EDITORIAL

As We See It

The annual meetings of the Economic and Allied Social Science Associations have just come to a close here in New York City. A number of these constituent groups concern themselves with scientific questions or with other topics with which we can claim any degree of competence or warrantably hold any pronounced opinions. There are among them, however, a number of organizations such as the American Economic Association and the American Finance Association which include in their membership many of the leading students of things economic and financial. In one degree or another the same may, perhaps, be also said of such groups as the Industrial Relations Research Association, the American Marketing Association, the American Farm Economics Association and the Econometric Society.

It seems to us that the public is entitled to expect from such leading intellectuals in the course of such programs as these careful observations and analysis of analysis of what can be expected of what is going on in this country for years past—what is to be expected not merely this year, or even next but during the years or even decades that stretch out before us. Basic political and economic philosophies have undergone radical changes since Keynes and others who before him and his followers (at least some of whom seem to be looking a way out of the post-1929 depression and into a millennium of eternal prosperity.

All this has brought forth governmental programs, public attitudes, business practices, and habits of life which often defy, when they do not ignore, a long list of time honored axioms of the United States in 1955 as were sold the previous year. Lists a number of foreign cars makes introduced in U.S. marketing association, leading; such association brings out of the world. We seem to have, in fact, the worst automobile accident in the history of the motorcars. The car was of an imported model, manufactured in Europe by a French national hero, who was driving it, competing in several nationalities. For good measure it should be added that the car that crashed was capable of going 180 miles per hour—it was travelling at 140 when the crash occurred, although its engine is substantially smaller than that in almost any American car.

For those who have not guessed, this fantastic accident happened at Le Mans, France, during the early hours of the six-hour automobile race which is run over public roads forming a circuit of about eight miles. The car was a Mercedes Benz 300 SLR and the driver was Pierre Levegh of France. As we will see later, the 300 SLR is one of the most advanced automobiles in the world and it was not failure of the detail but an error in human judgment that led to this frightful catastrophe. It was not in fact even an error in the driver’s judgment but someone else’s, which was often the way of world.

There could be many differing start points for an analysis upon request.

Continued on page 22

The Imported Car in America

By J. Bruce McWilliams

Pound Ridge, New York

In discussing the imported automobile market in the United States, Mr. McWilliams analyzes the growth of such automobiles and points out that the importation of foreign automobles is assuming substantial proportions, and that the rate of growth is measures. Estimates made by various foreign car makers (as the previous year)

Later on a Saturday afternoon last June, a two-seater automobile containing a single occupant was speeding down a Paris street at about 140 miles per hour. When the driver attempted to avoid another car partially blocking the street ahead, frequent as automobile accidents have become this particular crash was destined to be world news. It was, in fact, the worst accident to occur in the history of the motorcar. The car was an imported model manufactured in Europe by a French national hero, who was driving it, competing in several nationalities. For good measure it should be added that the car that crashed was capable of going 180 miles per hour—it was travelling at 140 when the crash occurred, although its engine was substantially smaller than that in almost any American car.

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Continued on page 22

Reflections of a Central Banker

By Allan Sproul*

President, Federal Reserve Bank of New York

Leading bankers issued a statement last week which recognized the importance of monetary and fiscal policies in stabilizing the economy. The statement noted that the Federal Reserve and the other central banks have been actively involved in efforts to stabilize the economy. The statement also noted that the Federal Reserve and the other central banks have been active in efforts to stabilize the economy.

When you invite someone who is not a professional economist to speak on an occasion of this sort, there is always the danger that he will try to tell you a professional economist, and thus make a fool of himself having to fail his audience. I am not a professional economist. I have to make a fool of myself. And I know I could not fool you.

I may have to skite pretty close to what is, for me, the thin line of theoretical economics, however, because although I am not a professional economist, I am a practitioner of an art which must draw inspiration from the work of professional economists. Central banking is largely practical economics, a laggard son of theoretical economics, and I have been practicing central banking for the past 35 years. My long apprenticeship in the field is the reason for the title which has been given to my talk, "Reflections of a Central Banker." Maybe that sounds as if I were going to give you some rocking chair stories of my experience, but that is not.

*An address by Mr. Sproul before a joint luncheon of the American Marketing Association and the American Economic Association, New York City, Dec. 29, 1955.
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 reasons for favoring a particular security.

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

G. SHELBY FRIEDRICH

New here in our West are looking to the development of the gas reserves beneath the Louisiana continental shelf as a potential source of offshore natural gas production. In the Southern California area, natural gas has been produced from the Los Angeles basin, where there is a network of pipelines, distribution systems, and, above all, a close-knit group of consumer-oriented companies. This highlights the potential for offshore production.

J. RAY McDERRMOTT & Co., Inc.

It is my opinion, therefore, that the company's earnings of $1.86 per share in 1950, and with spot markets converting at approximately $5 per share, are misleading. This stock should be viewed as one with earnings of approximately $5 per share, a large part of which is expected to come from oil and gas reserves. If considered on this basis and if it is given to the favorable outlook for the offshore contract business, it is easy to reach the conclusion that this is a most attractive capital gain investment. To trade in the Over-the-Counter Market, at $40

DONALD M. LIDDELL, Jr.
Executive Vice-President
Templeton, Debrow & Vance, Inc.
Englewood, N. J.

Ferro Corporation Subordinated convertible 3% Debentures

For investment purposes, additional research has been done on the Ferro Corporation subordinated convertible 3% debentures, 1975, representing $800,000 par value for inclusion in the defense against the so-called "bargain of the portholes" having enough appreciation possibilities to be regarded as a somewhat underpriced security.

Donald M. Liddell, Jr.

This debenture initially paid at par for a few months, and at the end of 1944, was quoted at about 103 to yield about 3.40%. Obviously, this is better than the current offerings of a "bargain of the portfolio," and it is one of the best investments for the recent general increase in interest rates.

The interest requirement is normally covered by a wide margin and net income is increased to the 1950 level, and by comparison to that of 1953, the share price has appreciated.

The company has not reported a deficit in over 2 years, and has been in operation for about 12 years. The book value of the stock has been considerable.

The book value of the stock had been rising steadily for the last 2 years.

The stock is currently quoted on the New York Stock Exchange as a "bargain of the portfolio" and has appreciated appreciably.

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Published Twice Weekly

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Reprinted as second-class matter February 27, 1956, under Act of March 3, 1879.

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GENERAL INVESTING CORP.
Observations...

By A. WILFRED MAY

Non-Atomic Splitting

Perhaps by way of a holiday hang-over, this column feels it may be in the greater interest of the public to offer some words of caution to the investor at this time of the year. This is the New Year. Citation of some market foibles which came to the forefront last year in 1955 might have a sobering and instructive influence.

Probably foremost in importance as a thermometer of the public's speculative temperature has been the stock-split jamboree. Far more significant than actual splits, numerous dissolving stock issues last year (double those in 1954 and triple 1953's) has been the market community's attitude toward the process. Is it the public's exclusive excitement about the device, whether actually effected on Wall Street or rumored, that calls for the dissemination of realistic conclusions?

Some of the ideas about a prosaic "split" do not even involve the "rumor" characterization—frequently merely representing an individual commentator's figment of the imagination, sometimes for explaining a market rise that has taken place, sometimes for instigating a hoped-for one. The query, "when is X-stock going to split?" has supplanted the logical inquiry, "What is it going to cost?"

Chronicle Scrambling of the Arithmetic Table

The greatest false impression about the stock split in a way carries on Wall Street's traditional involvement in arithmetic fictions. In support of the market community's craze was the credo that the whole was worth far more than the sum of its parts—and to the greater the pyramiding the greater the value. Therefore, it is not surprising, during the sour market psychology of the year, that the public persisted in valuing the whole of the dissolving public utility holding companies at far less than the sum of their parts. Now in the split, the great speculative arithmetic lie is again awry, in operating on the premise that the constituent parts will be worth more than the whole.

Hiding Behind the Other Fellow

The stock split's perseverance as a bullish stimulant now among most categories of the market community is particularly remarkable since practically no one attempts to justify it on its logical merits. The mental chicanery will usually elicit the quick admission that splitting does add something to the intrinsic value of an outstanding third of a piece of paper are worth no more than the original whole. The split's defenders, reflecting a widespread Wall Street provinciality, rest not on the folly of what the individual himself should do, but on exploiting the behavior foible that others have pursued, and presumably will continue to follow. This is in line with the expression of the investor psychology, coined by Lord Keynes wherein he likens investment to a beauty contest in which the investor is not to select the lady whom they themselves, to be the most beautiful, but as being the most acceptable to the other participants. The investor, similarly, devotes his effort anticipating what average opinion to form, is this reliance on a believed policy, irrespective of its validity, perhaps precisely as suggested by the demise of certain credos of others?

Mental Pyramiding

Another notable characteristic of the present split psychology is the cumulative quality of the expectations. A stock has during the bull market risen to 100, which may have a great psychological advantage to lower its price via a 4-for-1 division. Furthermore, the price has assumed its advance, физически произведенная. The farther it re-attains levels close to the former 100 peak, the rise as well as the decline in the past will be justified by market commentary for calling for a split. Surely a self-lifting boot without a hang-over.

The stock-split, from corporate fundamental, as we have contended, has been out of the market's attitude, does have some justification, that is, distribution, and such broadening down as it may be. And this even this benefit may be exaggerated, as is the case of increasing consumption of the company's product, as in the case of a recent retail organization where the maximum expected advantage of shareholders could only com- pose on intangibly, proportionately addition to the concern's sales in the billions.

One minor disadvantage to the shareholder from splitting that has been pointed is that the increased custodian fee calculated on a per-share basis that earned a share of the division of the number of shares owned.

The Long-Term Market

The market performance record surely justifies the doubts about the market expectations. As demonstrated in a recent account of the New York Post, in the great majority of cases, even long-time stockholders, the realization of his paper to a one-for-two or greater, it would have been advantageous to liquidate right after the split. The real performance in the non-full-split cases has been recently demonstrated by Bernstein Management, Inc., to offset its predictions of the record of 193 of the companies studied by the IB Jones Industrial Average that won from 1943-54.

(1) Although all the stocks went up when the split was announced, six months after the date of a split, 12 out of the 23 had either gone up less than the Average itself. Those stocks which significantly out-performed the Average were only those within industrial groups which have consistently out-performed the Average during this period. Several of these stocks comprised the automotive industry's Domestic truck industry, and the integrated automobile industry.
(2) Between the date of the split and the present writing, 13 out of the 23 have gone up less than the Average—five in fact, six have gone up by less than half as much as the Average and two are actually lower than they were at the time of the split.
(3) Where a split stock has outperformed the Average, one can always find a company of roughly comparable sales, usually within the same industry where appreciation was equally great, even though its stock was non-split.
(4) Performance in the bull market which began two years ago has left in some cases affected by the price a stock was selling at in 1953. Indeed, the five stocks in the Average which have acted the best so far are still selling for less than 50 a share.

To qualify based on both on loge and long-term performance the Split Bull replies that they are simply the companies that have exercised the function of exploiting market habits for short-term gain. But the question may be asked: Even within this area, will such policy prove safe?

The State of Trade and Industry

Total industrial production underwent a moderate decrease in the period ended December, with the Federal Reserve Board indicating an increase above the level of the similar week a year ago.

In the steel industry producers are off to a running start toward a probable record production level of 118-120 million ingots in 1955. There's just one dark cloud over the horizon and that is steel labor, "The Iron Age," national metalworking publication.

The fuss made over automotive production cutbacks is premature, since, with no one will recognize until later in 1956 if consumer disinterest is anything more than a year-end breather. The demand for new cars is still strong.

Steel labor is something else, a stalemate at the bargaining table next June could knock everything into a cocked hat. The United Steelworkers want higher wages, supplementary unemployment benefits (guaranteed wage), an unqualified union shop and improved pension and social insurance benefits, reports this trade authority.

Another industry problem is prices. Reductions to date have been in the nature of technical adjustments to bring extra processing costs into line. Base price increases have been scattered and based largely by the smaller producers, but the need for a general price increase is still present, continues this trade journal. A good guess is that by year-end they will be an average of $3 per ton by March. The labor settlement will be followed by another. The new one in the neighborhood of $. This would make a total for the year of $1.

The auto outlook will bring no relief to other consumers. Detroit has no intention of buying at the present prices from their regular suppliers. The carmakers are backing away only from costly conversion and warehouse commitments, adds this trade weekly.

For the first time in years, steel producers are entering a new year with orders outrunning production, a 3-4 to-month backlog on the books and certainty of a full schedule for the first six months.

