$44.83	$33.33
METAL PRICES (E. & M. J. QUOTATIONS):					
Electrolytic copper—					
Domestic refinery at	Oct. 26	42.700c	42.825c	43.950c	29.700c
Export refinery at	Oct. 26	43.300c	43.225c	45.400c	32.375c
Straits tin (New York) at	Oct. 26	96.250c	96.000c	96.500c	92.500c
Lead (New York) at	Oct. 26	15.500c	15.500c	15.500c	15.000c
Lead (St. Louis) at	Oct. 26	15.300c	15.300c	15.300c	14.800c
Zinc (East St. Louis) at	Oct. 26	13.000c	13.000c	13.000c	11.500c
MOODY'S BOND PRICES DAILY AVERAGES:					
U. S. Government Bonds	Nov. 1	96.11	95.86	95.42	99.57
Average corporate	Nov. 1	107.62	107.62	107.62	110.70
Aaa	Nov. 1	111.25	111.25	110.88	115.43
Aa	Nov. 1	109.60	109.60	109.42	112.37
A	Nov. 1	107.44	107.44	107.62	110.52
Baa	Nov. 1	102.63	102.80	102.63	104.83
Railroad Group	Nov. 1	106.21	106.04	106.04	108.88
Public Utilities Group	Nov. 1	107.98	107.98	107.98	111.07
Industrials Group	Nov. 1	108.88	108.88	108.70	112.00
MOODY'S BOND YIELD DAILY AVERAGES:					
U. S. Government Bonds	Nov. 1	2.79	2.81	2.84	2.53
Average corporate	Nov. 1	3.30	3.30	3.30	3.13
Aaa	Nov. 1	3.10	3.10	3.12	2.88
Aa	Nov. 1	3.19	3.19	3.20	3.04
A	Nov. 1	3.31	3.31	3.30	3.14
Baa	Nov. 1	3.59	3.58	3.59	3.46
Railroad Group	Nov. 1	3.38	3.39	3.39	3.23
Public Utilities Group	Nov. 1	3.28	3.28	3.28	3.11
Industrials Group	Nov. 1	3.23	3.23	3.24	3.06
MOODY'S COMMODITY INDEX	Nov. 1	400.3	398.7	408.7	406.6
NATIONAL PAPERBOARD ASSOCIATION:					
Orders received (tons)	Oct. 22	240,944	272,234	256,104	225,539
Production (tons)	Oct. 22	292,172	291,411	293,667	258,055
Percentage of activity	Oct. 22	102	102	102	93
Unfilled orders (tons) at end of period	Oct. 22	598,836	653,346	585,767	394,122
OIL, PAINT AND DRUG REPORTER PRICE INDEX—1949 AVERAGE = 100	Oct. 28	106.79	106.82	107.09	106.27
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. 8	1,167,614	2,480,280	1,019,676	1,112,144
Dollar value	Oct. 8	$61,502,506	$136,907,987	$58,281,736	$53,905,208
Odd-lot purchases by dealers (customers' sales)—					
Number of orders—Customers' total sales	Oct. 8	945,199	1,673,878	857,024	1,077,482
Customers' short sales	Oct. 8	5,967	11,216	4,288	7,808
Customers' other sales	Oct. 8	939,232	1,662,662	852,736	1,069,674
Dollar value	Oct. 8	$50,456,939	$93,758,556	$44,083,755	$48,536,929
Round-lot sales by dealers—					
Number of shares—Total sales	Oct. 8	217,180	385,050	222,880	291,700
Short sales	Oct. 8	------	------	------	------
Other sales	Oct. 8	217,180	385,050	222,880	291,700
Round-lot purchases by dealers—					
Number of shares	Oct. 8	472,810	1,171,480	416,080	330,700
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. 8	429,900	700,930	464,230	396,350
Other sales	Oct. 8	10,734,290	21,984,950	10,045,810	10,991,770
Total sales	Oct. 8	11,164,190	22,685,880	10,510,040	11,388,120
ROUND-LOT TRANSACTIONS FOR ACCOUNT OF MEMBERS, EXCEPT ODD-LOT DEALERS AND SPECIALISTS:					
Transactions of specialists in stocks in which registered—					
Total purchases	Oct. 8	1,573,220	3,603,300	1,287,840	1,212,470
Short sales	Oct. 8	224,820	334,600	217,460	201,530
Other sales	Oct. 8	1,413,680	3,281,180	1,069,280	954,030
Total sales	Oct. 8	1,638,500	3,615,780	1,286,740	1,155,560
Other transactions initiated on the floor—					
Total purchases	Oct. 8	299,370	466,580	255,550	404,660
Short sales	Oct. 8	24,200	51,000	26,650	28,700
Other sales	Oct. 8	321,160	534,480	283,650	344,000
Total sales	Oct. 8	345,360	585,480	310,300	372,700
Other transactions initiated off the floor—					
Total purchases	Oct. 8	504,134	974,578	450,725	474,740
Short sales	Oct. 8	65,920	107,330	130,150	69,430
Other sales	Oct. 8	505,407	1,183,944	763,834	464,383
Total sales	Oct. 8	571,327	1,291,274	893,984	533,813
Total round-lot transactions for account of members—					
Total purchases	Oct. 8	2,376,724	5,044,458	1,994,115	2,091,870
Short sales	Oct. 8	314,940	492,930	374,260	299,660
Other sales	Oct. 8	2,240,247	4,999,604	2,116,764	1,762,413
Total sales	Oct. 8	2,555,187	5,492,534	2,491,024	2,062,073
WHOLESALE PRICES, NEW SERIES — U. S. DEPT. OF LABOR — (1947-49 = 100):					
Commodity Group—					
All commodities	Oct. 25	111.1	111.2	111.4	109.6
Farm products	Oct. 25	86.5	87.1	89.0	92.6
Processed foods	Oct. 25	98.9	99.8	101.8	103.2
Meats	Oct. 25	77.4	79.4	83.9	84.9
All commodities other than farm and foods	Oct. 25	118.7	118.6	118.0	114.5

*Revised figure. ¶Includes 807,000 barrels of foreign crude runs. §Based on new annual capacity of 125,828,310 tons as of Jan. 1, 1955, as against Jan. 1, 1954 basis of 124,330,410 tons.
†Number of orders not reported since introduction of Monthly Investment Plan.

	Latest Month	Previous Month	Year Ago
ASSOCIATION OF AMERICAN RAILROADS—Month of September:			
Locomotive units installed in service	85	31	75
BANKERS' DOLLAR ACCEPTANCES OUTSTANDING — FEDERAL RESERVE BANK OF NEW YORK—As of Sept. 30:			
Imports	$253,363,000	$220,386,000	$207,042,000
Exports	189,329,000	181,891,000	133,893,000
Domestic shipments	8,951,000	10,615,000	11,273,000
Domestic warehouse credits	99,261,000	100,647,000	118,677,000
Dollar exchange	32,820,000	40,630,000	85,239,000
Based on goods stored and shipped between foreign countries	86,976,000	100,626,000	47,712,000
Total	$670,700,000	$654,855,000	$603,746,000
BUILDING PERMIT VALUATION — DUN & BRADSTREET, INC.—215 CITIES—Month of September:			
New England	$24,005,371	$26,701,188	$18,151,734
Middle Atlantic	99,334,159	83,729,672	80,861,850
South Atlantic	39,647,694	48,792,221	52,603,315
East Central	117,556,138	134,650,663	94,100,074
South Central	71,424,418	87,218,703	101,311,191
West Central	32,725,277	36,567,802	28,129,720
Mountain	19,099,757	27,080,748	21,677,273
Pacific	74,232,987	111,088,125	75,197,331
Total United States	$477,025,801	$555,829,122	$482,032,488
New York City	58,177,460	41,436,766	42,413,380
Outside New York City	$418,848,341	$514,392,356	$434,619,108
BUSINESS FAILURES—DUN & BRADSTREET, INC.—Month of September:			
Manufacturing number	168	158	153
Wholesale number	99	107	113
Retail number	366	430	406
Construction number	114	134	88
Commercial service number	75	59	59
Total number	822	888	819
Manufacturers' liabilities	$10,798,000	$10,102,000	$11,262,000
Wholesale liabilities	7,147,000	4,252,000	5,366,000
Retail liabilities	8,253,000	10,024,000	11,879,000
Construction liabilities	4,256,000	9,663,000	5,584,000
Commercial service liabilities	2,666,000	1,987,000	2,290,000
Total liabilities	$33,120,000	$36,028,000	$36,381,000
BUSINESS INCORPORATIONS (NEW) IN THE UNITED STATES—DUN & BRADSTREET, INC.—Month of September	11,024	10,983	9,256
COPPER INSTITUTE—For month of Sept.:			
Copper production in U. S. A.—			
Crude (tons of 2,000 pounds)	107,490	*77,354	63,882
Refined (tons of 2,000 pounds)	139,880	98,732	88,786
Deliveries to fabricators—			
In U. S. A. (tons of 2,000 pounds)	144,571	*89,348	89,198
Refined copper stocks at end of period (tons of 2,000 pounds)	53,625	49,350	48,775
COTTON AND LINTERS — DEPT. OF COMMERCE—RUNNING BALES:			
Consumed month of September	874,837	717,227	817,459
In consuming establishments as of Oct. 1	1,209,252	1,210,483	1,109,370
In public storage as of Oct. 1	11,796,569	9,752,138	11,028,485
Linters—Consumed month of September	147,263	141,156	100,046
Stocks Oct. 1	1,337,932	1,425,823	1,542,305
Cotton spindles active as of Oct. 1	19,243,000	19,136,000	19,265,000
COTTON GINNING (DEPT. OF COMMERCE)—			
As of Oct. 1 (running bales)	4,815,462	------	5,689,852
COTTON PRODUCTION — U. S. DEPT. OF AGRICULTURE—1955 Crop as of Oct. 1:			
Production 500-lb. gross bales	13,928,000	12,873,000	13,696,000
COTTON SPINNING (DEPT. OF COMMERCE):			
Spinning spindles in place on Oct. 1	22,257,000	22,292,000	22,720,000
Spinning spindles active on Oct. 1	19,243,000	19,136,000	19,276,000
Active spindle hours (000's omitted) Oct. 1	11,363,000	9,293,000	10,455,000
Active spindle hours per spindle in place Sept.	454.5	464.7	426.7
DEPARTMENT STORE SALES—SECOND FEDERAL RESERVE DISTRICT, FEDERAL RESERVE BANK OF N. Y. — 1947-49 Average=100—Month of September:			
Sales (average monthly), unadjusted	108	86	105
Sales (average daily), unadjusted	111	81	*108
Sales (average daily), seasonally adjusted	108	*106	105
Stocks, unadjusted	123	114	122
Stocks, seasonally adjusted	116	117	118
FACTORY EARNINGS AND HOURS—WEEKLY AVERAGE ESTIMATE—U. S. DEPT. OF LABOR—Month of September:			
Weekly Earnings—			
All manufacturing	$77.90	$76.33	$71.86
Durable goods	84.45	82.61	77.39
Non-durable goods	68.57	67.83	65.24
Hours—			
All manufacturing	41.0	40.6	39.7
Durable goods	41.6	41.1	40.1
Non-durable goods	40.1	39.9	39.3
Hourly Earnings—			
All manufacturing	$1.90	$1.88	$1.81
Durable goods	2.03	2.01	1.93
Non-durable goods	1.71	1.70	1.66
REAL ESTATE FINANCING IN NON-FARM AREAS OF U. S. — HOME LOAN BANK BOARD—Month of August (000's omitted):			
Savings and loan associations	$1,059,997	$953,058	$770,194
Insurance companies	163,174	161,068	165,804
Bank and trust companies	521,302	472,218	369,081
Mutual savings banks	179,355	168,363	138,229
Individuals	309,642	282,826	252,022
Miscellaneous lending institutions	463,068	425,313	391,058
Total	$2,696,538	$2,462,846	$2,086,388
TREASURY MARKET TRANSACTIONS IN DIRECT AND GUARANTEED SECURITIES OF U.S.A.—Month of September:			
Net sales	------	------	$9,981,150
Net purchases	$11,820,500	$20,344,000	------
U. S. GOVT. STATUTORY DEBT LIMITATION —As of Sept. 30 (000's omitted):			
Total face amount that may be outstanding at any time	$281,000,000	$281,000,000	$281,000,000
Outstanding—			
Total gross public debt	277,476,106	278,309,014	274,809,874
Guaranteed obligations not owned by the Treasury	47,725	43,455	28,530
Total gross public debt and guaranteed obligations	$277,523,832	$278,352,470	$274,838,405
Deduct—other outstanding public debt obligations not subject to debt limitation	478,855	480,967	533,790
Grand total outstanding	$277,044,977	$277,871,502	$274,304,614
Balance face amount of obligations, issuable under above authority	3,955,022	3,128,497	6,695,385

Securities Now in Registration

★ INDICATES ADDITIONS SINCE PREVIOUS ISSUE
● ITEMS REVISED

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-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.

★ **Allis-Chalmers Manufacturing Co.**
Oct. 27 filed 66,944 additional shares of common stock (par $20) to be offered to certain officers and key employees of the company and its subsidiaries, pursuant to options granted on Sept. 7, 1955, or options which may hereafter be granted, under the company's Restricted Stock Option Plan for Employees.

Aloha, Inc., Las Vegas, Nev.
Aug. 8 filed 900,000 shares of common stock (par $1) and 900,000 shares of preferred stock (par $10) to be offered in units of one share of each class of stock. **Price**—$11 per unit. **Proceeds**—For construction of hotel and related activities and for contingencies, stock in trade, and working capital. **Underwriter**—None.

Alouette Uranium & Copper Mines, Inc., Montreal, Canada
July 22 (Regulation D) 1,000,000 shares of common stock. **Price**—30 cents per share. **Proceeds**—For exploration and development expenses, etc. **Underwriter**—Hudson-Bergen Securities, Inc., Cliffside Park, N. J.

Amarilla Uranium, Inc.
July 27 (letter of notification) 6,500,000 shares of common stock. **Price**—One cent per share. **Proceeds**—For expenses incident to mining activities. **Underwriter**—Weber Investment Co., Ogden, Utah.

● **American European Securities Co.**
Oct. 11 filed 91,875 shares of common stock (no par) being offered for subscription by stockholders on the Oct. 31, 1955; rights to expire on Nov. 22. **Price**—$28 per share. **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), of which all the debentures and 109,193 shares of stock are being 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 (this offer expires on Dec. 1, 1955, unless extended). The remaining 500,000 shares are under option to certain persons at $4 per share. **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; rights to expire on Dec. 1. **Price**—$8 per share. **Proceeds**—For general corporate purposes. **Office**—Chicago, Ill. **Underwriter**—None.

★ **Arapahoe Chemicals, Inc., Boulder, Colo.**
Oct. 24 (letter of notification) 1,800 shares of common stock (no par) to be offered for subscription by stockholders at $30 per share; unsubscribed shares to be offered publicly at not to exceed $35 per share. **Proceeds**—For General corporate purposes. **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. (11/9)**
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.

Continued on page 40

NEW ISSUE CALENDAR

November 3 (Thursday)
Chesapeake & Ohio Ry.——Equip. Trust Ctfs.
(Bids noon EST) $4,800,000

November 4 (Friday)
Wisconsin Southern Gas Co., Inc.——Common
(Offering to stockholders—underwritten by The Milwaukee Co.; Harley, Haydon & Co.; and Bell & Farrell, Inc.) $343,497

November 7 (Monday)
Commonwealth Life Insurance Co.——Common
(Eastman, Dillon & Co.) $300,000
Hugoton Gas Trust——Units
(Offering to common stockholders of Kansas-Nebraska Natural Gas Co.—underwritten by The First Trust Co. of Lincoln, Neb., and Cruttenden & Co.) $3,743,996
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
General Molded Plastics, Inc.——Common
(First Securities Co.) $297,500

November 9 (Wednesday)
Automobile Banking Corp.——Debentures
(Reynolds & Co.) $1,500,000
Central Electric & Gas Co.——Preferred
(Paine, Webber, Jackson & Curtis and Stone & Webster Securities Corp.) $1,750,000
Chromalloy Corp.——Common
(S. D. Fuller & Co.) $299,475
Coosa River Newsprint Co.——Common
(Offering to stockholders—underwritten by Blyth & Co., Inc.) $8,554,000
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)
Eagle Newspaper Enterprises, Inc.——Pfd. & Com.
(James Anthony Securities Corp.) $757,500
International Metals Corp.——Common
(Gearhart & Otis, Inc.) $400,000
Richmond Homes, Inc.——Common
(Cruttenden & Co.) $700,000
Woodrow Douglas Oil Co.——Common
(Eisele & King, Libaire, Stout & Co.) $300,000

November 15 (Tuesday)
Diners' Club, Inc.——Common
(Lee Higginson Corp. and C. E. Unterberg, Towbin Co.) about $1,200,000
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
Pacific Lighting Co.——Preferred
(Blyth & Co., Inc.) about $20,000,000

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
Old Empire, Inc.——Common
(Vickers Brothers) $300,000

November 17 (Thursday)
Colorado Interstate Gas Co.——Common
(Union Securities Corp.) 256,503 shares
Daitch Crystal Dairies, Inc.——Debentures
(Hirsch & Co.) $2,000,000
Radio Corp. of America——Debentures
(Offering to stockholders—underwritten by Lehman Brothers and Lazard Freres & Co.) $100,000,000
Wheeling Steel Corp.——Debentures
(Offering to stockholders—underwritten by Kuhn, Loeb & Co.) $19,097,800

November 21 (Monday)
Entz-White Lumber & Supply, Inc.——Debs. & Com.
(Offering by company—no underwriting) $500,000
United Insurance Co. of America——Common
(R. S. Dickson & Co. and A. C. Allyn & Co., Inc.) 200,000 shares

November 22 (Tuesday)
Kimberly-Clark Corp.——Common
(Blyth & Co., Inc.) 400,000 shares
Montana-Dakota Utilities Co.——Preferred
(Blyth & Co., Inc. and Merrill Lynch, Pierce, Fenner & Beane) $5,000,000
Siegler Corp.——Common
(William R. Staats & Co.; Dominick & Dominick; Bache & Co.; and Schwabacher & Co.) 175,000 shares

November 29 (Tuesday)
San Diego Gas & Electric Co.——Bonds
(Bids 11:30 a.m. EDT) $18,000,000

November 30 (Wednesday)
Northrop Aircraft, Inc.——Debentures
(May be William R. Staats & Co. and Blyth & Co.) $10,000,000

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)
Atlanta Gas Light Co.——Preferred
(Bids to be invited) $3,000,000
New Jersey Bell Telephone Co.——Debentures
(Bids to be invited) $25,000,000

December 15 (Thursday)
General Capital Corp.——Debentures
(No underwriting) $300,000
Revlon Products Corp.——Common
(Reynolds & Co.) $4,000,000 to $5,000,000

December 20 (Tuesday)
Pennsylvania Electric Co.——Bonds
(Bids to be invited) $20,700,000

January 11 (Wednesday)
New Orleans Public Service Inc.——Preferred
(Bids to be invited) $6,000,000

Continued from page 39

★ Big Sandy Syndicate, Inc.
Oct. 25 (letter of notification) 1,510 shares of common stock (no par). **Price**—$100 per share. **Proceeds**—For expenses incident to drilling and producing oil and gas. **Office**—2173 South Marion St., Denver 10, Colo. **Underwriter**—None.