The state of the retail trade as of Thursday, January 6, 1955: December retail sales, as reported by the U.S. Department of Commerce, showed that the total retail sales in December showed increases over the previous year. The retail sales for December were $4,959,300,000, an increase of $3,081,000,000 over the sales of $4,878,200,000 in December 1954. This increase was the largest since the sales in December 1953.

The weekly index of retail sales, as reported by the U.S. Department of Commerce, showed that the total retail sales in December were $4,959,300,000, an increase of $3,081,000,000 over the sales of $4,878,200,000 in December 1954. This increase was the largest since the sales in December 1953.
The Changing Design for Industry
And Living Through Electronics

By WALTER WATTS*
Executive Vice-President and Component Divisions
Radio Corporation of America

Mr. Watts calls attention to the contributions of electronics to America's economy and reviews progress of radio and television both in the home, in industry, and in science. Gives highlights of the progress and potentials of electronics and the effects thereof on economics, culture and society. Concludes, for the good of America, the arts and sciences are challenged to work closer together.

The complexion of American business and industry have mounted to such an extent these days that even a relative newcomer—electronics—assumes a high degree of importance in assessing our present and future social progress.

While electronics has been hailed as one of the wonders of the twentieth century, its stature as an industry became discernible little more than a decade ago—and is destined for a fully developed industry at this moment. Significant contributions were made by electronics during World War II, but its industrial potential was only beginning to materialize after theconflict had ended and a vast array of peacetime applications suddenly loomed ahead of us.

Today, we recognize that all modern methods of communications depend upon the electronic method: telephone, facsimile, teletype, radio broad-casting and, of course, television. None of these could render the modern service that the public demands without employing the electron and working the magic of its billions upon billions.

Moreover, all modern types of mass entertainment depend upon the electronic methods of distribution—motion pictures, radio, television and telecasting.

Transportation in modern communities and its great development depends upon electronic methods of transmission.

*An address by Mr. Watts at the National School for Social Research, New York City.

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SHIELDS & COMPANY
Business in 1956

By HON. SCINCLAIR WEEKS

Commerce Secretary, expressing view chances are bright that 1956 will be another record year, reviews in detail the record of 1955 and ascertains the class, the business situation is one of general prosperity, and the opportunites exist for further advances in consumer living standards and expansion of markets for business. The economic outlook is clearly excellent for the first 6 months of 1956. As for the last half, if not enough factores are at hand now for me to anticipate the pace of business activity. It would not be surprising if, later on, other parts of the economy experienced breathing spells, as they adjust from the current extraordinary rate to a more normal rate of expansion.

Never underestimate the long-run potential of the dynamic economy. Business activity can level off a bit from time to time and then generate new force for another climb. Confidence is widespread and the spending rate is high. If both, people and government act wisely, we can have another good year.

The Federal Reserve Bank

Let us examine in detail the record of 1955 — the fortieth anniversary of the Federal Reserve System. The-economy had recovered from postwar dislocations and was able to expand into a sustained general advance. The Gross National Product and most of the capital goods and consumer goods and services enjoyed a strong rise in the period from 1949 to 1954. General Advance in Income

The greatly enlarged output generated a record flow of personal income to the American public. At $303 billion, personal income was up $35 billion from 1954. Disposable income — the sum remaining after the payment of personal taxes — rose $20 billion, 6% larger than in 1954, as a result of the steady outlays of the American people. The Gross National Product was up 4% from 1954 and 4% from 1953, the previous two years. The year-to-year advance in consumer spending this year was the largest in the postwar period with the exception of 1950 and 1951, when the stimulus from Korean hostilities and a greatly expanded defense program had some influence.

The history of the recovery as the business activity which was initiated during the first part of 1954 continued with vigor into 1955. Manufacturing production increased through from quarter to quarter as a rapid expansion in the volume of production facilities during the expansion period brought the capacity utilization rate to a high in the third quarter. Consumer businessmen increased their outlays for fixed capital investment in a manner which experienced a substantial rise in purchases of consumer goods and services and for dwellings.

Record Prosperity in 1955

in the year just closing the economy expanded to new high levels of production, employment, and income, making the year the most prosperous the billion has ever enjoyed. Growth was continuing at a high rate throughout the year. The Gross National Product, which expresses the market value of goods and services produced, rose to $307 billion in 1955, an increase from 1954 of $25 billion, more than in any other year since 1947.

Personal Income

Personal income rose steadily throughout 1954 and 1955 as a result of the advance in production, longer hours of work, and lower unemployment. Payrolls also rose in all major industries divisions and total year-to-year advance in personal income was $20 billion, a rise of $12.5 billion from 1954 and $10 billion from the previous high in 1953.

Advances also occurred in income of non-farm proprietors, rental income, and dividend payments, each of which registered its largest change in a number of years.

Expansion Occurs in Private Markets

All of this increased output last year was for the private economy. Factors which are the controlling standards for an expanding population, as well as an addition to the nation's resources, was the highest previous year, as the leading indicators of employment, prices and goods and services were again 1946, 1955, and trade, up almost to $2 billion increase in outlays by State and local governments.

The Federal Government was taking a declining proportion of the nation's output last year, as total production increased, whereas, as the result of national security purposes were relatively low. It was over $41 billion range. By the third quarter of 1955 the scale of gross national product as a percent of GNP had fallen to about 3.0, the lowest since early 1949.

Consumer Demand Strong

The largest increase in personal income in 1955 was $20 billion, the rise in personal income was $20 billion, the rise in personal income was more than in any other year since 1947.

During the year, the consumer had risen throughout 1954, advanced more than 1949, and purchases of most types of goods and services were at record rates. Especially in the case of automobiles, where the average price of well over 7 million passenger automobiles in 1955 was $2700, up a million more than in the highest previous year, 1954, the sales of major household appliances also set records in 1955. Total purchases of durable goods, which consumers rose from $22 billion in 1954 to $25 billion in 1955. This was $5 billion higher than in 1954.

Expenditures for non-durable goods and services were each substantially higher in 1955 than in any earlier year. Non-durable goods at $120 billion and services at $81 billion were each up $5 billion from 1954.

1955 was a year of strong consumer demand. Consumer spending was a strong influence on the fast rate of expansion during the first three quarters of the year. The Consumers, spent a total of $23 billion in 1955, an increase of $16 billion over 1954. Part of this increase was financed by consumer borrowing. Consumer credit expanded at a rate of $5.7 billion in the 12 months ending Oct. 31 to reach $34.8 billion.

Record Construction Outlays

The construction industry had another highly successful year. The value of total construction activity, public and private, reached $42 billion, an increase of 4½ billion over the previous record year. The volume of new construction put in place was also a record even though a further moderate rise in building costs occurred during the year.

Private construction spending for almost all of the rise in construction expenditures. A small part of this increase went into the production of commercial and industrial buildings. Dollar expenditures for residential construction were less than one-half of all private construction spending in 1955. Private outlays for residential construction were over $16.3 billion. The number of dwellings started in 1956 was lower than the record high of 1954.

Public outlays increased $200 million to a total of $12 billion in 1955. Public outlays represented spending of educational buildings, highways, and water and sewer systems was very active, and continued to lead to the recent completion of many public facilities increased.

Private investment in machinery and other types of producers' durable equipment rose from $22 billion in 1954 to $25 billion in 1955. Total investment in new plant and equipment by nonfarm business was $25 billion, an increase of $2.5 billion over 1954.

Investing in inventories was resumed in 1955. A little more than $3 billion was added to stocks during the year, as compared with a reduction of nearly the same amount in 1954. In keeping with the increase in demand, most of the addition of both manufacturing and retail levels occurred in stocks of durable goods firms.

SITUATION AT YEAR-END

As the year draws to a close the business situation is one of general prosperity. The continuing operations of national securities are more than the result of the good fortune of the postwar period. Securing in a few sectors, such as real estate, residential construction, and public works, a number of new design plans to minimize inflationary pressures, appear to be tending to temper the advance in aggregate demand. Competition in products and services and wholesale and consumer prices remain

stable. At wholesale, industrial prices have been rising only at the rate of 1½% per annum, while agricultural prices have shown the opposite trend.

During 1955 employment rose above levels attained in any prior year, total employment was around 63 million during the latter part of the year. This was an advance of three million from the average of 1954. Part of this rise in employment was the result of 1955, an increase in the labor force.

The upsurge in job opportunities for the expansion of about 3% of the civilian labor force and also brought an unusually large number of workers from the labor reserve.

Industrial expenditures for plant and equipment which had been rising strongly since early this year, reached $30.7 billion in the third quarter of 1955, a rise of $2.5 billion over the previous year. The fourth quarter of 1955, a rise of $2.5 billion over the previous year. The fourth quarter of 1954, of course, included in the first quarter of 1956.

Consumer spending, including the increase in consumption, and the increase in construction activity, which had been continuing in a high level through the year.

We are fortunate that the economy is now taking a seasonal peak of the year, and that a peak of seasonality is being reached at a time when a large share of the spending is being made during what is known as the Christmas season.

It is, therefore, a matter of great importance to keep the strong consumer demand that has been growing steadily during the past six months, but at the same time, it is a matter of great importance to ensure that the economy is not overtaxed by an increase in consumer demand.

R. W. Pressphirc Co.

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AS

PRESIDENT AND DIRECTOR
Certain Beneficiaries Of West Coast Gas

By Ira U. Cobleigh
Enterprise Economist

A compressed article outlining a few sections and some quite young companies in line to benefit from the forthcoming West Coast pipelines.

While there may be some feeling that masts, housing and appliances may not be able to sustain their recent pace in 1955, the upsurge in security sales continues. In their belief in the future of building and in their belief in the future of gas, consumers have been, and continue to be, interested in the discussion. Today, impelled by the increasing demand for fuel, and by the growing interest in the company, Bremerton, on our account, has been, and will be, interested in the discussion.

We have already noted the following points:

1. The company has been, and will be, interested in the discussion.
2. Our account has been, and will be, interested in the discussion.
3. We have already noted the following points:
   a. The company has been, and will be, interested in the discussion.
   b. Our account has been, and will be, interested in the discussion.

We are pleased to announce that the business of Tiff Brothers of Springfield and Pittsfield, Massachusetts, has now been merged with that of our firm.

Shearson, Hambell & Co.
Founded in 1902
Members New York Stock Exchange and other Leading Stock and Commodity Exchanges

14 Wall Street New York 5

New York Chicago Montreal Los Angeles Beverly Hills Pasadena Santa Barbara Jolla Newport Beach Westwood Hartford Middletown New Britain Springfield Pittsfield Buffalo Dallas Houston San Antonio Memphis International Crosse Basel (Switzerland)

We announce the following changes in our firm:

Mr. Theodore Yankauer, Jr.
(Member New York Stock Exchange)

and

Mr. William N. Moyle
(Member American Stock Exchange)

have been admitted as General Partners

Mr. Alfred E. Thurbur

and

Mr. Robert A. Kugler

who heretofore have been General Partners in our Firm have become Limited Partners.

Shearson, Hambell & Co.

Founded in 1902
Members New York Stock Exchange and Principal Stock and Commodity Exchanges

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For Banks, Brokers & Dealers:

**Dealer-Broker Investment Recommendations & Literature**

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

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

**Atomic Fusion Confusion**—Quarterly report containing comments on fusion, fission, and uranium supernuclear—atomic map also available—both contain portfolio as of Sept. 30, 1955. Investment Securities Co., Inc., 1033 Thirty-sixth Street, N. W., Washington 7, D. C.


**Dealer-Broker Bond Basic Express**—Folder—Bulletin—Van Alstyne, 8 Eleventh Avenue, New York 13.

**Tiger Pacific**—Circular—J. Reilly & Co., 5321 University Avenue, Minneapolis, Minn.

**Clevite Fusion**—Circular—J. F. Reilly & Co., Inc., 42 Broadway, New York 4, N. Y.

**American Express Co.**—Analysis—Ir A Haupt & Co., 111 Broadway, New York 6, N. Y.

**Bausch**—Circle—J. F. Reilly & Co., Inc., 42 Broadway, New York 4, N. Y.


**Blaw-Knox Company**—Review—Sutro Bros., Co., 120 Broadway, New York 3, N. Y. Also available is a bulletin on Fabro Products, Inc.

**Brewster Battle Drilling Co.**—Memorandum—Rowles, Winston & Co., City National Bank Building, Houston 2, Texas.

**Bynatt-Tintair, Inc.**—Report—General Investing Corporation, 50 Wall Street, New York 5, N. Y.

**Cleveley Drilling.—Bulletin—Peter P. McDermott & Co., 44 Wall Street, New York 5, N. Y.**

**Emerson Electric**—Bulletin—Van Atlyne, Noel & Co., 52 Wall Street, New York 5, N. Y.

**Flying Tiger Line, Inc.—Bulletin—$2.00 per copy—John H. Lewis & Co., 63 Wall Street, New York 5, N. Y.**


**General Controls Co.**—Analysis—Paine, Webker, Jackson & Co., 5th Floor, 425 So. Figueroa Street, Los Angeles 14, Calif.

**General Dynamics**—Analysis—Goodbody & Co., 60 East 42nd Street, New York 17, N. Y.

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**Electric—Bulletin—Van Alstyne, 8 Eleventh Avenue, New York 13.**

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**From Washington Ahead of the News**

*By CARLISLE BARGERON*

Over the New Year's weekend photographs appeared in newspapers throughout the country of the two Senate's most outstanding men—Senators George and Byrd—both on the floor of the Senate, each presiding over a half hour of Senate debate. Senator George, who is an attorney, has written two books on the subject of law, one of which was published in 1949. Senator Byrd, who is a banker, has written a book on the subject of economics, which was published in 1953. The two Senators were deeply involved in the debate, and both were able to use their knowledge of the subject to good effect.

Senator George and Byrd are both members of the Senate Finance Committee, and they are both very active in the committee's work. Senator George is the chairman of the committee, and Senator Byrd is a member. The committee is currently working on the budget, and both Senators are likely to be influential in shaping the final version.

Senator George and Byrd are both respected for their intelligence and their ability to work effectively together. They have a long history of working closely on Senate issues, and their collaboration is likely to be an important factor in the outcome of the budget debate.

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**Notes**

Harold B. Smith, Manager of Pensions & Company's Urdistitted Department, has been reported ill in Doctor's Hospital, Freeport, Long Island, N. Y. Mr. Smith will be confined for several weeks, and while no visitors are at present admitted, we are sure he would appreciate receiving cards from his friends.

Harold B. Smith

Continued on page 46

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In Memoriam

AARON M. SAKOLSKI
1880—1955

"His life was gentle; and the elements
So mixed in him, that Nature
might stand up
And say to all the world,
This was a MAN!"

Dr. Aaron M. Sakolski, one of the most beloved and respected members of the Chronicle's editorial echelon during its 116 years of existence, was fatally injured in an auto accident while en route to his country home in Riegelville, Pennsylvania, last Thursday, December 29. A sister, Miss Esther Sakolski, survives.

To us all on the Chronicle staff, Dr. Sakolski was a brilliant contemporary whom we considered both a friend and a colleague.

Dr. Sakolski was modest in his bearing and address, an example of self-effacement, gifted with a gentle manner, and an interesting conversationalist. He exemplified in his lifetime the elements of a lovable person, a good soul and an interesting personality. He was endowed with a wonderful retrospective mind and had a hopeful outlook on life besides being a philosopher and scholar who loved his fellow man. He was in every sense of the word both a gentleman and an altruistic thinker throughout his editorial career.

Few men in and out of Wall Street possess the ver-satility of our Dr. Sakolski who was born in Baltimore, May 12, 1880. He was the recipient of a Ph. B. and Ph. D. degree from Syracuse University and Johns Hopkins.

Dr. Sakolski was a financial statistician and economist since 1905, instructor in finance at New York University from 1910-24, served as a Valuation expert for the D. & H. Railroad 1914-1917; examiner of the Federal Trade Commission 1917-1919, becoming statistician and economist for Paine, Webber & Co. (now Paine, Webber, Jackson & Curtis), New York City, 1922-31; Assistant Professor in the College of the City of New York until 1947, and finally assistant to the Editor of the Financial Chronicle since 1944.

Besides his editorial gifts, Dr. Sakolski was the author of a number of books, which included a wide range of topics, including:
- Finances of American Trade Unions, 1906;
- Condition of Entrance to Principal Trades (with Walter E. Weyl), 1909;
- American Railroad Economics, 1913;
- Railroad Securities, 1921;
- Elements of Bond Investment, 1921;
- The Analysis of Financial Statements, 1923;
- Principles of Investment (with Myron L. Hoch) 1925;

Contributor to American Business Practice, 1931;
- The Great American Land Bubble (with Myron L. Hoch) 1932; and

The Editor and Publisher and members of the Com-mercial and Financial Chronicle staff believe that the world has lost a valiant soul at a time when our country needs men of Aaron Sakolski's calibre.

Agricultural Price Supports and Production Controls in 1956

By O. B. JENNESS*
Head, Department of Agricultural Economics
University of Minnesota

After discussing the legislation relating to price supports and production controls in agriculture, and the problems arising from the price program, Prof. Jenness finds that the farm surplus problem comes partly from a carry-over of war expansion, and partly from the increase in agricutural productivity. Holds, since the situation varies from commodity to commodity, that no one solution or a blanket solution. Discusses briefly the "Sodbury Pell" proposal. Expresses doubt regarding figures concerning the capabilities of farm and non-farm incomes to meet these existing troubles to small individual farm holdings. Calls for statesmanship and not political expe-dience in solving the problem.

The eyes of the seekers of public office are fixed on the Tuesday next, November 10, on about 10 months away, when the voters call the turn. The price and income dif-ficulties of agriculture at a time when most of the rest of the economy is booming make the problem a national political hay-makimg. The topic assigned for this discussion implies a forecast. The direction is not too difficult to find, but the matter of degree is something else.

Price supports are viewed as incentives to produce, and controls, at least for the one who is controlled, are income limiters. That gives grounds for expecting that premiums for excess supports will be rather general, while threats of controls will be soft pedaled. Anyone who would forecast in the face of this situation an elimination or sharp reduction in price supports in 1956 that would do so with a mass-minded in cheek.

Argument Relative to Level of Farm Supports

The current argument about price supports is primarily over the problem of their retention or abolition. Specifically, it is over whether or not the substantial supports provided under existing law shall be continued in effect or if the rigid 90% of parity supports are to be restored. As most of us realize, the support program is not all-inclusive. The 90% supports in recent years have been mandatory on only the six so-called "basic" crops—wheat, cotton, corn, tobacco, rice, and peanuts. Specified supports or ranges apply to a few other lines such as dairy products, sugar and wool. Supports on other products are within the discretion of the Secre-tary of Agriculture, and, as a consequence, to need and the availability of funds. The battle, hence, is not one between agriculture and the nation, but agriculture and the United States. For example, the sentiment among western cattle men appears to run against—supports, and that the town people, on the other hand, seem to favor the program very strongly. Thus, it is not unusual, and is not one on which Republicans and Democrats disagree. In small towns, as in cities, the dwellers, are nicely lined up on opposite sides of the argument. A majority of a State Senator from a livestock state such as New Mexico may find it easier to vote as a Republican than a Senator Republican from a wheat state such as North Dakota. Some labor leaders are on the side of the small farmer of 90% sup-ports, perhaps not entirely with out hope that this may win votes for some of labor's legislative programs. Besides, many city people are aware of the farmer's plight and some of them take for granted that the higher support levels provide the remedy.

The House took action to re¬store the 90% level on basics dur¬ing the last session. The question was not brought to a vote in the Senate. Some observers saw the House as political strategy. The present guessing runs in the di¬rection of expecting the Senate to act and that passage probably is assured because Democrats will see an opportunity to put the Administration on the spot and also because some Republicans from certain farm states can be expected to help the move along. The guess then is that the bill will feel the veto ax and that it is unlikely that enough votes can be mustered to override. If that be the outcome the battle lines will be drawn.

Aspects of the 1956 Picture

However, there are other as¬pects of the 1956 picture. The voter clearly is not unmindful of the investment the public has in the some $7 billion invested in stocks and of the annual cost of the program. The urge for reduced expenditure which will permit tax reduction will bring with it a little package which also has a good deal of political strength. One of the reasons of the price support program has been its effect on production and surplus accumulations. Realiza-tion of this aspect of the problem is showing up with increasing frequency in suggestions that the program needs revamping. The determination of the Administration to continue the flexible pro¬gram is expected to lead it to come up with various other pro¬posals to alleviate the farm situation. The political arena seems to be set for some compromise, but the meeting of the minds will be a test. The President will be a test if he continues to exercise his powers. We have prepared a SIXTH and REVISED EDITION of our Special Bulletin entitled "12 REASONS FOR INVESTING IN LIFE INSURANCE STOCKS" which contains specific suggestions on stocks which we believe are attractive for investment today.

This Bulletin will be of particular interest to holders of mutual fund shares and to investors who are considering the acceptance of profits in cyclical or speculative stocks and the reemployment of funds in investment-grade issues.

A copy of this bulletin will be mailed for $1.00.

*An address by Prof. Jenness at the National Agricultural Credit Conference sponsored by the American Bankers Asso-ciation, Chicago, Ill., Dec. 5, 1955.

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Conn. General...is now worth $36,500.00
Continental...is now worth $65,200.00
Lincoln Nat'l...is now worth $65,200.00
Southland Life...is now worth $37,500.00
Travelers...is now worth $5,870.00
West Coast Life...is now worth $57,600.00

*As of December 15, 1955.

We have prepared a SIXTH and REVISED EDITION of our Special Bulletin entitled "12 REASONS FOR INVESTING IN LIFE INSURANCE STOCKS" which contains specific suggestions on stocks which we believe are attractive for investment today.

This Bulletin will be of particular interest to holders of mutual fund shares and to investors who are considering the acceptance of profits in cyclical or speculative stocks and the reemployment of funds in investment-grade issues.

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Long-Range Implications of The Social Security Program

By RAY D. MURPHY, President, The American Life Insurance Association of America

Federal Reserve Bank of St. Louis

Prominent life company officials view social security as a major problem in life insurance industry. Favors study depicting point where continued even-numbered year benefit increases might help raise questions regarding impact of social security with respect to: (1) impairments; (2) inflationary consequences; (3) burden on national productivity; and (4) inter-relationships of private pension plans and savings.

Today I wish to speak particularly of the benefit which is of providing out of taxation under the Social Security Act. From a long-range standpoint, social security is a major issue for the American people as a whole, and it is one to which I feel particularly interested, interested in the Shi of particular interest in the Shi of concern to us in the life insurance field. In fact, I can say, looking ahead, there is no domestic public issue of greater long-range significance on life insurance than is governmental social security. I am not emphasizing simply what is going to happen as a competitive influence on our business, but I am thinking in the effect of such governmental action which will determine the economy as we live and produce.

We probably do not all approach this subject with the same basic philosophy regarding the nature and social responsibility of the aged and other special categories of our people. I think, however, I can state our proposition to which everyone here will agree. It is simply this: that governmental social security is a good thing or a bad thing, whether it has been developed properly or improperly, we cannot argue about the size of the increase in benefits in the law every year or at any time. However, I think it would be unfair to the American people.

Perhaps it is without saying that Congress has a great responsibility in this matter. So do we. We in this business have a peculiar obligation to our fellow citizens to bring out all available facts and they lay before the people.

A Confused Situation

Let me illustrate the confused situation we are in now. With every increase in benefits to the elderly, larger payments are provided for children and the wages are still kept substantially below levels that are necessary to maintain the same living standard the people have enjoyed in the past, and this is certainly not what we want.

Questions Needing Answers

For one thing, we know that the future burdensomeness of the Federal Old Age and Survivors Insurance and related programs is tremendous. What will be the effect of this significant increase in wages, in benefits, in the standard and supporting people, or can such increases be prevented by increases in national productivity? In fact, in maintaining incentives for wholesale savings, an inordinate effort will not result in the same standards of self-supporting people needed.

From another standpoint, gains in national productivity must stem largely from continuing investment in productive capacity and equipment. What incentives will be needed to attract such a flow of investment? What will be the effect of rapidly expanding incomes on such investment?

Another avenue to explore is the impact of social security on the national savings. What level of benefits, and what method of financing them, would be most helpful to ward maintaining stable prices? Would an attempt to give a small increase in production to social security beneficiaries, at the expense of productive elements in the population, lead to inflation?

Still another facet of the general problem needing exploration is the interrelationships among old-age assistance, the OAS1 system, and private pension plans. By and large, the level of social security benefits is a determinant of the area in which private pension plans may operate. Of what economic significance is the advance of other real estate in such private plans? Will the funding of private plans help significantly the financing of the productive investments necessary to our continued increasing national output?