★ Big Ute Uranium Corp., Overton, Nev.
Oct. 28 (letter of notification) 3,000,000 shares of common stock. **Price**—At par (10 cents per share). **Proceeds**—For mining expenses. **Underwriter**—James E. Reed Co., Inc., Reno, Nev.

★ Bishop Canyon Uranium Corp., Hobbs, N. Mex.
Oct. 27 (letter of notification) 3,000,000 shares of common stock. **Price**—At par (10 cents per share). **Proceeds**—For mining expenses. **Office** — Stark Bldg., Hobbs, N. M. **Underwriter**—None.

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."

★ Blackhawk Fire & Casualty Insurance Co.
Oct. 28 filed 200,000 shares of common stock (par $2.50), of which 170,527 shares are to be publicly offered to public at $5 per share, and 29,473 shares are to be purchased by Town and Country Insurance Agency, Inc. at $4.50 per share. **Proceeds**—To acquire through merger the Blackhawk Mutual Insurance Co. **Office**—Rockford, Ill. **Underwriter** — Arthur M. Krensky & Co., Inc., Chicago, Ill.

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.

★ Bonus Uranium, Inc., Denver, Colo.
Oct. 28 (letter of notification) 3,000,000 shares of capital stock (par one cent). **Price**—10 cents per share. **Proceeds**—For mining expenses. **Office**—1154 Bannock St., Denver, Colo. **Underwriter** — Mid-America Securities, Inc., Salt Lake City, Utah.

★ Bryce Brothers Co., Mount Pleasant, Pa.
Oct. 28 (letter of notification) 10,000 shares of capital stock to be offered for subscription by present stockholders. **Price**—$7.50 per share. **Proceeds**—For working capital. **Underwriter**—None.

★ Buell Die & Machine Co., Detroit, Mich.
Oct. 31 (letter of notification) 90,000 shares of common stock (par $1) to be offered for subscription by common stockholders on the basis of one new share for each five shares held of record Oct. 26, 1955. **Proceeds**—For working capital. **Office** — 3545 Scotten Ave., Detroit, Mich. **Underwriter**—Wm. C. Roney & Co., same city.

• California Consumers Corp., Los Angeles, Calif.
Sept. 21 filed 52,942 shares of capital stock (par $10) being offered for subscription by stockholders of record Oct. 18 on the basis of one new share for each share held; rights to expire on Nov. 10. **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 Limestone Products
Oct. 7 (letter of notification) 36,850 shares of common stock (par $1) being offered for subscription by stockholders of record Oct. 25 on the basis of one new share for each 5.7 shares held; rights to expire on Nov. 9, 1955. **Price**—$1.05 per share. **Proceeds**—For mining expenses. **Office**—139 S. Beverly Drive, Beverly Hills, Calif. **Underwriter**—None.

• Canadian Uranium Mines, Ltd., Montreal, Can.
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. **Statement withdrawn.**

★ Canuba Manganese Mines, Ltd., Toronto, Can.
Oct. 27 filed 500,000 shares of capital stock (par $1-Canadian). **Price**—$1.50 per share. **Proceeds**—For exploration of mining properties in Cuba. **Underwriter**—Baruch Brothers & Co., Inc., New York.

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.

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. (11/9-16)
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**—1023 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.

★ Colorado Interstate Gas Co. (11/17)
Oct. 28 filed 256,503 shares of common stock (par $5). **Price** — To be supplied by amendment. **Proceeds** — To Public Service Co. of Colorado, the selling stockholder. **Underwriter**—Union Securities Corp., New York.

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.
Oct. 13 filed 1,110,375 shares of common stock (par $25), being 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**—$37.50 per share. **Proceeds**—For construction program. **Underwriters**—The First Boston Corp. and Glore, Forgan & Co., both of New York.

• Commonwealth Life Insurance Co. (11/7-10)
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.

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.

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.

★ Credit Finance Corp., La Grange, Ga.
Oct. 28 (letter of notification) 148,000 shares of common stock (par $1). **Price** — $2 per share. **Proceeds** — For working capital. **Office**—Mallory-Hutchinson Bldg., La Grange, Ga. **Underwriter**—Franklin Securities Co., Atlanta, Ga.

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.

★ Daitch Crystal Dairies, Inc. (11/17)
Oct. 28 filed $2,000,000 of 4% convertible subordinated debentures due 1975. **Price**—100% of principal amount. **Proceeds**—From sale of debentures, together with funds to be received from institutional investor, to be used in connection with proposed merger with company of Shopwell Foods, Inc., and for expansion program. **Office**—Bronx, New York City, N. Y. **Underwriter**—Hirsch & Co., New York.

• Deerfield Gas Production Co. (11/7)
Sept. 30 this company, together with Kearney Gas Production Co., filed 935,999 units of beneficial interest in Hugoton Gas Trust, to be issued to common stockholders of Kansas-Nebraska Natural Gas Co., Inc. on a 1-for-4 basis; 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. **Office**—Wichita, Kan. **Underwriters**—The First Trust Co., of Lincoln, Neb. and Cruttenden & Co., Chicago, Ill.

Delta Minerals Co., Casper, Wyo.
Sept. 20 (letter of notification) 600,000 shares of non-assessable common stock (par five cents). **Price**—50 cents per share. **Proceeds**—Expenses incident to mining operations. **Office**—223 City and County Bldg., Casper, Wyo. **Underwriter**—The Western Trader & Investor, Salt Lake City, Utah.

• Diners' Club, Inc., New York (11/15-16)
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.

★ Dixie Aluminum Corp., Rome, Ga.
Oct. 31 filed 125,000 shares of 36-cent cumulative preferred stock (par $4) and 125,000 shares of common stock (par $1) to be offered in units of one share of each class of stock. Of the common shares, 74,180 are being sold by the company and 50,820 by Brett D. Holmes, its President. **Price**—$7 per unit. **Proceeds**—To repay indebtedness and for expansion, equipment, working capital and other general corporate purposes. **Underwriter**—Scott, Horner & Mason, Inc., Lynchburg, Va.

• Dixon Chemical & Research, Inc.
Sept. 28 filed $2,250,000 6% first mortgage bonds due 1975 and 225,000 shares of common stock (par $1) to be offered in units of $500 of bonds and 50 shares of stock. **Price**—To be supplied by amendment. **Proceeds**—For construction of plant, etc.; for acquisition of Dixon Chemicals, Inc.; and for working capital. **Office**—Clif-

ton, N. J. **Underwriters**—Lee Higginson Corp. and P. W. Brooks & Co., Inc., both of New York. **Offering**—Expected today (Nov. 3).

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.

★ **Dorsett Laboratories, Inc.**
Oct. 21 (letter of notification) 40,000 shares of common stock (par 25 cents). **Price**—$1.50 per share. **Proceeds**—For working capital. **Office**—401 E. Boyd St., Norman, Okla. **Underwriter**—None.

● **Eagle Newspaper Enterprises, Inc. (11/14-18)**
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.

★ **East Basin Oil & Uranium Co.**
Oct. 25 (letter of notification) 1,500,000 shares of common stock (par one cent). **Price**—20 cents per share. **Proceeds**—For expenses incident to drilling for oil and gas. **Office**—Colorado Bldg., Denver, Colo. **Underwriter**—Philip Gordon & Co., Inc., New York.

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.

★ **Entz-White Lumber & Supply, Inc., Phoenix, Ariz. (11/21)**
Oct. 26 filed $500,000 of 20-year, 7% sinking fund debentures and 10,000 shares of capital stock (par $1) to be offered in units of $50 principal amount of debentures and one share of stock. **Price** — $50 per unit. **Proceeds**—To retire $80,000 of outstanding debentures; to increase inventories; and to establish additional outlets. **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.

★ **Fluorspar Corp. of America, Portland, Ore.**
Oct. 24 (letter of notification) 16,555 shares of common stock. **Price**—At par ($1 per share). **Proceeds**—For exploration and development costs. **Office** — 820 Failing Bldg., Portland 4, Ore. **Underwriter**—None.

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.

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. (11/8-9)**
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.

★ **George Chem. Development Co., Butte, Mont.**
Oct. 28 (letter of notification) 383,600 shares of capital stock (par 25 cents). **Price**—12½ cents per share. **Proceeds** — For mining expenses. **Office**—8 First National Bank Bldg., Butte, Mont. **Underwriter**—Graeme Robertson, 8400 Wicklow Ave., Cincinnati, Ohio.

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.

★ **Great Southwest Fire Insurance Co., Phoenix, Ariz.**
Oct. 26 filed 700,000 shares of capital stock (par $1), to be offered to present and future holders of policies issued by National Reserve Insurance Co. as an optional dividend refund of their annual policy premium. **Price**—$1.60 per share. **Proceeds**—For working capital, etc. **Underwriter** — None. Some of the stock will also be offered to public through Kenneth K. Pound, President; and Law L. Lovelace, Secretary-Treasurer.

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.

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. Statement effective Oct. 19.

★ **Hot Shoppes, Inc., Washington, D. C.**
Oct. 21 (letter of notification) 11,485 shares of common stock (par $1) to be offered to key management personnel. **Price**—$8.50 per share. **Proceeds**—For expansion. **Office** — 4115 Kansas Ave., N.W., Washington, D. C. **Underwriter**—None.