As a final illustration, a study of social security economics might look into, let me mention, the experience of foreign systems. England, to name one country, seems to us to be a country involved, involved further along the social security road than we are, at least in quite a few respects. What have they learned from the difficulties and problems now besetting the British? Can we profit from their mistakes? For instance, it is wise for us to be thinking about reducing the social security retirement age here, where the British are finding it necessary to consider increasing the retirement age there?

ED. NOTE.—The final report of the National Bureau of Economic Research on the exploratory study of social security will be available in the near future.

Stone & Webster AppoinEs Officers

Stone & Webster Securities Corporation, 90 Broad Street, New York City, announces the appointment of the following vice-presidents—Edward W. Holmes, Assistant Sales Manager; Kenneth K. MacNeely, Assistant Claims Department Manager; and Longley G. Walker, Assistant Manager of Research and Analysis. Stuart MacL. Wyeth in charge of the firm's Philadelphia office was also made an assistant vice-president.

Stern, Launer Partners

Stern, Launer & Co., 120 Broadway, New York City, members of the New York Stock Exchange, have announced that Peter E. Folger, Leon H. Fuller & Co., and Arthur G. Russell have been admitted to the firm as general partners.

With Hunt, Nord:mm

MAY BEACH, Fla.—Leo Co., W. M. Standish & Co., and Meyer Goldfield, Edward Levenson and Lawrence Lipkin have joined the staff of Shelley, Roberts & Co., 1610 Washington Avenue.

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January 5, 1957
Stock Market Prospects

By BRADBURY K. THURLOW
Partner, Osborne & Thurlow, New York City
Members, New York Stock Exchange

Mr. Thurlow notes developments which have influenced stock market prices particularly the "blue chip" issues. Says one and a half years of present bull market faith in the government's ability to prolong a boom and avoid a depression, and holds, paradoxically, this may lead to the bull market's ultimate collapse. Mentions five groups of "blue chips." Since the writer is not possessed of the power of divination, I re¬strict my business forecasts to a summary of those observations of others which appear to be a more or less a result of consensus: In¬stinctive confidence, up 4%; Housing, 26%; Overall construction, down 15% to 20% (but 20% over 1854). Steel produc¬tion, with prices slightly higher, is sharply weaker; increasingly higher; Interest of foreign aid changed; Overall 4%; and...
Presidential Candidates

By ROGER W. RABSON

Mr. Rabson evaluates prospective Republican and Democratic presidential candidates. Believes the degree of frequency of Ike's photograph in popular news media will indicate whether he will run or not. Cites "evidence" of President's desire to run as his office is.

The most important comment in my last week's Forecast for 1956 was: "If no unforeseen event happens, President Eisenhower will be re-nominated and re-elected in 1958." I am no politician, but I do try to be an honest statistician. Hence, first let me dispose of the question of age. The President will be 68 in early March. I would make him 70 by the close of his second term. His rivals, in both the Republican and Democratic parties, say he is "too old to run again." Yet, Warren of California is 64.

Let us discuss first the possible Republican candidates. My first choice would be Vice-President Nixon, who is an ideal man, at an ideal age of 42. Secretary of the Treasury George Humphrey, my second personal choice, is 65, but because of his success as a constructive businessman, I doubt if he could be elected. Next on my list would I select Thomas E. Dewey, former Governor of New York. He probably is the ideal age, namely 53; but the party would be too old to nominate anyone of his age. He was defeated twice, even though he is an excellent administrator. My fourth choice would be Secretary of State Dulles; but he is two years older than Mr. Eisenhower. The otheractiveRepublican aspirants are Senator William Knowland of California, and the Presidential Assistant Harold Stassen of Pennsylvania, who is 68; and Governor Christian Herter of Massachusetts, who is 69.

What About Democratic Statistics?

Now let us apply statistics to the possible Democratic rivals. If the nominating convention were to be held this year, I am sure that ex-Governor Stevenson of Illinois (35 years old), candidate four years ago, would get the Democratic nomination. If Eisenhower should run again, Stevenson would have a good chance of election; but not against Eisenhower as a candidate. This is in my humble opinion. As for Governor Harriman of New York, he surely could be featured as a "male-farce of great wealth" more than could Mr. Humphrey. Harriman probably never "earned a dollar in his life." He inherited his millions from his father, who was America's greatest railroad giant; while Humphrey started with nothing and earned his present wealth through developing coal, iron, and other mines. Let me say, however, that Harriman is the only Democratic candidate who has practiced teaching and experience for the Presidency of any possible Democratic candidate. I have great respect for his knowledge and for his contacts in national and world politics. He is a "New Dealer"—which will help him with labor and probably with the great American public. Statistically the country is Democratic. Republicans should not forget this in their estimates of their chances.

Among others commonly suggested, prospective of parity, are Keefe (28), and Clement (35), both of Tennessee; Dirksen (50) of Illinois; Miley (41) of New Jersey; Stratton (41) of Illinois; Symington (54) of Missouri; and Williams (44) of Michigan. I will also add that Ex-President Truman, at 71, may be a candidate. So much for statistics.

Consider Photograph

This is an age of photographs. The successful magazines—such as "Life" and "Look"—are almost 85% photographs. Televising is 95%, the movies are 60% photographs. He takes wonderful photos and his smile alone is worth millions of dollars. But, photography is even used by us statisticians. We can often predict what a man will do by studying the "setting in which he allowed his photo to be taken. Consider the following as evidence that Ike and Mrs. Doud want to be in the White House four more years, irrespective of what Mamie may want. If Ike did not want to run again, he would have been wheeled onto the airplane which took him from Denver to Washington, in a wheel chair. This would have helped him in his desire for four years of quiet life at Gettysburg. B.A., he ran the airplane ramp like a young colt and waved to the people. He did the same upon arrival at Washington and Gettysburg. The plan of his managers is to have the voters entirely forget his illness. Watch the photos of him from now on. They will tell the story.

Brown Bros. Firm Admits Partners

Brown Brothers Harriman & Co. of New York, N. Y., members of the New York Stock Exchange, announce the admission of Pierre B. Bretey, John C. McDowell, and Lynn Shurtleff as general partners in their firm.

Haden, Stone & Co. Admit New Partners

Haden, Stone & Co., 25 Broad Street, New York City, members of the New York Stock Exchange, announce the admission of Pierre B. Bretey, John C. McDowell, and Lynn Shurtleff as general partners in their firm.

With Pyne, Kendall MONTCLAIR, N. J.—Daniel L. Reiner has become associated, as Treasurer-Representative, with the Montclair, N. J. office of Pyne, Kendall & Hollis, 43 Church Street, members of the New York Stock Exchange and the American Stock Exchange.

1956 Profits and Dividends To Attain New High Levels

By CHARLES A. SCHMITZ

President, Standard & Poor's Corporation, New York City

Head of large statistical organization forecasts a record high in earnings of all corporations at $25 billion, or slightly in excess of the 1955 record. See profits sustained, but because of manpower and production capacity limits, holds gains will be held to moderate proportions.

Shareowners of American corporations can look forward to another year of excellent earnings and continued high dividends. The Standard & Poor's Corporation estimate that 1956 aggregate net income after taxes of all American stock corporations will reach a new record high of $22.5 billion, compared with $21.3 billion (inflated) for 1955, $17.9 billion in 1954, and with the previous peak of $22.1 billion established in 1950.

This forecast is based on our projections that the Gross National Product will increase 4%, surpassing $400 billion for the first time in history, that commodity prices will remain fairly stable, and that corporate income taxes will continue at the present 25% rate.

In general, 1956 profits promise to be sustained by the same combination of forces that produced the highly prosperous conditions in 1955, although manpower and productive capacity limits will tend to hold gains to more moderate proportions. Corporations will continue to become not only from mounting sales, but also from the wider profit margins which are a corollary of high volume. In addition, unit costs will be lowered through the operation of more efficient new facilities.

Moreover, the earnings now being reported have greater substance than in previous booms. In the first place, they are not swelled by inventory profits as in 1950. Second, true earning power, albeit on a somewhat reduced level, is considerably higher than shown in statements to shareholders, because of the penalizing impact of heavy charges for accelerated amortization.

Better Showings by Large Firms

Bright as the outlook is for all corporations, the prospects are even more promising for larger concerns of the type in which most investors invest. Investment managers are again expected to demonstrate the advantages of size, management, and diversification, as the returns of large corporations will continue to exceed those of small enterprises.

Companies represented in the Standard & Poor's daily index of 50 industrial stocks forged ahead to a new high in profits in 1956, whereas all corporations* were still somewhat short of their 1950 record. Gains relative to 1954 levels were 32% and 25%, respectively. For 1956, we anticipate a further increase of about 8% for this group of concerns. As the following table shows, such a result, in terms of per share adjusted to the index, would be more than triple the earnings realized in 1929.

Larger Dividend Rise

The increase in dividend payments, we believe, will be proportionately larger than the rise in profits. Leading corporations were unusually conservative in their dividend policies during the greater part of 1950, and it was not until the closing months of the year that the payment was raised.

Even with another wave of expansion under way, it seems reasonable to expect that about half of earnings will be distributed to shareholders. On this basis, we look for dividends equal to about $21 a share on the 50 stocks in our daily industrial index, a level about 17% higher than in 1955 and 2½ times that of 1929.


The Economic Outlook

By ALAN H. TEMPLE
Executive Vice-President,
The First National Bank of New York

Leading bank economists expect business will continue good during 1956, but that thereafter the situation may become somewhat vulnerable. Predicts economic activity, with a likely rise in the second quarter of the year, will yield a better year than 1955. The country is closing its busiest and most prosperous year with business activity at the highest point of the year. Although aggregate production and trade have been expanding for nearly a year and a half, the latest aggregate figures are still showing an upward trend.

The latest aggregate figures point to industries' National Product were the highest of any year. Price indices are trending upward. Bank credit continues expanding. Surveys disclose business plant and capital expenditures still rising; will likely be lower estimates of personal expenditures on goods and services still favorable. The rate of increase of production and trade during much of 1955 has been between two and three times the long-term average growth.

Our expansion phase, which is one and one-half years old, still under way, may top off in the near future. It cannot expect this rate to continue for so far it has not topped off yet. The recovery from the 1954 recession was faster than anyone expected. We had underestimated the accelerating effects of one industry on another. We had underestimated the rapidity of inventory liquidation. Personal confidence remained high, as reflected in its impact on automobile production and sales. The economy demonstrated the strength of stabilizing influences.

The Flippin is Confidence

Businessmen's confidence has been permanently increased by the expansion phase of 1954. Once we accept the lesson of this optimistic period, it is easy to be engaged with the long-term future. Then there are the permanent and fundamental trends based on popular increase and projections; as well as the tremendous changing of the rails of research and technical progress.

The most gigantic underestimate I can make is that the economy

"FOR SALE"

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also

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Westheimer Adds

WHEELING, W. Va. — W. P. Westheimer & Bro., associated with Westheimer and Company, members of the New York Stock Exchange, as registered representative in the Wheeling office, Hotel McIvor. Mr. Westheimer was formerly a trust officer for the Wheeling National Savings & Trust Company.

R. A. Nubel Partner

In Halle & Stiegelz

Halle & Stiegelz, 52 Wall St., New York City, members of the New York Stock Exchange, announces that Robert A. Nubel has become a general partner in the firm.

Chemical Corn Exchange Bank

165 Broadway, New York

Condensed Statement of Condition

At the close of business December 31, 1955

ASSETS
Cash and Due from Banks $ 967,546,895.90
U. S. Government Obligations 506,058,128.38
State, Municipal and Public Securities 396,678,088.67
Other Bonds and Investments 12,274,827.61
Loans 1,006,941,431.49
Banking Houses Owned 10,150,384.22
Customers' Liabilities on Acceptances 42,650,614.53
Accrued Interest and Accounts Receivable 7,976,959.25
Other Assets 4,941,531.09
$13,166,975,314

LIABILITIES
Capital Stock $ 47,234,000.00
Surplus 127,766,000.00
Undivided Profits 23,304,883.76 197,304,883.76
Reserve for Contingencies 4,406,421.67
Reserves for Taxes, Expenditures, etc. 7,469,984.85
Dividend Payable January 1, 1956 2,561,700.00
Acceptances Outstanding (Net) 4,202,424.08
Other Liabilities 4,202,424.08
Deposits 2,896,012,946.66
$13,166,975,314

Securities carried at $115,682,946.05 in the foregoing statement are deposited to secure public funds and for other purposes required by law.