● **Hugoton Gas Trust (11/7)**
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.

★ **Hydro-Loc, Inc., Seattle, Wash.**
Oct. 25 (letter of notification) 1,674 shares of capital stock. **Price**—At par ($100 per share). **Proceeds**—For working capital, etc. **Office**—603 Central Bldg., Seattle 4, Wash. **Underwriter**—Pacific Brokerage Co. of Seattle, Wash.

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. I. Securities Corp., 76 Beaver St., New York, N. Y.

● **International Metals Corp. (11/14)**
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.

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.

● **Kansas City Title Insurance Co.**
Sept. 19 (letter of notification) 7,500 shares of capital stock (par $25), being offered to stockholders as of Oct. 1 on the basis of one new share for each eight held; rights to expire on Nov. 15. **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. Any unsubscribed shares will be taken up by certain officers, directors and insurance companies.

● **Kearney Gas Production Co. (11/7)**
See Deerfield Gas Production Co. above.

★ **Kendon Electronics Co., Inc.**
Oct. 27 (letter of notification) 60,000 shares of common stock (par 10 cents). **Price**—40 cents per share. **Proceeds**—To Nicholas J. Papadakos, the selling stockholder. **Office**—129 Pierrepont St., Brooklyn, N. Y. **Underwriter**—20th Century Pioneer Securities Co., New York.

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.

★ **Keystone Custodian Funds, Inc.**
Oct. 27 filed (by amendment) 150,000 shares of series B-3; 1,750,000 shares of series B-4; 100,000 shares of series K-1; and 100,000 shares of series S-1. **Price** — At market. **Proceeds**—For investment.

★ **Kimberly-Clark Corp., Neenah, Wis. (11/22)**
Oct. 31 filed 400,000 shares of common stock (par $5). **Price**—To be supplied by amendment. **Proceeds**—For expansion program. **Underwriter**—Blyth & Co., Inc., San Francisco and New York.

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 out-

Continued on page 42

Continued from page 41

standing 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.

LeCuno Oil Corp., Jefferson, Texas
Aug. 29 filed 450,000 shares of capital stock (par 10 cents). **Price**—To be supplied by amendment. **Proceeds**—For payment of liabilities and expenses incident to oil and gas and mineral activities. **Underwriter**—First California Co., Inc., San Francisco, Calif.

Life 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 nonassessable 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.

Magna Theatre Corp., New York
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.

★ Manhattan Mercury Corp., Denver, Colo.
Oct. 26 (letter of notification) 1,500,000 shares of common stock (par one cent). **Price** — 20 cents per share. **Proceeds**—For mining expenses. **Office** — 374 Denver Club Bldg., Denver, Colo. **Underwriter**—General Investing Corp., New York.

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.

Marl-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.

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.

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.

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). **Bids**—To be received up to 10:30 a.m. (EST) on Nov. 16.

★ Mitchell (John E.) Co., Inc., Dallas, Texas
Oct. 24 (letter of notification) 250 shares of common stock. **Price** — $200 per share. **Proceeds** — For working capital, etc. **Office**—3800 Commerce St., Dallas, Texas. **Underwriter**—None.

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 nonassessable capital stock (par one cent). **Price** — Five cents per share. **Proceeds** — For expenses incident to mining activities. **Office**—605 Judge Bldg., Salt Lake City, Utah. **Underwriter**—Skyline Securities, Inc., Denver, Colo.

★ Mohawk Mining Co., Inc.
Oct. 25 (letter of notification) 3,000 shares of class A capital stock. **Price**—$100 per share. **Proceeds**—For mining expenses. **Office**—190 Madison Ave., Yuma, Ariz. **Underwriter**—None.

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.

★ Montana-Dakota Utilities Co. (11/22)
Nov. 1 filed 50,000 shares of cumulative preferred stock (par $100). **Price** — To be supplied by amendment. **Proceeds**—To repay bank loans. **Underwriters**—Blyth & Co., Inc., and Merrill Lynch, Pierce, Fenner & Beane, both of New York.

• 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. Statement effective Oct. 7.

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.

National Finance Co., Detroit, Mich.
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 Mercury Corp., Denver, Colo.
Oct. 24 (letter of notification) 750,000 shares of common stock (par one cent). **Price**—40 cents per share. **Proceeds** — For mining expenses. **Office** — 414 Colorado Bldg., Denver, Colo. **Underwriter**—Shaiman & Co., same city.

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 nonassessable 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.

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.

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.

★ North Shore Gas Co., Salem, Mass. (12/7)
Nov. 1 filed $2,500,000 of first mortgage bonds, series B, due 1975. **Proceeds**—To repay bank loans and advances from New England Electric System. **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.

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.

★ Old Empire, Inc. (11/16-17)
Oct. 31 (letter of notification) 300,000 shares of common stock (par 10 cents). **Price**—$1 per share. **Proceeds**—To retire $17,800 of outstanding preferred stock; for equipment, inventory and working capital. **Business**—Chemical specialties. **Underwriter** — Vickers Brothers, New York.

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 Lighting Co. (11/15)
Oct. 26 filed 200,000 shares of cumulative preferred stock (no par). **Price**—To be supplied by amendment. **Proceeds**—Approximately $20,000,000, to repay bank loans and for advances to subsidiaries to finance, in part, the cost of their construction and expansion programs, and for general corporate purposes. **Underwriter**—Blyth & Co., Inc., San Francisco and New York.

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.

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.

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.

★ Philadelphia Electric Co.
Nov. 1 filed 94,852 shares of common stock to be offered for subscription under the company's 1955 Employee Stock Purchase Plan.

★ Pig'n Whistle Brands, Inc., Los Angeles, Calif.
Oct. 28 (letter of notification) 290,000 shares of capital stock. **Price**—At par ($1 per share). **Proceeds** — For working capital. **Office**—1045 South Wall St., Los Angeles, Calif. **Underwriter**—None.

Pittman Drilling & Oil Co., Independence, Kan.
Sept. 6 (letter of notification) 60,000 shares of 6% noncumulative 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.
Oct. 10 filed 82,500 shares of capital stock (par $10). **Price**—$31.50 per share. **Proceeds**—To certain selling stockholders. **Underwriter** — Lehman Brothers, New York. Offering expected today (Nov. 3).

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.

★ Radio Corp. of America (11/17)
Oct. 28 filed $100,000,000 of 25-year convertible subordinated debentures due Dec. 1, 1980 to be offered for subscription by common stockholders of record about Nov. 17 on the basis of $100 of debentures for each 14 shares of stock held (with a 20 day standby). Rights will be mailed about Nov. 17. **Price**—To be supplied by amendment. **Proceeds**—For property additions and improvements; for further expansion and development of the corporation's research, manufacturing and service facilities in electronics and related fields. **Underwriters**—Lehman Brothers and Lazard Freres & Co., both of 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.

★ Readington Co., Inc.
Oct. 23 (letter of notification) 2,450 shares of common stock (no par). **Price**—$25 per share. **Proceeds**—To purchase land and for working capital. **Office**—12 Stephenville Parkway, Metuchen, N. J. **Underwriter**—None.

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.

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.

★ San Diego Gas & Electric Co. (11/29)
Nov. 1 filed $18,000,000 of first mortgage bonds, series F, due 1985. **Proceeds**—To repay bank loans and for new construction. **Underwriters**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.;; Salomon Bros. & Hutzler; Blyth & Co., Inc.; Union Securities Corp. and Merrill Lynch, Pierce, Fenner & Beane (jointly); Lehman Brothers; The First Boston Corp.; White, Weld & Co. and Shields & Co. (jointly). **Bids**—Expected to be received up to 11:30 a.m. EDT) on Nov. 29.

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.

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.

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.

★ Sheraton Corp. of America
Oct. 31 filed $15,000,000 of 6½% cumulative income subordinated debentures due Nov. 1, 1980 to be offered initially by the company (a) to its stockholders on the basis of $100 principal amount of debentures for each 25 shares of stock then held and (b) to employees of corporation and its subsidiaries. **Price**—$95 per $100 of debentures to stockholders; and at par to public. **Proceeds**—For general corporate purposes. **Office**—Boston, Mass. **Underwriter**—None, but Sheraton Securities Corp., a subsidiary, will handle stock sales.

★ Shoshoni Basin Corp., Riverton, Wyo.
Oct. 24 (letter of notification) 50,000 shares of common stock. **Price**—At par ($1 per share). **Proceeds**—For exploration and machinery. **Office**—205 Masonic Temple Bldg., Riverton, Wyo. **Underwriter**—None.

★ Siegler Corp., Chicago, Ill. (11/22)
Oct. 31 filed 175,000 shares of common stock (par $1). **Price**—To be supplied by amendment. **Proceeds**—To pay remainder of purchase price for the stock of Holly Manufacturing Co. **Underwriters**—William R. Staats & Co., Los Angeles, Calif.; Dominick & Dominick and Bache & Co., both of New York, N. Y.; and Schwabacher & Co., San Francisco, Calif.

● Southern Co.
Sept. 30 filed 1,507,303 shares of common stock (par $5) being 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. **Price**—$17.50 per share. **Proceeds**—To repay bank loans and for investment in additional stock of subsidiary companies. **Underwriter**—The First Boston Corp., Ladenburg, Thalmann & Co., Carl M. Loeb, Rhoades & Co. and Wertheim & Co. (jointly), who were awarded the issue on a bid of 13.125 cents per share compensation.

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.

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 Finance, Inc.
Oct. 27 (letter of notification) up to $200,000 of 6% cumulative deferred debentures. **Price**—At par (in units of $100 and $500 each). **Proceeds**—For working capital. **Office**—447 Springfield Ave., Summit, N. J. **Underwriter**—None.

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**—635 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.

★ Texas Fund, Inc., Houston, Texas
Oct. 28 filed (by amendment) 1,000,000 shares of common stock (par $1). **Price**—At market. **Proceeds**—For investment.

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.

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,

Continued on page 44

Continued from page 43

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.

★ **Tri-Continental Corp., New York (11/15)**
Oct. 27 filed 2,573,508 shares of common stock (par $1), which will be issuable upon exercise of the common stock purchase warrants presently outstanding. **Price**—Each warrant currently entitled the holder to purchase 1.27 shares at $17.76 per share for each one share specified in the warrant certificate.

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.

Union Corp. of America
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.

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. Statement effective Sept. 1.

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**—To be received up to noon (EST) on Nov. 9, at Room 2033, Two Rector St., New York, N. Y.

★ **United Insurance Co. of America (11/21)**
Oct. 28 filed 200,000 shares of common stock (par $2.50), of which 50,000 shares are to be sold for account of company and 150,000 shares for selling stockholders. **Price**—To be supplied by amendment. **Proceeds**—For expansion and working capital. **Office**—Chicago, Ill. **Underwriters**—R. S. Dickson & Co., Charlotte, N. C., and A. C. Allyn & Co. Inc., Chicago, Ill.

United States Thorium Corp.
July 21 (letter of notification) 250,000 shares of capital stock. **Price**—At par ($1 per share). **Proceeds**—For general corporate purposes. **Underwriter**—Doxey-Merkley & Co., Salt Lake City, Utah.

Universal Service Corp., Inc., Houston, Texas
July 8 filed 500,000 shares of common stock (par two mills). **Price**—$2.50 per share. **Proceeds**—For equipment, mining costs, oil and gas development, and other corporate purposes. **Underwriter** — None. **Offering** — Postponed.

★ **Ura-Mang Corp., Elizabethton, Tenn.**
Oct. 27 (letter of notification) 249,000 shares of common stock (par $1). **Price**—$1.15 per share. **Proceeds**—For mining operations. **Office**—113-17 Sycamore St., Elizabethton, Tenn. **Underwriter**—None.

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.

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.

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.

★ **Wheeling Steel Corp. (11/17)**
Oct. 28 filed $19,097,800 of convertible debentures due Nov. 15, 1975, to be offered for subscription by common stockholders of record about Nov. 16 on the basis of $100 principal amount of debentures for each 10 shares of stock held; rights to expire on or about Nov. 30. **Price**—At par (flat). **Proceeds**—For additions and improvements. **Underwriter**—Kuhn, Loeb & Co., New York.

● **Wisconsin Southern Gas Co., Inc. (11/4)**
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.

★ **Woodrow Douglas Oil Co., Pecos, Texas (11/14)**
Oct. 24 (letter of notification) 75,000 shares of common stock (par $1). **Price**—$4 per share. **Proceeds**—For expansion and working capital. **Office**—1320 West Third St., Pecos, Tex. **Underwriter** — Eisele & King, Libaire, Stout & Co., New York.

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.

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

★ **Atlanta Gas Light Co. (12/14)**
Oct. 11 it was reported company plans early registration of 30,000 shares of cumulative preferred stock (par $100). **Proceeds**—To repay bank loans and for construction program. **Underwriter**—To be determined by competitive bidding. Probable bidders: White, Weld & Co. and Kidder, Peabody & Co. (jointly); The First Boston Corp.; Stone & Webster Securities Corp.; Shields & Co.; Equitable Securities Corp and Union Securities Corp. (jointly). **Bids**—Expected about Dec. 14.

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 were to 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.

★ **Bunte Brothers Chase Candy Co.**
Oct 27 it was announced that stockholders on Nov. 4 will vote on creating an authorized issue of 240,000 shares of cumulative prior preferred stock (par $5) and on increasing the authorized common stock from 1,575,000 shares to 2,000,000 shares. **Underwriter**—May be F. S. Yantis & Co. Inc., Chicago, Ill.

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. (12/6)**
Nov. 1 it was announced company expects to sell $70,000,000 first and refunding mortgage bonds, series K, due Dec. 1, 1985. **Proceeds**—To repay bank loans and for construction program. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Morgan Stanley & Co.; The First Boston Corp.

Craig Systems, Inc.
Sept. 26 it was reported company plans early registration of 175,000 shares of common stock, of which 50,000 shares are to be sold for the account of the company and 125,000 shares for account of certain selling stockholders. **Underwriter** — Hemphill, Noyes & Co., New York.

Delaware Power & Light Co. (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 early in 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.

★ **Fresnillo Co.**
Oct. 27 it was announced stockholders will vote Nov. 22 on increasing authorized common stock from 1,050,000 shares to 2,100,000 shares to provide for new possible financing in connection with proposed acquisition of mining properties in Mexico.

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.

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.

★ **Houston Lighting & Power Co.**
Oct. 31 it was reported company may sell early next year about $30,000,000 of bonds. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Smith, Barney & Co., Lazard Freres & Co. and Blyth & Co., Inc. (jointly); Lehman Brothers, Union Securities Corp. and Salamon Bros. & Hutzler (jointly); Kidder, Peabody & Co.; Equitable Securities Corp. **Offering** — Expected in February or March.

★ **Minute Maid Corp.**
Nov. 2 it was announced company plans to issue and sell publicly 400,000 additional shares of common stock. **Proceeds**—To take care of expanding volume of business. **Underwriters** — Paine, Webber, Jackson & Curtis and White, Weld & Co., both of New York, handled stock financing early in 1950.

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 Orleans Public Service Inc. (1/11)**
Oct. 24 it was reported company plans sale of 60,000 shares of cumulative preferred stock (par $100). **Underwriter**—To be determined by competitive bidding. Probable bidders: W. C. Langley & Co.; Lehman Brothers; Merrill Lynch, Pierce, Fenner & Beane; White, Weld & Co.; Kidder, Peabody & Co. and Stone & Webster Securities Corp. (jointly); The First Boston Corp.; Equitable Securities Corp. and Union Securities Corp. (jointly); Blair & Co. Incorporated. **Bids**—Expected on Jan. 11.

New York Telephone Co.
Jan. 17, Keith S. McHugh, President, announced that the company will have to raise more than $100,000,000 of new capital money to aid in carrying out its expansion and improvement program which will cost approximately $200,000,000. **Underwriter**—For any bonds, to be determined by competitive bidding. Probable bidders: Morgan Stanley & Co.; Halsey, Stuart & Co. Inc.

Northern Pacific Ry.
Sept. 30 it was reported that the company plans the issue and sale late in November of $1,755,000 equipment trust certificates. Probable bidders: Halsey, Stuart & Co. Inc.; Salomon Bros. & Hutzler; Kidder, Peabody & Co.

Northern States Power Co. (Minn.)
March 29 it was announced that new capital requirements for 1955 will approximate $31,000,000. Present plans contemplate these funds will be obtained temporarily from short-term bank loans to be repaid from proceeds of the sale of additional bonds late in 1955 or early 1956. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Blyth & Co., Inc. and The First Boston Corp. (jointly); Merrill Lynch, Pierce, Fenner & Beane, Kidder, Peabody & Co. and White, Weld & Co. (jointly); Equitable Securities Corp. and Union Securities Corp. (jointly); Smith, Barney & Co.; Lehman Brothers and Riter & Co. (jointly); Glore, Forgan & Co.

● **Northrop Aircraft, Inc. (11/30)**
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. **Underwriters**—William R. Staats & Co. and Blyth & Co., Inc., Los Angeles, Calif., handled stock financing.

● **Pennsylvania Electric Co. (12/20)**
Oct. 28 it was reported company plans to issue and sell about $20,700,000 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. **Bids**—Expected Dec. 20.

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.

★ **Pigeon Hole Parking of Texas, Inc.**
Oct. 22 it was announced that about 800,000 shares of additional capital stock would be offered for public sale around the first of next year. **Proceeds**—Estimated at about $2,000,000, will be used to pay for expansion program. **Underwriters**—Porter, Stacy & Co., Houston, Tex.; and Muir Investment Corp., San Antonio, Tex.

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.

★ **Revlon Products Corp., New York (12/15)**
Oct. 31 it was reported early registration is planned of $4,000,000 to $5,000,000 of capital stock. **Proceeds** — To selling stockholders. **Underwriter**—Reynolds & Co., New York. **Offering**—Expected about the middle of December.

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.

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.

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.

★ **Texas Midland Oil Co., Midland, Texas**
Oct. 24 it was reported company may sell securities to public. **Underwriter**—Kramer, Woods & Co., Inc., Houston, Texas.

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 (Baltimore & Ohio RR. would subscribe for 55,000 shares). **Underwriters** — Morgan Stanley & Co., New York, and Alex. Brown & Sons, Baltimore, Md. **Offering**—Expected about mid-November.

★ **Western Natural Gas Co.**
Oct. 31 it was reported company plans some new financing in near future. **Underwriter**—White, Weld & Co., New York.

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.

Continued from page 5

Observations . . .

rather than be merely determined by tradition or justified by demonstrations of past performance. It should take into account the anticipated stability of the earning power, growth possibilities, evidenced dividend policy, and working capital.

The earning-power and balance sheet should be measured cold-bloodedly for their service toward the preservation and profitable employment of the investor's capital, not as score-keeping figures or as the means to profiting from quotation changes. A stock is property, not a quotation! (Although empirically it frequently works out that quantitative value findings *secondarily* and over the long-term do lead to capital gains.)