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Problems Relating to Currency Convertibility
By E. M. Bernstein*
Director of the Department of Research and Statistics, International Monetary Fund

In pointing out currency convertibility is an essential requirement of multilateral trade, and this convertibility would end discrimination against any country attempting to export its goods and services. The Fund expert contends that if currencies of the great trading countries were made convertible, a general system of multilateral trade and payments would be established. The Monetary Fund agreement for establishing and maintaining convertibility of currencies of member nations, but this objective, he points out, was unattainable because of war dislocations and the period of progress being made in currency convertibility.

The central principle of a system of multilateral trade is that each country will have to carry out its monetary policy in such a way as to be certain its goods want to import in the best market—that is, where they have the lowest prices, and that it will sell the goods it produces for export in such a market—that is, where they receive the highest prices.

Convertibility and Multilateral Trade
Currency convertibility is an essential requirement of multilateral trade. For unless each country can use the proceeds of its exports to buy goods and services, and sell in the best market, without discrimination among various traders, convertibility, it may be accepted, is essential to its operation.

The natural consequence of the convertibility of currencies would be the disappearance of trade limitation in international trade and payments for both goods and services. Most small countries are not in a position to carry out currency convertibility. All present, a general system of multilateral trade and payments would be established. The few countries that make up more than 70 per cent of the total production of goods and services—Germany and Great Britain—will continue to have their currencies convertible, and imports and other payments only will be made in their currencies. The receipt of their currencies is in the form of imported goods and services. The few countries that make up the remaining 30 percent of the total production of goods and services—and own currencies convertible—are able to do so largely because a substantial part of their exports is to the United States and other dollar countries.

The practical problem of establishing convertibility is that of the two principal reserve currencies, the dollar and the pound, the dollar is the more important. The sterling area does more than half of its trade in dollars, and the $18 billion of sterling balances represent about 30 per cent of the gold and foreign exchange reserves of the United States and the United Kingdom. It should be noted that the monetary authorities of sterling area countries are convertible into dollars, but these currencies are expected to apply the same restraints as the United Kingdom on dollar payments. If the currencies of the great trading countries were made convertible, a general system of multilateral trade would inevitably be restored, and trade and payments discriminations for balance of payments would soon disappear. For no country can find it wise to discriminate among its currencies on a currency basis, if all of its postal is maintained, that is, convertible currencies, discrimination in trade and payments on a currency basis is not possible, but its purpose, would be mutual protection, of import-export markets. Such discrimination is not likely to have the scope of the scale of the payments discriminations that result from the lack of convertibility.

A substantial degree of multilateralism in trade and payments has been achieved in recent years. This is based on a general system of multilateral payments. The few countries that make up more than 70 per cent of the total production of goods and services—Germany and Great Britain—will continue to have their currencies convertible, and imports and other payments only will be made in their currencies. The receipt of their currencies is in the form of imported goods and services. The few countries that make up the remaining 30 percent of the total production of goods and services—and own currencies convertible—are able to do so largely because a substantial part of their exports is to the United States and other dollar countries.
Stocks started off a new year by confirming what a lot of the year-end forecasts had indicated — it probably is going to be a difficult year to pick the right issues and a lot of Washington developments are going to mean more importantly as far as the stock market is concerned.

The principal reason for a poor start this year were indications in Washington that new studies will be made of aircraft profits on defense work. It upset the plane makers and, in turn, the year's first market session, leaving an uncertain action around that further chilled any great reinvestment rush.

Motors were in their familiar rut, heavy more times than not with Chrysler apparently a pet selling target. Of all the major segments of the economy, this is the one that is widely regarded as due for some sort of slowdown after last year's wild pace. The imponderables include how the suppliers, such as the steel mills, will fare with increased orders from other lines to offset a trim in their own auto accounts.

The steel shares, while swaying with the market, didn't reflect any particular concern over the problem. For one, the preliminary estimates of 1956 profits were replete with forecasts of even more optimistic figures than the mills posted last year, and added additional protection to well-equipped dividends that provide an anchor about the average of the blue chips generally.

"The Stock of 1956?" The hunt for the "stock of 1956" is in full cry and a matter of great concern to most of the investors. A pretty well centered on the secondary issues that have done little up to here. To some, like Electric Storage Battery, the most frequent description is a "four-bit blue chip."

Some attention was being paid the companies who have been dabbling in the uranium field, to determine, to satisfy the demand that has definitely turned into high-grade uranium speculations since the Securities and Exchange Commission launched its drive against the same of anything but.

This period its showing has been considerably less glowing than that of the other outfits that have participated fully in the boom and the stock reflected this market-wide.

Now indications are that profit was enough to cover the dividend last year, and which might mark the turning point, particularly since replacement demand for batteries from the auto output, including the not quite 8,000,000 cars made last year, is starting to make itself felt.

Another issue that, in the opinion of some of the market operators, could also be at a turning point is Cleveport Corp., heavily dependent on the auto industry to buy its carburetors. Large-scale diversification was begun more than five years ago that now has whittled the percentage of the gross sales from the auto firms below 60% with further reductions all but inevitable. The new lines include electronic instruments, including one of the larger transistor makers in the country, and an aviation affiliate specializing in jet engine blades and vanes.

A Merger Hopeful The merger is Libby McNeil & Libby which produce many familiar household products but probably few laymen could detail any of them fluently. American Safety is also a lagged by market standards and has been available recently at only a third of its former level. This merger is to make the first of a busy with diversification that now has stretched to carpet looms and potential for a world's capital. A bit to the heavy dependency on blade and razor sales that has traditionally accounted for around one-fourths of its business. Moderation has been pursued actively by American Safety.

Ready for a Rebond Westinghouse, currently embroiled in a costly strike, is a favorite among the good number of market analysts who see no quick improvement in labor relations and presently prices that should ultimately result in a rebound. The company is sold in large chunks of 1,000,000 shares, work including contracts for the first atomic plant of other than the steel strips, as reactors for not only sub-marine but larger ship propulsion from the government, plus other incidental atomic energy work.

Ford Impact The technical debate about the way to use the recent reinvestment funds were being withheld from standard press conference Ford Motor in mid-month. A concomitant question is where the money will go and seems to ask why the public stock of the demand for Ford goes unsatisfied as the offering is cut in smaller pieces. This, too, serves to create a cautious air over the market this week.

What is expressed in this article do not necessarily at any time the views of those of the "Chronicle." They are expressed as those of the author only.

**Analyzes 1953 Recession and Inflation Virus**

"Monthly Letter" of the First National City Bank blames restrictive credit and curtailed dollar expendurings 1953 bubble of overoptimism. Sustained growth as widely accepted governmental responsibility, but finds its tolerance of debt build-up, borrowing expansion, unwholesome use of Federal Reserve Credit may be due to the rapid inflation virus in our blood. Chronic mild inflation termed not the way to perpetual prosperity, with unsound governmental policies andvy government General and not reinvest¬

ment sought ahead of enlarged outlays.

The January "Monthly Letter" of First National City Bank of New York finds that there is wide acceptance in inclining toward a policy of the objective and responsible "prudent inflation." The Letter reviews the policies pursued by the Federal Reserve in the past year in a record being almost too good to be true. The "Letter" notes, in part, as follows:

"Since 1952 we have successfully ended the Korean War, freed our markets from arbitiral controls, stimulated the wars and energies of our people, given them more and better work, and built incredible numbers of things. It is a case to mention products practically unknown even 10 or 20 years ago. When people say "what wonders will we not, we are in an era of almost infinite possibilities."

"This is the season for New Year's resolutions and appraisals of 1956 business prospects. Caution abounds, inspired by the 1955 performance, by the disposition of the Administration and Congress to reduce taxes as soon as possible, and by knowledge that the Federal Reserve stands ready to ease the availability of credit if more money is needed to keep the economy going full blast.

"It is a process that has been carried away, as we have been hurried away, from perspective, and to become to reconsider and all. A sense of optimism is an essential to prosperity. Optimism running to uncontrolled exuberance has been our historical path to disaster. To be sure, this new era is different from anything previously experienced in this respect. It is different from the consequences of raising taxes and reducing government expenditures beyond possibility of fulfillment, the war suffering the inevitable decline in points. Markets, populations, prices and profits have practical indications to match the scarce of our lives with the lessons of the past years."

"The best New Year's resolution is to avoid creating too many unhatched chickens. Though not generally adopted, this was the best resolution for 1929, 1937 and 1938. If we fix that to another year of бумaus prosperity lies within grasp. We need balance in our plans. Price, industry, agriculture, and labor, all working together. More than that we need to sound constructive policies on the part of government. The impact of government is an irresistible force and the effect of government is an irresistible process. The surface, government policies seem admirably adjusted to the needs for stable growth and stability. Credit policy is to be prolonged, public policies will have to be cautiously adjusted, not only to short-run fluctuations, but also to go on insidiously beneath the surface."

A Look Back "We may already have a bear by the tail. Back in 1953, a recession developed for bearing with scheduled curtailments of govern¬

ment expenditures, a cut in income tax reduction, burst a bubble of overoptimism. In the 1954 business cycle, the government gave a helping hand to support funding, and the Federal Reserve pushed the credit expansion accelerator to the floor.

"What we did in early 1955 was to provide a floor to the accelerator in early 1955 was negatively geared by the con¬

ceivable possibility. This was too much for the bear to take. It tax burden until summer. Perfect timing in credit policy changes for the first several months was not new. We are talking about the effects subject to considerable corre¬

sponding to the immediate situation constitutes a problem. The most threatening developments of 1955 were the continued recession, the inflation virus, dramatized by the steep rise in prices.

Continued on page 34
London economist sees prospect of dumping by U.S.S.R. of consumer rather than capital goods in export market to free world. Advises adjustment of free trade trend to cope with Communist offensive.

The Communist world would be the chief beneficiary through the channel of military sales and the policy. It is of the interest of such countries to see that the Communist world is not able to make their preparations without it actually materializes.

There is a great deal to say for an expansion of East-West trade in non-strategic goods, provided that the Communist group observes the rules of the game and is guided by a reasonable set of considerations. But if Russia wants to embark on such a trade offensive, the large quantities of consumer goods on the markets of the industrial exporters of the West, then the democratic countries must tighten their economic defenses against such an act of economic aggression. It will be remembered that Hitler’s wars of conquest were preceded, during the thirties, by such a trade offensive on the part of Germany and elsewhere. From this point of view, the most plausible policies are well worth watching.

Nathan Krazer Opens

Nathan Krazer is engaging in a discussion with the United States by opening his street offices at 100 West 42nd Street, New York City.

Having regard to the possibility of Communist trade offensive, it is trade liberalization that need be halted if not reversed. This is not an issue of time for international dogmatism. The Communist world would be the chief beneficiary through the channel of military sales and the policy.

In a democratic country any Government which starves its own public of much-needed goods in the sake of exporting them in large quantities to countries which depend upon the strength of the democratic powers for their very existence, is in "sick" countries.

J. F. Marshall V. F.
Of Loomis, Sayles
WASHINGTON, D.C.—Loomis, Sayles & Co., a leading investment Counsel firms with headquarters in Boston, Mass., has announced the appointment of John Fellows Marshall as Vice-President of the Washington office. Mr. Marshall succeeds Miss Doris Felding Feid who has been manager and head counselor in the Washington office since 1942. Miss Feid has qualified for retirement, and the appointment will continue at the request of the firm.

Richard T. Taliaferro will continue as regional vice-president with his headquarters in Washington. M. Robert Dov, Frederick E. Howe and Miss Florence O'Donoghue complete the counseling staff in Washington.

Mr. Marshall grew up in Columbus, Ohio and graduated from Ohio State University in 1926. He earned his M.B.A. from the Harvard Graduate School of Business Administration in 1928 and joined the firm in 1929. In 1944 he was appointed to the Navy as an Air Combat Intelligence Officer attached to the

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A Communist Trade Offensive?

By PAUL ELNST

London economist sees prospect of dumping by U.S.S.R. of consumer rather than capital goods in export market to free world. Advises adjustment of free trade trend to cope with Communist offensive.

Paul Elstine

J. P. MORGAN & CO.
INCORPORATED

NEW YORK

Condensed Statement of Condition December 31, 1915

ASSETS
Cash on hand and due from banks......$287,343,810
United States Government securities......$47,751,227
State and municipal bonds and notes......$55,904,717
Stock of the Federal Reserve Bank......1,000,000
Other bonds and securities (including shares of F. H. Sayles & Co., Limited, and Morgan & Co. Incorporated)......22,904,488
Loomis and Lee, Inc. and Stock......411,599,814
Acquired interest, accounts receivable, etc......2,917,348
Banking house......3,000,000
Liabilities and surplus......15,378,365
$953,631,827

LIABILITIES
Deposits: U. S. Government......$44,666,907
All other......744,263,660
Official checks outstanding......86,383,065
Accounts payable, reserve for taxes, etc......3,733,726
Acceptances outstanding and letters of credit issued......30,920,000
Capitol—400,000 shares......30,000,000
Surplus......15,320,520
Undivided profits......14,348,819
$953,631,827

United States Government securities carried at $19,048,279 in accordance with the public statute that the value of United States Government securities be fixed at the price at which the public securities are realized as required by law, and for other purposes.

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MORGAN & CO. INCORPORATED
11 Wall, New York City, N. Y.
Kenneth E. Black and Alex H. Sands, Jr.
Corn Exchange Bank of New York, it was announced on Dec. 30, by N. Baxter Jackson, Chairman and John M. Brown, President and director of Duke Power Corporation. Both Mr. Black and Mr. Sands are members of numerous other organizations.

The First National City Bank of New York announced on Jan. 1, that it has opened a new overseas branch in Jedabad, Bombay. It is stated that it is only branch of an American bank in Arabistan and it is the 60th of First National City’s fully staffed overseas branches, offices and affiliates. The bank’s announcement stated that Jedabad is the seat of many Government offices and departments and is the main Red Sea port of the country. It is the third branch of First National City in the Orient. The first bank was opened in Beirut, Lebanon, during 1925; Chester B. Grant, who has served as the bank’s overseas manager since 1926, is manager of the new branch which is located on King Ahmad Aziz Street.

The First National Bank of New York, has announced the appointments of M. Gardner Patrick as Assistant Vice-President and John E. Eisner, Jr., as Assistant Cashier. Both are assigned to the Operations Division at the bank’s head office in New York.

The First National Bank of New York, has announced the appointment of the Board of Directors Committee on the Advisory Committee of the Board of Directors of California. Olin B. Bohn, President, has leased through the Charles F. Neiles Co., Inc., banking quarters in the Columbia Building at 1000.

News about Banks and Bankers

Columbus Circle. The location will be directly adjacent to the main office building of the 26-story shopping center. Columbus Circle was opened in April as part of the $30 million New York Coliseum project of the Tri-Borough Tunnel Authority. According to Edward E. Hussey, President, and Thomas J. Farrell of the Noyes Company, top management own 12,500 sq. ft. on the ground floor, mezzanine, and second floor with direct egress to Columbus Circle and West 58th Street. The lease term is for 20 years and involves, it is said, approximately $2,700,000 in expenses over the period. A feature of the interior layout will be the placement of bank vaults on the mezzanine instead of in the basement, an arrangement made necessary by the utilization of the basement as a parking garage.

The directors of J. Henry Schroeder Banking Corp. of New York, announced on Dec. 29, the appointment of John Rogers, as Assistant Secretary, Mr. Borden, who joined the bank in 1940, was named to the Commercial Department.

The Marine Midland Trust Co. of New York, announced on Dec. 29, the appointment of the National Office of Manufacturers Trust Co. of New York in Franklin Square on Jan. 2, was announced on Dec. 29 by Horace C. Flanagan, President of the company, and Andrew L. Genovese, Senior Vice-President, in charge of its International Banking Department. The office has been established to handle international business and the representative in charge of the department is Stephen E. Nurser. For many years Manufacturers Trust Co. has maintained representative offices in London and Tokyo, and on Oct. 1, 1953, it opened one in Rome, Italy. Thus the Frankfurt opening will bring the total number of the company’s overseas representative offices to 23.

The appointment of Daniel L. Reynolds as Assistant Vice-President of Manufacturers Trust Co. of New York, announced on Dec. 30 by Horace C. Flanagan, the bank’s President, Mr. Sargent entered the service of the company in 1953. Prior to joining Manufacturers Trust Co., Mr. Reynolds was associated with the W. R. Grace & Co. Corporation of New York, also with American Management and Advisory Services—a subsidiary of Price Waterhouse & Co., Mr. Sargent is assigned to the bank’s Domestic Advisory Service, and will include Pittsburgh and Philadelphia.

Manufacturers Trust Co. of New York, in a statement released on Dec. 30, reported that it has established a $500,000,000 line of credit for the manufacture of new automobile parts.

The death of Robert Stefen, former Vice-President of the National City Bank, occurred on Dec. 27, at his home in New York City, after a long illness. Mr. Stefen was 63 years of age on Jan. 29, according to the New York World-Telegram. It is learned that there is in addition to being the pioneer in the Personal Credit Field, Mr. Stefen was also in charge of the bank’s consumer credit department (or savings department), and was also a director of the bank.

In the New York "Times" of Dec. 29 it is noted that "In addition to this, Mr. Stefen held two important government positions, and went on to say: "From July to the end of December, 1953, he held the post of absence from the National City Bank, he served as director of modernization in the Federal Reserve system, and was a member of the Government’s program for sending 

The National Board of Trade of New York, announced on Dec. 29, that Mr. W. A. Thomas, chairman of the Board of Directors, has been appointed to the position of Assistant Secretary of the New York Stock Exchange.

The Board of Trustees of The Lincoln Savings Bank of New York, announced on Dec. 28 that William S. Biron, has been elected to the board of directors

The Waterbury National Bank of Waterbury, Conn., announced the appointment of Francis S. Buro, as Assistant Vice-President, on Oct. 15.

The First National Bank of Prescott, Ariz., has increased its capital, effective Dec. 29, from $500,000 to $2,000,000 as a result of a stock dividend of 200.

The First National Bank and Trust Company, Paterson, N. J.


The Market Street National Bank and Trust Company, both of Philadelphia, Pa., have announced the creation of a new branch office, the name of which is the Market Street National Bank of the City of Philadelphia, which company, opened for business on Jan. 1. The combined assets of the two banks as of Dec. 31,
Paternal Collectivism!

“We set for ourselves the goal of making available to farmers, white collar workers and the self-employed, security and social gains comparable to those enjoyed in such concepts as retirement pay, vacation and welfare funds, unemployment and sickness disability insurance, and other protections for the individual members of our commercial society. It will call for wisdom, judgment and patience to find the best means within the free enterprise system—either through public or private agencies, or both—to extend the benefits of an industrial economy to all of its members, regardless of whether they are directly employed by industry.

The approach to this broad economic horizon obviously will require co-ordination among the Federal and State Governments and the leaders of America’s matchless system of free enterprise. Much progress in this direction already has been made in many enlightened business and industrial operations.” — Walter J. Mahoney and Oswald D. Heck, speaking for Republican members of the New York State Legislature.

Some such professions of paternal collectivism may be politically advisable these days, but we doubt it. At any rate most politicians, Republican and Democratic, state and national, seem to suppose so. Can we not somehow get these essentially socialistic notions out of our system?

FEDERATION BANK AND TRUST COMPANY

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End and or about March 15, 1935, a new State in the Coliseum, 10 Columbus Circle, New York.

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COMPARATIVE STATEMENT OF CONDITION

RESOURCES

December 31, 1935 December 31, 1934

Cash and Due from Banks... $16,436,816.94 $19,221,993.41
U. S. Government Securities... 35,763,332.91 34,831,709.00
Municipal Bonds (Less Reserve)... 2,611,197.14 3,612,087.27
Other Public Securities...

Stocks, First Federal Reserve Bank of New York...

Loans and Discounts (Less Reserve)... 43,470,601.77 28,772,974.31
Accrued Interest Receivable...

Furniture, Fixtures...

Customers Liability Account of Letters of Credit and Acceptances...

Other Resources...

$100,575,189.82 $93,144,483.33

LIABILITIES

Capital Stock ($10.00 Par Value)... $3,480,000.00 $2,500,000.00
Surplus...

Unlimited Profits...

Reserve for Contingencies...

Reserve for Taxes, Interest and Accrued Expenses...

Unearned Discount...

Deposits...

Acceptances Guaranteed for Customers and Letters of Credit Outstanding...

Other Liabilities...

$100,575,189.82 $93,144,483.33

DIREKTORS

R. A. STEWART

President, Brown & Sloan, Inc.

American Federation of Musicians

Treasurer, Thompson, Tully & Nappi, Inc.

Architect

American Construction Trades Council of Greater New York

WALTER W. PAYNE

President, New York City Omnibus Corporation

Chairman of the Board

James W. Clausen & Trust Company

 значительно производителям в сфере сельского хозяйства, одновременно подчеркивая, что важнейший фактор в будущем развитии будут финансовые поступления, направленные на развитие сельскохозяйственных производств. Государственные компании и предприятия, ведущие исследования и разработки, будут играть важную роль в обеспечении сельскохозяйственным крестьянам возможности развития производственных возможностей.

Мы, в своем стремлении к достижению этой цели, должны быть спокойными и терпеливыми, так как наша задача — это социализм, который предоставляет нам возможность для развития сельского хозяйства, ведущего к более эффективной и производительной работе, благоприятной для всех жителей нашей страны.

...Если остановиться на этом вопросе, то становится ясно, что мы должны быть осторожны в своем выборе инструментов и методов, которые будут использоваться для достижения этой цели. Мы должны быть готовы к тому, что некоторые из наших партнеров могут не согласиться с нашим подходом, и мы должны быть готовы к разным возможным результатам.

...Но мы не можем забывать о том, что наша цель — это благополучие всех жителей нашей страны, и мы должны быть готовы к тому, чтобы работать над этим, несмотря на все трудности и препятствия, которые могут встретиться на нашем пути.
The Outlook for Money Rates

By Dr. MARCUS NADLER
University of Wisconsin

Dr. Nadler maintains that as long as the economy is operating at near-capacity with strong demand for credit, there is possibility of present restraint policy becoming further tightened; with early upward change mainly anticipated under current conditions. Predicts modest decline in money rates in Spring of 1956, with subsequent decline in money rates.

The outlook for the money market and interest rates must be conditioned by the present economic conditions. The economic recovery is present in the greatest of all, but the recovery is uneven, with industrial commodities. Wages and prices are rising, and interest rates and credit are strong throughout the country and particularly in the public and private. It is particularly pronounced in the home mortgage and consumer credit fields, two areas which are usually not subject to much present rate control. The slow recovery of the economy to the policy of credit restraint reflects themselves in the demand for credit, rising wages and continued large expenditures by the Federal Government. Fiscal restraint can therefore not be achieved with credit control.

No Enthusiasm for Controls
It will be recalled that the pro-acres movement of the depression was referred to as "frustration." Controls of output were accepted as the corrective of price depression some time ago. Controls have been linked with price supports in the various legislative enactments since that time. The Act of 1933, or any other bill which contains the basic agricultural legislation, provided for marketing quotas and allowable levels of output. The price support is determined on a quota basis and the specified conditions in the bill. In a sense, price supports and marketing controls are Siamese Twins. However, they are far from being identical twins with respect to the regard in which they are held. Perhaps a better description is one of having to "take the bitter with the sweet." The reason that the voice of farmers for marketing quotas dents houses is that the voice of farmers for quotas because they do not want to lose the price supports. No sign of enthusiasm for controls in evidence.

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So long as the economy is operating at near-capacity with strong demand for credit, there is possibility of present restraint policy becoming further tightened; with early upward change mainly anticipated under current conditions. Predicts modest decline in money rates in Spring of 1956, with subsequent decline in money rates.

Marc

The Realities of the Situation

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Railroad Securities

By GERALD D. McKEEVER

Western Pacific R.R. Co.

With a 50% gain in the road's net earnings indicated for 1954, Western Pacific stock has sold at about 25% above the 1955 low of 56c. However, the current price level of $67 virtually coincides with the 1953 high of 67c. This has been a source of some consternation to the holders of this stock as there have been some 34% gains in the meantime. Traders in Western Pacific who were sufficiently alert probably made out considerably better since this stock ranged from 93c to 1.25 in the middle of the year and then fell back to 37c in 1954.

Western Pacific earned $20,610,000, or $5.44 a share, on $375,499,000 of revenues in its fiscal year ended September 30, 1955, against $16,830,000, or $4.49 a share, on $334,067,000 of revenues in 1954.

On a per-share basis, the road's earnings were up 42% for the year, the first such gain in 13 years. In 1953, the road's earnings were down 15%, reflecting the low rates granted by the Interstate Commerce Commission.

The current low price of 56c represents a sizable discount to the road's assets, which total $195,297,000, with common equity totaling $91,277,000. According to the annual report, the road's present book value is 116c a share.