Also important as a criterion is the price-*dividend* ratio, or the more popularly termed yield. While the all-important amount of expectable dividends may be closely correlated with earning power, also guiding the analyst's inquiry will be the company's evidenced pay-out policy (that is, the proportion of the earnings which the directors have been disbursing), and the significance of the balance sheet. Policy which consistently keeps a company's dividends out of proper proportion to earnings is likely to be only very slowly changed. On the other hand, the possibility of dividend policy change in companies with low pay-outs affords the best opportunity for profitable acquisition of the company's stock.

But over the long-term the market community, as evidenced by price action, is convinced that the stockholder with the liberal dividend payout, and not the plough-back, realistically is in the preferable position. The only way the average stockholder benefits from his investment is through the dividend paid to him (bearing in mind that the capital gain incidence is basically dependent on the dividend—current or at least expectable). Not even do *growth* stocks constitute an exception to appraisal according to value factors, provided the plough-back is for the purpose of increasing earnings, their present lower price-earnings yield being premised on the expectation of future pay-outs—no matter how long deferred. If increased dividends never eventuate, the investor in *growth* is merely being deluded by a mirage.

Realistically, and far preferable to consideration of past performance, is the relation of the earnings and dividends to hard-boiled criteria pertaining to a specific issue. Or the choice may lie in the area of comparing the expected dividend yield with the going rate on fixed interest securities competitively available.

Determination of a stock's advantageous price and further by way of specifically conferring realism on the multiplier (which determines the purchase price), should follow the basic assumptions that money-use and risk elements of capital investment should be compensated for in the buying price; that the price you pay should permit expectation of recouping your principal with interest plus an increment of profit within a foreseeable time.

Specific Technique for Determining Buying and Selling Opportunities

A specific technique for adequately capitalizing the expected return is suggested as follows. In the case of cyclical and other non-growth companies, capitalize the expected long-term dividend receipts at a rate embodying the pure rental value of your capital, plus an amount of annual reserve sufficient to amortize the investment during the interval, adjusted to the estimated degree of risk. For a typical cyclical or stable, but non-growth, company in good financial condition, this technique would work out as follows:

	Per Share
(1) Estimated average annual future earnings	$7
(2) Estimated future annual dividend	$4
(3) Long-term rental value of capital investment	3%
(4) Annual amortization reserve	5%
(5) Annual deduction, (3) plus (4)	8%
(6) Capitalization of dividend (2) at rate of (5) gives advantageous buying price of	50

Appraising a Growth Stock

In the case of *growth* stocks — real growth situations — the money-back amortization provision is not necessary. Hence merely capitalize the current dividend at the money rental value of your investment, which in the case of the above assumed dividend pay-out, would result in a buying price of 133. The absence of any return above your money's rental value is compensated for by the prospect of constantly increasing dividends.

Appraising a High Liquidating Value Stock

This technique applied to Montgomery Ward typifying a company selling near a high net working capital (after deduction of all debt) would work out as follows:

	Per Share
Total liabilities (includ. preferred capitalization)	$16
Cash-and-Equivalent	43
Unsold Time Accounts (fundable)	24
Total Current Assets	101
Liquidating Value (4 minus 1)	85
Estimated annual earnings	8
Estimated average dividend	5
Advantageous buying price on this div. (amortizing investment over 20 years)	72
Add thereto unneeded, or potential earnings-producing, cash of $25 per share giving advantageous buying price of	97

If, additionally, Montgomery Ward be deemed to have recently acquired growth characteristics, the expected dividend can be raised above the $5, with a corresponding boost of the favorable buying price.

In any event, it should be understood in the case of all such calculations, that the mathematical result reflects not an exact appraisal, but a favorable buying or selling opportunity. Furthermore, the net result to the individual depends also on his tax bracket which will determine the amount of tax deduction from the final figure above.

A Rationale the Crux

This calculation via the money-back amortization principle is offered merely as one of a number of possible alternatives, whereby the element of *yield* will be given some realistic meaning. It is the strong conviction of this writer that this constitutes the most important element in the value approach — as well as giving a rationale to the investor's entire behavior!

Continued from page 8

NSTA Notes

8:30 p.m. Tariff is $25 per couple—reservations may be made with Sidney Siegel, Siegel & Co., New York City.

SECURITY TRADERS ASSOCIATION OF NEW YORK

Security Traders Association of New York, Inc. (STANY) Bowling League standing as of Oct. 27, 1955 is as follows:

Team:	Points
Serlen (Capt.), Gold, Krumholz, Wechsler, Gersten	30
Barker (Capt.), Bernberg, H. Murphy, Whiting, McGovan	25
Manson (Capt.), Jacobs, Barrett, Siegel, Yunker	25
Leinhardt (Capt.), Bies, Pollack, Kuehner, Fredericks	22
Krisam (Capt.), Farrell, Clemence, Gronick, Flanagan	21½
Meyer (Capt.), Corby, A. Frankel, Swenson, Dawson-Smith	19
Donadio (Capt.), Brown, Rappa, Seijas, Demaye	19
Growney (Capt.), Define, Alexander, Montague, Weseman	17
Bradley (Capt.), C. Murphy, Voccolli, Rogers, Hunter	17
Leone (Capt.), Gavin, Fitzpatrick, Valentine, Greenberg	17
Topol (Capt.), Eiger, Nieman, Weissman, Forbes, Klein	15
Kaiser (Capt.), Kullman, Werkmeister, O'Connor, Strauss	11

200 Point Club

Ross Junker 200

5 Point Club

Ernie Leinhardt

"Slick Slogans"!

"A slick slogan about 'partisanship' is no longer going to disguise a grand giveaway of America's power resources.

* * * *

"Behind the politics of big talk and little action lies the simple fact that most of the big men who run this show want little government.

Adlai E. Stevenson

"And let me digress long enough to say the aim of democratic government is to safeguard the interests, rights and opportunities of all its members, which means to keep the balance between industry, labor and farmers—to name the three biggest. The outlook for democratic balance is in danger when any one group gets control of the government. And that is exactly what has happened to us. The industry, money, management group has control of our political apparatus. What's more, the bulk of the press of the country nowadays is also numbered among that group, a group that already enjoys—in education, prestige and wealth—most of the incidental means of power. Whatever the individual goodwill and virtue of the business leaders, such a concentration of power is dangerous. For the government must be the trustee for the little man, because no one else will be. The powerful can usually help themselves —and frequently do! And in that connection I noticed yesterday that the net income this year of one corporation, General Motors, after taxes, will be twice as much as the total income of all farm workers and operators in the whole state of Minnesota, before taxes."—Adlai E. Stevenson.

This seems to us to be of a type of low political palaver which we should prefer not to associate with a candidate for the presidency of the United States.

Group Completes I. B. M. Secondary

A secondary offering of 28,000 shares of International Business Machines Corp. capital stock, without par value, was completed on Nov. 1 by Reynolds & Co., Inc. and associates. Priced at $380 per share, with a concession to dealers of $7 per share, the issue had an aggregate market value of $10,640,000. It represented part of the holdings of an estate.

Associated with Reynolds & Co. Incorporated in the offering were: Blyth & Co., Inc.; The First Boston Corp.; Smith, Barney & Co.; Bache & Co.; Dominick & Dominick; Francis I. duPont & Co.; Hallgarten & Co.; Kidder, Peabody & Co.; Model, Roland & Stone; Goodbody & Co.; and F. S. Smithers & Co.

Our Reporter's Report

Potential corporate borrowers evidently are in no particular hurry to test the mettle of the new issue market in a broad way judging by the sustained dearth of such financing in any volume.

The Treasury market, keystone of the investment structure, has been putting its best foot forward what with growing indications that the stiffening in the short and intermediate money markets may have passed its zenith.

And the tax exempt section has been doing very well, notwithstanding several recent heavy outpourings in the form of the State of Illinois turnpike issue and the sale of another large block of obligations of various housing authorities around the country.

But corporate borrowers who are still seemingly wary, although projected expansion plans would appear to mean new journeys to the money market, are biding their time. Capital accumulations are around and ready to go to work as witness this week's announcement of substantial credit lines set up by several of the leading airlines.

Underwriters and dealers are literally bare of corporate inventories with the New York State Electric & Gas Corp.'s recent offering, a bit slow at the outset, having reportedly been cleaned up early this week.

That leaves only the Long Island Lighting Co.'s current offering, brought to market on a 3.30% yield basis, to be mopped up, and with New York State Electric out of the way, the L. I. Lighting issue is expected to get moving.

Capital Via Equities

The flow of new debt securities has slowed to a walk and some people incline to the belief that it will be relatively light through the balance of the year. In the meantime, however, several large corporations, notably public utilities, have turned to the equity market for a portion of their needed new capital.

Two such issues, designed to raise a total of over $68 million are now in process of being carried out. Largest is Commonwealth Edison Co.'s offering of 1,110,307 shares of additional common stock for which present holders may subscribe until Nov. 16 in the ratio of one share for each 15 held at $37.50 a share. A banking group is standing by to take up any unsold portion.

Meantime, Southern Co.'s holders are being offered 1,507,303 shares of new common in the ratio of one share for each 12 held at $17.50 until Nov. 22, with unsubscribed stock going to "standby" bankers.

100 Million on "Rights"

Radio Corp. of America has registered with SEC to market $100 million of new convertible subordinated debentures, of 25-year maturity, which will be offered first to stockholders in the ratio of $100 principal amount for each 14 RCA common shares held.

The offering will be underwritten by a nation-wide banking syndicate and will put the company in funds to finance its vast expansion program.

The only obligation ahead of the projected issue takes the form of $150 million of promissory notes, due 1980-88 held by insurance companies.

Going Direct to Lender

Despite the vastness of the financing which they are undertaking to make the transition, over a period of years, from prop-to-jet, the airlines find they still are able to go direct to the lender for the funds they need.