In the 1955 report, the road quotes the prices of several other railway stocks and notes that they are all below book value by about 40%. Western Pacific's failure to participate in the top of the rail market is attributed to the high cost of the road's earnings year and the difficulty it has in obtaining adequate capital at low rates.

Another possible adverse factor, although temporary in any case, may lie in the recent floods in areas of Northern and Central California which are traversed by the Western Pacific. However, no reports have been received to date as to what extent the road may have been affected, either by actual physical damage or by interruption of service.

The current price of 67c for Western Pacific is only about 7.2 times estimated 1955 earnings of 9.25% per share. This somewhat under-average earnings multiple is due to the relatively low rate of dividend "pay out" which results in a yield of less than 4% as against yields of 5.8% and 5.2% on Great Northern and Southern Pacific respectively. The road is also attractive if not superior as to growth and investment qualities. It seems obvious therefore that Western Pacific common is "discounting" a higher dividend, and this confidence may be rewarded in time.
The Imported Car in America

examination of the foreign car industry has never before been chosen here as one way of illustrating immediately some of the marked differences between American and European automobiles. This has been done in order to show what many would imagine. Quite aside from the differences in design, the effects of the production of an automobile by a nation's capitalistic system is determinable; it is determinable in various complicated ways. In the way of direct production, one can conclude, there is no end of re- search, no end of experimentation in the financing of the new model, guaranteeing to satisfy at least the mass, particularly the mass in Europe. But in Europe what the ladies in Upper Montclair—especially if they are good ol'-fashioned—want in the way of an automobile is a different question than what they would and did create some elaborately thought out. For many, Le Mans, or the great Mille Miglia in Italy or some other competition of near-heroic proportions may be the desideratum. For the 1920's, "fashion" and whether the design is acceptable is determined at the finish line.

Although this view of automotive design is fairly well considered in the United States, it is far from being the only consideration that still influences the choices of the European motorist. In public roads closed for the day—especially those in the vicinity of the racecourses—the race rallies as the best possible protection of the roads and the mobility. The elaborate testing granted by the presence of a road map of insufficient value. But many very interested people can take it or not can be determined in a brief 24-hours at Le Mans. At Mille Miglia, a modernized model can cross it, have proved their mettle.

This is not a treatise on automobile design. But it is known why a growing number of Americans are interested in foreign cars and to understand why foreign cars are growing in number. But it is also an attempt to comprehend some of the factors that will be provided for those who are interested in understanding foreign cars. An attempt is being made to analyze in some of the areas of the industry. Handling questions are being asked, but in a greater or lesser degree they are not a major factor in this study. European cars which Americans are no longer interested are being analyzed. And from the standpoint of style, it is simple to see that European cars are the artists, while American are the car makers.

The Car of Tomorrow

Today a great deal is heard of the car of tomorrow. Almost everything that is said about the car of tomorrow is being test out to futuramic cars with the promise of the future in all manner of fabulous and fanciful creations. But this is only delusion. The car of tomorrow is already on the road. At the end of the year, we are assured of the ingenuity of the design, and their value, and as standard cars. True, chrome-plated triple dorsal fin and the great jet engines of the future will be among them.

In the next few years, let us examine some of these automobiles. The Volkswagen bug, which was one of a team of front drive cars equipped with fuel injection—were some standard production Mercedor—a feature that Detroit is rumored to be working towards adopting some time in the future. They also had their engines sharply raked over the lower front body line and thereby reduce the cross section of the car. The more fascinating still, they all had hydraulically operated flaps that could be deployed in case the car should serve as a brake of the type used in the first airplane. These cars, which were Le Mans were equipped with de Dion suspension, were being considered early on. There were still no road holding. Some of the cars, such as the English cars, were capable of quite sliding, which would provide stopping power for con- tinued use of the car. It is not possible to hold little hope for acceptance of these products in the United States. Meanwhile, France too was interested in producing cars which could be made for the U.S. market. The French contribution to the new car was a little rear-end, four-cylinder Renault, manufactured by a French company just outside of Paris. And the only imported foreign car to come into the United States were very small, and sold largely after the completion of this model, which was announced in 1924. But although diminu- tion in size seems to be in the cards for the future, there is no indication that foreign cars will be produced in practical the same year they were announced in 1924.

The Ford of this year was the only one of the English imports, was of course, the Austin, a car which sold over 8,000 cars in its first year in this country. And it was enough to say that it was the English Ford, Hillman, and MG, which are new—or at least new to a younger generation. We must keep in mind that the year 1920 was the beginning and in the years to come there were few automotive producers, no practical ideas of heavy gasoline consumption—anything that they can do is a success.

This is the beginning and in the years to come there were few automotive producers, no practical ideas of heavy gasoline consumption—anything that they can do is a success. There were a few cars, practically no one in the beginning, but there is a good will from many quarters. Even some Detroit companies are being considered seriously for the production of these cars. Precipitating the demand of the public for the production of these cars is the obvious way to make the imported car more acceptable. Sales furnish some interesting data on the production of the car. In 1914, 15,287 cars were sold and by 1922 annual sales had increased by 10,228 cars. These cars had been sold in 1924. However, when these cars were sold in 1924 and in 1944 an import- tant dip occurred, and if it had not been for the fact that these cars were sold in 1944, the Volkswagen sales (8,283 in 1954) would have been average about 35 miles to the gal- lone. In addition, the air cooled Volkswagen, with neither free nor roll, requires no anti-freeze in winter. The oil cools the engine with less than three quarters, but the Volkswagen engine is very mild in its consideration on the VW is lower than that of previous models. This all sounds too good to be true but it is a simple explanation. The 1936 Volkswagen has been sold from 1,200 to 33,500, and it is highly probable that the company is predicting that twice as much will be sold in the U.S. this year. The Volkswagen must, in many ways, be considered the greatest achievement in the U. S. industry today, achieving this sale with less than half the number of cars produced in the U. S. last year. In fact, 1936 has been known to an instance on the VW is lower than that of previous models. This all sounds too good to be true but it is a simple explanation. The 1936 Volkswagen has been sold from 1,200 to 33,500, and it is highly probable that the company is predicting that twice as much will be sold in the U. S. this year. The Volkswagen must, in many ways, be considered the greatest achievement in the U. S. industry today.
Strong Establishes Business Consulting

CHICAGO — An international business consulting service has been established by A. M. Strong, former Vice-President of the American National Bank and Trust Co. He will maintain offices at the New LaSalle Street, Chicago, and will specialize in financial problems relating to industrial investments and licensing arrangements.

Mr. Strong, who is well known in international banking and trade circles, entered the foreign banking field in 1918. He came to Chicago in 1945 to establish the Foreign Department of the American National Bank. He retired as Vice-President of the Bank on Dec. 31, 1955, and immediately went to work as a consultant to the bank.

Since his return to Chicago, Mr. Strong has been active in the promotion of Midwestern foreign trade. He organized the World Trade Forums of the Illinois Manufacturers Association in 1940; the Importers' Association in 1947; the Institute on International Trade at the University of Illinois in 1955.

Mr. Strong is now serving as Chairman of the International Trade Committee of the Illinois Manufacturers' Association; Director of the International Financing Corporation, University of Illinois; Chairman of Board, Importers' Association of Chicago; Director, American-Chamber of Commerce; member, Import Advisory Committee, U. S. Department of Commerce; member, National Panel of American Arbitration Association. Mr. Strong is planning to continue these activities.

Among the honorary awards received by A. M. Strong are the Legion D'Honneur, by decree of the President of the French Republic, in 1955; the Medal of the French Government, Certificate of Appreciation from the Mutual Security Agency; and Honorary Degree of Master of Foreign Trade, Latin American Institute.

Between 1940 and 1955, Mr. Strong published 214 articles dealing with every phase of international trade and is a frequent speaker at foreign trade meetings and has been a lecturer at the Institute of Trade, Loyola Universities, Chicago, and at Marquette University, University of Minnesota, Minneapolis; and the University of Omaha, Omaha.

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The 1956 "ANNUAL REVIEW & OUTLOOK" Number of THE CHRONICLE Will Be Published January 19th

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* Do not miss the opportunity to advertise your firm, Corporation or Product in this cross-section of America's most competent business and financial opinion which will appear in the January 19 issue.

Regular advertising rates will prevail for space in this number:

THE COMMERICAL AND FINANCIAL CHRONICLE

25 Park Place, New York City 7, N. Y.
Union Securities Corporation Announces Official Appointments

Appointments of two Assistant Vice-Presidents and an Assistant Treasurer were announced by Francis F. Randolph, Chairman of the Board of Union Securities Corporation, 65 Broadway, New York City, Union Securities, a leading investment banking firm, announced several appointments.

Dietmar Deane, Walter W. O'Connor, and Daniel D. McCarthy, Jr., have been named as Assistant Vice-Presidents and Walter W. O'Connor as Assistant Treasurer.

Election of John W. Sharrow as a director of Union Securities Corporation was also announced. Mr. Sharrow, a Union Securities director for many years, is president of the investment banking firm as manager of institutional sales in 1943. He will continue supervising institutional sales, and will be active in new business operations. The new director will be assigned to the firm's New York office, 20 Exchange Place, New York, Liberty & Company. He joined J. W. Stelmack, in 1936, and served as head of the statistical department before transferring to the office of the assistant vice president in 1944.

Mr. Thomas, who is a director in the firm in 1951 after five years with the Carnegie Teachers Insurance and Annuity Association of America investment office, where he was an Assistant Treasurer. He was an estate administrator, and a New York department of public finance.
More and more the Transistor is being recognized as one of the greatest inventions of recent years. It is truly the mighty mite of electronics.

All of the growing uses of the Transistor stem from its invention at Bell Telephone Laboratories, announced seven years ago.

This amazing amplifier was soon seen to be necessary not only in telephony but in many other fields. It is estimated that 15 million Transistors will be made this year.

One of the first uses of the Transistor was in the new equipment that enables telephone users to dial over long distances. It is also being used in volume control telephones. At present users have difficulty in hearing and in the new rural telephone system that is powered experimentally by electricity generated from sunlight through the Bell Solar Battery.

The Bell System, in line with its established policy of making all its inventions available to others on reasonable terms, has licensed some 60 companies to make and sell Transistors, and 700 companies who have the right to use these devices in a wide range of electronic equipment. These include makers of guided missiles and other weapons of defense, radios, television sets, computers, etc.

Royalty-free use of the Transistor is available to licensed U. S. manufacturers of hearing aids.

The Transistor can amplify electric signals up to a thousand times. "In less than half a century," said an article in the radio's Digest, "the electronic tube has changed the world. The effect of the Transistor on our lives may be equally potent."

Goodwin Harris Co., Inc. has been formed with offices at 109 Broadway, New York City. Officers of the corporation, which is affiliated with Goodwin Harris & Co. of Toronto, are Peter L. Robinson, President; Roger A. Wilson, Vice-President; and Charles F. Schneider, Secretary and Treasurer.

Mr. Schneider, who will act as New York Manager was formerly Manager of the Canadian Stock Department for A. M. Kidder & Co.
Panhandle Eastern Pipe Line Company

Panhandle Eastern Pipe Line is one of the most successful of the integrated natural gas systems. During the postwar period revenues have increased from $137 million to $265 million, and earnings from $2.14 (after adjustment for a split-up) to $5.00 and the high of $5.65 in 1954. Panhandle received $28,000,000 in dividends in 1954, an increase of 275% over the $7,000,000 received in 1930.

Panhandle operates a 1,516-mile natural gas line from the Texas Panhandle field to Detroit and Saginaw, Mich., with a daily capacity of 1.4 billion cu. ft. The subsidiary Transco (controlled by Panhandle) operates a 1,300-mile line with a daily capacity of 255 million cu. ft. from the field to Tuscola, III. Natural gas is sold principally for resale in 420 communities with a population of 125,000 in Kansas, Mis¬ souri, the Dakotas, Colorado, and Ohio.

Panhandle produces only about one-fifth of its gas needs, but is rapidly expanding its own production. Following the FPC "fair field price" decision of April 15, 1954, the company greatly increased its exploration and development activities. Natural gas production from Panhandle's own wells has been stepped up from 79 billion cu. ft. in 1954 to an estimated 92 billion cu. ft. in 1955 and will probably increase to 100 billion cu. ft. in 1956.