Eastern Air Lines this week concluded a deal with Equitable Life Assurance Society for a $90 million loan to run for 20-years, at 3¾% with no repayment due during the first 10 years.

American Airlines has obtained a $75 million loan, for 20 years at 4% from Metropolitan Life Insurance Co.

Smith, Barney Group Offers Ranco Shares

Smith, Barney & Co. and associates are offering today (Nov. 3) 400,000 common shares of Ranco Inc., Columbus, Ohio, priced at $20 a share.

This will mark the first public offering of the company's shares. It will not, however, represent financing by the company. The shares being offered constitute a part of the holdings of American Motors Corp. which, after the sale, will continue to own as an investment 216,950 shares or 21.7% of the 1,000,000 Ranco shares outstanding. The balance of 383,050 shares is held by approximately 60 shareholders, all of whom are founders, early investors, their families or descendants.

Ranco Inc., formed in 1913 by its present Board Chairman, E. C. Raney, is a leading manufacturer of automatic temperature controls for automotive heaters and of automatic temperature and pressure controls for the refrigeration and air conditioning industries. Its largest customers during the fiscal year ended Sept. 30 were General Motors Corp., American Motors Corp., Chrysler Corp., Whirlpool-Seeger Corp., General Electric Co. and Hotpoint Co., Ford Motor Co., International Harvester Co., Avco Manufacturing Corp., Franklin Manufacturing Co. and Carrier Corp. The company operates five domestic plants in or near Columbus, Ohio; a wholly-owned subsidiary, organized in 1950 under the laws of the United Kingdom, conducts operations in a leased plant near Glasgow, Scotland.

Sales during the fiscal year ended Sept. 30, 1955 totaled $23,047,640. Net income amounted to $2,346,140, equal to $2.35 a share on the 1,000,000 common shares. On Oct. 31, 1955 a quarterly dividend of 30 cents a share was declared, payable Dec. 20, 1955, to stockholders of record Dec. 1, 1955.

Commonwealth Edison Offer Underwritten

Commonwealth Edison Co. is offering to its common stockholders of record Nov. 1 the right to subscribe on or before Nov. 16 for 1,110,307 additional shares of common stock (par $25) at $37.50 per share on the basis of one new share for each 15 shares held. This offering is underwritten by a group of underwriters, headed by The First Boston Corp. and Glore, Forgan & Co. The warrant agents are Commonwealth Edison Co., (acting as its own agent) 72 West Adams St., Chicago 90, Ill., and The Hanover Bank, 70 Broadway, New York 15, N. Y.

Net proceeds from the sale of the additional stock will be added to working capital for ultimate application toward the cost of gross additions to the electric utility properties of the company and its subsidiaries. It is expected that the property additions, by years, will be approximately as follows: 1955, $120,000,000; 1956, $120,000,000; 1957, $135,000,000; 1958, $125,000,000; and 1959, $100,000,000.

Four cash dividends have been paid in 1955 on the common stock of the company, the first two of 45 cents each per share Feb. 1 and May 1, and the last two 50 cents each per share Aug. 1 and Nov. 1.

DIVIDEND NOTICES

AMERICAN METER COMPANY
Incorporated
1513 RACE STREET
Phila. 2, Pa., Oct. 27, 1955

A quarterly dividend of Fifty Cents ($.50) per share has been declared on the Capital Stock of the Company, payable December 15, 1955, to stockholders of record at the close of business November 30, 1955.

W. B. ASHBY, *Secretary.*

Berkshire Hathaway INC.

The Board of Directors of Berkshire Hathaway Inc. has declared a dividend of 25 cents per share on the Common Stock, payable December 1, 1955 to Stockholders of record November 10, 1955.

MALCOLM G. CHACE, JR.
President

October 27, 1955

BRUCE

Dividend Notice

E. L. Bruce Company

The Board of Directors has declared a quarterly dividend of 37½c per share on the Common Stock of the Corporation, payable on December 9, 1955, to stockholders of record as of November 14, 1955.

Memphis, Tennessee
October 25, 1955

BRUNING

AMERICA'S LEADING SUPPLIER OF ENGINEERING & DRAFTING EQUIPMENT

The Board of Directors of Charles Bruning Company, Inc. have declared a regular quarterly dividend of 25c per common share payable December 1, 1955, to holders of record November 16, 1955.

Vincent G. McDonagh,
Secretary

COPYFLEX COPYING MACHINES FOR BUSINESS AND INDUSTRY

acf INDUSTRIES
INCORPORATED

Preferred Dividend No. 195

A dividend of 62½¢ per share on the $50.00 par value 5% cumulative convertible preferred stock of this Corporation has been declared payable December 1, 1955 to stockholders of record at close of business November 15, 1955.

Common Dividend No. 144

A dividend of $1.00 per share on the common stock of this Corporation has been declared payable December 15, 1955 to stockholders of record at close of business December 1, 1955.

C. ALLAN FEE,
Vice President and Secretary

October 27, 1955

DIVIDEND NOTICES

AMERICAN & FOREIGN POWER COMPANY INC.
TWO RECTOR STREET, NEW YORK 6, N.Y.

COMMON DIVIDEND

The Board of Directors of the Company, at a meeting held this day, declared a quarterly dividend of 15 cents per share and a year-end dividend of 15 cents per share on the Common Stock for payment December 9, 1955, to the stockholders of record November 10, 1955.

H. W. BALGOOYEN,
October 28, 1955 *Vice President and Secretary*

DIVIDEND NO. 64
Hudson Bay Mining and Smelting Co., Limited

A Dividend of one dollar ($1.00) (Canadian) per share and an extra Dividend of one dollar ($1.00) (Canadian) per share has been declared on the Capital Stock of this Company, both payable December 19, 1955 to shareholders of record at the close of business on November 18, 1955.

J. F. McCARTHY, *Treasurer.*

THE FLINTKOTE COMPANY

30 ROCKEFELLER PLAZA NEW YORK 20, N.Y.

FLINTKOTE PROTECTION

The Board of Directors of The Flintkote Company has today declared the following dividends:

A quarterly dividend of $1.00 per share has been declared on the **$4 Cumulative Preferred Stock** payable December 15, 1955, to stockholders of record at the close of business December 1, 1955.

A quarterly dividend of $.60 per share has been declared on the **Common Stock** payable December 10, 1955, to stockholders of record at the close of business November 16, 1955.

A special stock dividend, payable in **Common Stock** of the Company, at the rate of 1 share of **Common Stock** for each 20 shares outstanding, payable December 17, 1955, to common stockholders of record at the close of business November 16, 1955.

CLIFTON W. GREGG,
Vice-President and Treasurer

November 2, 1955

American

INVESTMENT COMPANY OF ILLINOIS

100TH CONSECUTIVE DIVIDEND

A regular quarterly dividend of 50 cents a share will be paid on the common stock December 1, 1955 to stockholders of record November 15, 1955.

This represents a 25 percent increase over the previous common stock dividend.

HARRY W. HARTLEY
Vice Pres. & Treas.

October 24, 1955

Financing the Consumer through nation-wide subsidiaries—principally:

AICO

Public Loan Corporation
Domestic Finance Corporation
Loan Service Corporation
Ohio Finance Company
General Public Loan Corporation

DIVIDEND NOTICES

TITLE GUARANTEE and Trust Company

DIVIDEND NOTICE

Trustees of Title Guarantee and Trust Company have declared a dividend of 30 cents per share designated as the fourth regular quarter-annual dividend for 1955, payable November 25, 1955 to stockholders of record November 7, 1955.

WILLIAM H. DEATLY • *President*

HARBISON-WALKER REFRACTORIES COMPANY

Pittsburgh Pennsylvania

October 27, 1955

Board of Directors has declared for quarter ending December 31, 1955 DIVIDEND of ONE and ONE-HALF (1½%) PER CENT or $1.50 per share on PREFERRED STOCK, payable January 20, 1956 to shareholders of record January 5, 1956.

Also declared a DIVIDEND of 62½c per share on COMMON STOCK, payable December 1, 1955 to shareholders of record November 10, 1955.

G. F. CRONMILLER, Jr.
Vice President and Secretary

THE W. L. Maxson CORPORATION

460 West 34th St., N.Y. 1, N.Y.

MAXSON

Notice of QUARTERLY CASH DIVIDEND

10¢ a share

Payable December 1, 1955
Record date, November 17, 1955

October 27, 1955

SOCONY MOBIL OIL COMPANY, INC.

Dividend No. 179

The Board of Directors on October 25, 1955, declared a quarterly dividend of 50¢ per share and an *extra* dividend of 50¢ per share on the outstanding capital stock of this Company, payable December 10, 1955, to stockholders of record at the close of business November 4, 1955.

W. D. BICKHAM, *Secretary*

DIVIDEND NOTICES

The Singer Manufacturing Company

The Board of Directors has declared a quarterly dividend of fifty cents per share payable on December 13, 1955 to stockholders of record at the close of business on November 15, 1955.

D. H. ALEXANDER
Secretary

October 27, 1955.

NATIONAL DISTILLERS PRODUCTS CORPORATION

PRODUCT OF NATIONAL DISTILLERS

DIVIDEND NOTICE

The Board of Directors has declared a quarterly dividend of 25c per share on the outstanding Common Stock, payable on December 1, 1955, to stockholders of record on November 10, 1955. The transfer books will not close.

PAUL C. JAMESON
October 28, 1955 Treasurer

pf PACIFIC FINANCE CORPORATION

DIVIDEND NOTICE

A regular quarterly dividend of 50 cents per share on the common stock ($10 par value) payable December 1, 1955, to stockholders of record November 15, 1955, was declared by the Board of Directors on October 26, 1955.

B. C. REYNOLDS, *Secretary*

TEXACO

THE TEXAS COMPANY

213th
Consecutive Dividend and Extra Dividend

A regular quarterly dividend of ninety cents (90¢) per share and an *Extra* dividend of one dollar and ten cents ($1.10) per share on the Capital Stock of the Company have been declared this day, payable on December 10, 1955, to stockholders of record at the close of business on November 4, 1955.

The stock transfer books will remain open.

S. T. CROSSLAND
Vice President & Treasurer

October 28, 1955

***Common and Preferred* Dividend Notice**

October 26, 1955

The Board of Directors of the Company has declared the following quarterly dividends, all payable on December 1, 1955, to stockholders of record at close of business November 4, 1955:

Security	*Amount per Share*
Preferred Stock, 5.50% First Preferred Series	$1.37½
Preferred Stock, 5.00% Series	$1.25
Preferred Stock, 4.75% Convertible Series	$1.18¾
Preferred Stock, 4.50% Convertible Series	$1.12½
Common Stock	$0.35

Secretary

TEXAS EASTERN *Transmission Corporation*
SHREVEPORT, LOUISIANA

Washington . . . And You

Behind-the-Scene Interpretations from the Nation's Capital

WASHINGTON, D. C. — In contemplation of the prospective political chaos likely to confront the second session of the 84th Congress, it will be natural for party leaders to try to plan in advance an orderly and agreed upon program of legislation to come before the session.

On the other hand, it can turn out to be a case where leaders propose, but others dispose, the results.

The inherently chaotic situation arises on the prospect that (a) neither party has a decisive majority in either House, (b) there is in prospect at present no fair-haired boy who seems sure of getting the nomination in either party and can call the party's legislative tune, (c) in the year of a Presidential election each party tends to split into blocs of those favoring one of their party's aspirants for the nomination over the other, and (d) there is a considerable prospect of none-too-strong leadership of either party in either of the two Houses of Congress, in any case.

It is the awareness of those disrupting factors which causes the wisest of leaders to try to get a sort of general agreement on the scope, agenda, and nature of the woo the party will pitch at the electorate. Naturally it would be nice if such an agreement could be obtained in advance — and would be followed.

For one thing, however, unless a Democratic or a Republican member has an acknowledged leader, likely to become President if his party wins in November next, there is little to prevent that individual when voting on any national controversy from voting the way he judges best to preserve his own political tenure. He will more likely vote that way rather than to conform to an academic party line of his immediate Congressional leaders.

The blocs of those favoring one nominee over another will make most difficult the effort to maintain intra-party discipline on what even the gods might rule as the most ideal vote-getting overall party legislative program.

Democratic Problem Illustrates

The present Democratic dilemma best illustrates this difficulty to observers. There are three outstanding Democratic nominees, all "liberal." No matter how ideologically their hearts at present all beat like one, they will develop inevitably sharp differences in their individual objectives of winning convention delegates.

It may be supposed, for instance, that in order to avoid riling the South, the ideal Congressional Democratic pitch would be to avoid touchy issues like a compulsory Federal Employment Practices Act.

However, if candidate No. 1 feels he is weak in such pivotal states as New York, Illinois, Ohio, and Michigan where the racial vote might pay dividends, where as candidate No. 2 is by contrast strong in those states, he is going to move heaven and earth to try to swipe strength from candidate No. 2. His following in Congress will be motivated to move heaven and earth to raise the racial issue.

A better illustration is unionism, unpopular with some of the more moderate elements in the Democratic party and particularly in the South.

Organized labor is in a beautiful position in the Democratic convention so long as there are three outstanding "liberals." It has enormous funds, organizational unity, and a substantial political machine. Upon whom will that favor be bestowed?

So until and unless one or another of these "liberal" candidates gets so far out in front that the others tacitly acknowledge his claim, and labor also must go along, there will be great competition to get this support.

This competition for labor's support should be reflected in the pitch of the various nominees' followers in Congress take. It is under present foreseeable circumstances said to be almost romantic to expect some big maneuver by left-wing Democrats in Congress to win labor, to be kept in mothballs in the interest of dear party harmony.

Similar dissident possibilities could be cited for the problem of Republican Congressional leaders, should they with the best of foresight attempt to get agreement in advance upon a legislative program.

Until the prospective winner of the nomination in either part emerges to the tacit acknowledgement of the politically wise, it is said to be premature to look for peace and intra-party harmony within the ranks of either party on the Hill.

May Do Little

In such a situation two opposite kinds of legislative results can be expected.

The first is that almost haplessly, certain pieces of legislation will pass because of improvised, spot deals. The other more likely possibility is that a lot of expensive legislation will not pass at all.

Keyserling Proves Better Forecaster

While the Eisenhower Administration may not be charitable enough to admit it, some of the economists around this town are aware of the fact that Leon H. Keyserling, President Truman's Economic Council chairman, has proved to be a better forecaster of what would happen than have been the captive economic brains of the present Administration.

As far back as June 18, 1950, Mr. Keyserling predicted that "Gross National Product" then at an annual rate of $269 billion, would grow to between $310 and $320 billion by 1955 in terms of the 1950 dollars.

"It now appears that the actual output of the economy in 1955 will be about $385 billion in 1955 prices, which would be about $345 billion in 1950 prices," this economist observed.

"It is thus apparent that my 1950 projection for 1955 was considerably below the actual development in 1955, although at the time it was ridiculed as being far too high," Mr. Keyserling noted.

As late as January, 1955, Administration economists were hooting at Mr. Keyserling for stating that GNP would have to rise 8% this year over 1954, although even they later revised their base 1954 estimate upwards by $6 billion, a figure Mr. Keyserling did not know at the time he made his own forecast. In effect the former Democratic economist said that if the country were to have as little unemployment as it is now actually having, GNP would have to hit an annual rate of $390 billion.

The Eisenhower economists have officially put the annual rate at $392 billion for the third quarter of 1955 and hope for $400 billion in the fouth quarter.

In checking Mr. Keyserling's past performances, it is noted that the Eisenhower Administration officially predicts a GNP of $500 billion by 1965.

Mr. Keyserling has predicted that assuming no more inflation and full production, the rate will be $500 billion by 1960—five years sooner than the Administration expects—and $600 billion by 1965.

Whether the predictions can be compared five years hence, however, is doubtful for the Eisenhower Administration through the Budget Director announced in September that in effect the balancing of the Federal budget was subordinate to other objectives.

Eye T & L Accounts

At the instigation of the General Accounting Office, the investigative staff of the House Appropriations Committee is checking into the question of how much banks get for performing their numerous chores for the Treasury. The idea is to see whether the committee should back up the GAO in the latter's suggestion banking laws be amended to permit the Treasury to require banks to pay interest on their tax and loan accounts.

If such a proposal is put forward, it probably will be opposed by the Eisenhower Administration.

Should the Treasury require commercial banks to pay interest on T & L accounts, it might induce many of them to forward tax collections now received under arrangement with the Treasury, direct to Federal Reserve banks. This could complicate the Treasury's payment machinery and the operations of the money market.

Furthermore, the Treasury would take the position, it is believed, that ultimately banks would be forced to pay interest on all demand deposits, and thereby be encouraged to go into substandard loans and investments to make such interest payment possible.

[This column is intended to reflect the "behind the scene" interpretation from the nation's Capital and may or may not coincide with the "Chronicle's" own views.]

BUSINESS BUZZ

"Stop worrying—you only have to do two things in this job—tell your customers which stocks are going up and then be able to tell them later why they didn't!"

Business Man's Bookshelf

Arrangements Under Chapter II of the Bankruptcy Act — A handbook for attorneys representing debtors and creditors—Sidney Krause—Practicing Law Institute, 20 Vesey Street, New York 7, N. Y., $1.50.

Big Business Leaders in America —W. Lloyd Warner and James Abegglen—Harper & Brothers, 49 East 33rd Street, New York 16, N. Y.

Corporate Reorganizations—Their Federal Tax Status — Second Edition—Robert S. Holzman—The Ronald Press Company, 15 East 26th Street, New York 10, N. Y. (cloth), $15.00.

Guide to American Directories for Compiling Mailing Lists — 1956 Edition—B. Klein & Company, 27 East 22nd Street, New York 10, N. Y. (spiral bound), $10.00.

Homefacts — Reference book designed to acquaint new home owners with standard quality home building materials and equipment and methods to maintain them most efficiently—Home Facts, Inc., 70 Elm Street, New Canaan, Conn.—To be distributed through builders.

Papermakers of New York & Pennsylvania Co., Inc. — Illustrated brochure describing production of paper—New York & Pennsylvania Co., Inc., 230 Park Avenue, New York 17, N. Y. (paper).

Why Don't You Come to Greenfield?—Town promotion booklet giving vital facts about the town—Development and Industrial Commission, Town of Greenfield, Greenfield, Mass.—paper—on request.

Three With Coburn

(Special to THE FINANCIAL CHRONICLE)

HARTFORD, Conn.—William F. Donegan, Jr., Joseph J. Fanelli and Charles Pinto, Jr., have become affiliated with Coburn & Middlebrook, Incorporated, 100 Trumbull Street.

Income Funds Adds

(Special to THE FINANCIAL CHRONICLE)

NEW HAVEN, Conn.—Basil W. Pegushin is now with Income Funds, Inc., 152 Temple Street.

Maples & Goldschmidt Add

(Special to THE FINANCIAL CHRONICLE)

SOUTH NORWALK, Conn. — Arthur W. McMahon is with Maples & Goldschmidt, 85 Washington Street, members of the New York Stock Exchange.