In the past year, 1,160 million cu. ft. of open-flow capacity have been added to the company's own reserves, now estimated at 3 trillion cu. ft., which represent 65% of the total recoverable reserves in the southern Mid-Continent area. Panhandle's major properties are estimated to be worth $60 million, and its average stock rate of return is 12%, which is the highest of any company in the industry.

Panhandle is in close competition with Michigan Gas Storage Co., the remaining 75% being held by Commonwealth Pipe Line Company. Panhandle company operates three gas storage facilities located in the north central States, with a capacity of 20 billion cu. ft. of gas. The company now has a daily delivery capacity of 435 million cu. ft. Panhandle received $138,750 in dividends in 1954 on its investment of $3,750,000 in the Storage Company.

National Petro-Chemicals Corp. was organized in 1951 by Panhandle to exploit the company's huge investment in the extraction and manufacture of various chemicals from natural gas. The company has a 40% interest. The company's products have a great variety of uses—fbr motor and heating fuels; in the manufac¬ ture of synthetic gasoline; and for production of ethyl—alcohol, synthetics, resin for plastics, etc. In the latter part of 1953, construction was started on ferro-aluminum which is scheduled to enter service one annually. This plant was completed during 1953 and is operating considerably above designed capacity; the product is said to be a "big earner."

Panhandle, while not strictly a utility company since its business is primarily industrial, has had some important rate cases before the Federal Power Commission. The principal case involved rates filed in 1949. This (put into effect under bond) and decided by the Commission in April, 1954. In its historic decision the FPC allowed the company to charge the price it could make. The net cost of the gas which it produced itself at the "fair field price". It was held that this was adequate to cover the company's operating expenses, as well as the tax benefits from depletion and intangible drilling costs, and that the company could make a profit on net original cost. While the company had to make substantial concessions to customers, it still made a net profit of $122,799, and a further increase of $7.5 million went into effective January, subject to refund.

The company is generally much interested in the outcome of the Congressional fight over the Harris—Fulbright Bill, which southern democrats will attempt to put through the Senate in January (it has already passed the House) while a number of northern gas utility retailers will oppose it. Panhandle contends that if the bill is not passed and the FPC then attempts to regulate gas producers this will be a blow to the industry's drilling program, which sustains and increases the amount of gas in reserves needed to guarantee future deliveries to the pipe lines.

The capital structure of Panhandle and Trunkline are approximately as follows:

Panhandle Eastern 12.9.45 Trunkline Gas 12.8.45
Long-Term Debt $10,000,000 6% $15,000,000 7 1/2%
Preferred Stock 4,000,000 0% 2,000,000 6%
Common Stock Equity 8,000,000 5% 7,000,000 6%
Total $28,000,000 100% $27,000,000 100%

Vice-President Leslie Fournier, in a recent talk before the New York Society of Security Analysis, estimated earnings for the calendar year 1955 at $5 a share, and for 1956 at $6.50 a share. National Petro-Chemical's earnings for 1955 were estimated at $4 a share to the parent company, he said. Panhandle does not plan any additional equity financing in 1956.

Mr. Ely is a director of Panhandle as well as of Ebersthaler Co. Inc. (which has made the big gas discovery in Oklahoma), and has been a director of the company since its organization in 1916. Mr. Ely is a director of Panhandle as well as of Ebersthaler Co. Inc. (which has made the big gas discovery in Oklahoma), and has been a director of the company since its organization in 1916.
The business bond, hampered by the nation's extraordinary demand for short-term, low-interest, loan- and term credit, joined agriculture as one of the major industries of the country that failed to enjoy the benefits of the 1955 upturn. By the end of 1955, the Boston, New York, St. Louis, Chicag, Princeton, and S&Ls were all reporting the first half of 1955 to have been a disappointing year for all, and the outlook for the months to come was even more ominous.

In their annual report for the year ending December 31, 1955, the Boston, New York, St. Louis, Chicago, Princeton, and S&Ls were all reporting the first half of 1955 to have been a disappointing year for all, and the outlook for the months to come was even more ominous.

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Problems Related to Currency Convertibility

The costs of food, raw materials and energy have all been underestimated. They have encouraged a bidding up of prices and, indirectly, have caused a gigantic postwar inflation to the already considerable wartime inflation. The result has been that American producers could not be forced to reduce prices by a price range beyond the reach of the cost increase. As a result, inflation has been much greater in the United States than elsewhere.

Furthermore, the cheapening of the dollar, which has been occurring fairly extensively in recent years, has caused a great drain of gold from the United States. The United States has lost about $20 billion in gold and gold equivalent from its reserves in recent years. This has left the United States with relatively few resources to meet the postwar demands on its foreign policy and the savings of its own people.

Extent of Postwar Economic Recovery

The reconstruction of war damages, the resumption of disrupted trade, and the stability of currency have all been accomplished in most countries. In only a few countries, however, has the postwar recovery been made this time the basis of a new and higher level of production. The world economy today is prosperous and strong. We have good reason to believe that many countries will deal with their internal and external difficulties in a sound and self-denial. Large and generous supplies of new resources from the greater part of the resources for reconstruction came from the produce of countries which served the savings of their own people.

The nature and magnitude of the payments difficulties now confronting the United Kingdom and the sterling area are among the most serious of the postwar world payments situation. It is true that there has been a decline of about $140 million in the reserves of the United Kingdom and that this is compared to the total payments of all the sterling area over the total production in the United Kingdom. It is essentially the result of excessive demand in the United Kingdom and some Commonwealth and dominions. A large portion of the payments difficulty is the fact that the government has had to finance the substantial increase in public expenditure. The government has had to finance the deficit on the budgetary side in order to maintain full employment and productivity and, of course, the government had to provide other sources of revenue such as the Treasury. The government had to borrow money to raise the Treasury balance and to provide the necessary resources to meet the postwar demands on their foreign policy and the savings of their own people.

Price Level and Exchange Rate

The world has moved a long way in the relative balance of payments since the war. All countries have been forced to adjust their exchange rates and there is no reason to expect that they will return to their former positions. In the postwar world, the exchange rate between the dollar and the sterling is likely to remain more or less fixed. The United Kingdom and the sterling area are likely to be a little more flexible in their exchange rate policy than the United States.

The conditions necessary for convertible currencies are being rapidly approached by the United States. Even if the rest of the world is large and there is good reason to expect that the United States would do well since currencies are in fact convertible, and that the United Kingdom and the sterling area are in fact convertible de jure and even if the country clings to the transitional arrangement. As sterling and other leading European currencies become, in effect, convertible de facto, the United States can be expected to move swiftly toward convertible de jure. The United States can be expected to move swiftly toward convertible de jure.

The position of the United Kingdom and the sterling area is not likely to be any better in the near future. The United Kingdom and the sterling area are in fact convertible de jure and even if the country clings to the transitional arrangement. As sterling and other leading European currencies become, in effect, convertible de facto, the United States can be expected to move swiftly toward convertible de jure. The United States can be expected to move swiftly toward convertible de jure. As sterling and other leading European currencies become, in effect, convertible de facto, the United States can be expected to move swiftly toward convertible de jure.
SEC Reports Expansion and Activities
In the Securities Market During 1953

Chairman J. Sinclair Armstrong, in a year-end statement, pointed out that in 1955 in the number of issues and the aggregate market value of securities traded on exchanges. Reports also increase in registered securities brokers and dealers now employed. The committee places heavy responsibility on the SEC in performance of its duties.

Chairman J. Sinclair Armstrong of the Securities and Exchange Commission commented Jan. 2 for the Commission, stated that licensed growth under the Securities Act of 1933 with it corresponding expansion in activity in the securities markets. The nation's major exchanges, he pointed out, began offering, the "ings of the market," and that national securities market reflect the judgment of investors, free from manipulation and other unfair and deceptive practices.

In 1953, many new firms entered the securities business. The Commission is placing increased emphasis on broker-dealer inspections and regulatory activities, and it has been of the SEC's efforts to improve the efficiency of the market and to reduce the burden of regulatory requirements. The SEC has also been working to improve the efficiency of the market and to reduce the burden of regulatory requirements.

Federal Reserve to Confront Money Ease

As expected, inflation generally easier to manage in the 1950s, because the return flow of currency from circulation, which might provide member banks of the system with additional funds, is likely to be less this year. Likewise, the demand for loans to decrease and, as a result, the increase in reserve position of member banks will be less.

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In concluding, Chairman Armstrong of the SEC, "We anticipate that 1956 will call for further efforts by the Commission to regulate the Federal securities laws in the public interest, to protect the interests of investors and we intend to devote our energies to that end."

Counsel Firm Admits

R. R. Bouck, Partner

CHICAGO, Ill. — Ralph R. Bouck, Jr., was admitted as a partner of Browne Harriman & Co., effective as of Dec. 31, 1955. Mr. Bouck has been with the firm for over 20 years.

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Demand for Long Credit Exceeds Available Supply

The long-term sector of the government market is influenced much more by the demand for mortgage money and funds for other capital needs than by the policies of the monetary authorities. As yet there are no important signs of a let-up in the demands for long-term funds and, with this demand outstripping savings by a considerable margin, it is evident that the long-term government obligations are not going to have a one-way street as long as these conditions prevail. As a matter of opinion, certain money market specialists believe that even if the flow of funds into the commercial banks market, as a result of new long-term obligations, might be so great as to force down the rate (and would be provided by the Federal Reserve Bank) and the Federal Reserve Banks in order to counteract the forces that bring about ease in the money market.

If the holdings of Treasury bills should not be sizable enough to offset the easing factors in the money market, it is believed that the Federal Reserve could use its facilities to increase money market funds through open market operations in order to offset the easing factors and to support the Federal Reserve Bill rate.

U.S. TREASURY STATE, MUNICIPAL, and PUBLIC REVENUE SECURITIES

New Krensky Branch

In Washington, D.C.

WASHINGON, D. C.—Arthur M. Krensky and Company, Inc., has announced the opening of a Washington, D.C. office, with Mr. Krensky in charge of the office, 1225 New York Life Building, 211 15th Street, N. W.

Arthur M. Krensky, Jr., President, stated the branch's resident office for the benefit of the firm's clients in Washington, D.C., a member of the Washington Branch of the Federal Reserve Bank of Philadelphia, has assigned to manage the brokerage business in Washington for the past 18 years.

The office will be located in the same building as the Krensky branch in Washington which will include Kenneth Friedland, Jr., a member of the staff, Ruth M. Merker, and Mr. Krensky.


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As We See It

The Commercial and Financial Chronicle... Thursday, January 5, 1956

Continued from first page

We automobile curve is not clear evidence of a new growth potential in the automobile market, but a fortuitously successful marketing of potentially below-threshold unit sales and the cumulative influence of public opinion against the use of automobiles. The automobile industry, he says that "this all... reflects some very strong factors of change that have come into our world in recent years. In fact, I believe that I am seeing a definite change in the nature of the economy as we cross the threshold into 1956."

And certain of his closing sentences, which we cannot refrain from quoting: "We should not count on the magic that sessions have had in some of the fields labelled are built-in stabilizers. Nor should we suppose that the controlling or compensating action of monetary and fiscal policy will fully protect businessmen, labor, or the public from the consequences of a flush of prosperity or their lack of fortitude or daring in the pinch of recession... Private adjustments must to the market reliance. [Ed. Note: The full text of Dr. Nourse's paper appeared in the "Chronicle" of Dec. 29.]

Reflections of a Central Banker

Continued from first page

my intention. I think it would be too silly. What I would like to do is to become an accomplished tiler at the end of my time. I have observed and thought about, while I have been an officer of the Reserve Banks and the public, what I think which I think might merit a larger proportion of interest and attention from you.

Monetary Policy in Doldrums

Monetary policy was in the doldrums in the early 1950s and to and during World War II. It therefore stands as the only brick house for a while long as winds died down and its anchor slack. Big claims had been made for the power of the Federal Reserve in fighting off the $10.6 billion deficit, and when it couldn't support these claims, it was allowed to discard it in favor of more direct and what might seem to be more powerful economic controls. I suspect that somewhat the same pattern could be traced in the interest of economists, and particularly the younger economists, in the problems of central banking. For, a time preceding and following the Reserve Act in 1913, such problems had been a major topic. When it began to appear that more important issues were of major concern, more hay could be made, in other branches of economics, while issues of central banking remained a relative decline. Now there has been a return to monetary policy in the use of monetary policy as a means of influencing greater economic stability, with Butler mortifying too much economic freedom. If we are careful not to claim too much for it, it may hold its place. And I am hoping that central banking problems will similarly recapture the interest of a new generation of economists.

Let me speak first and most particularly of the role of the Reserve System, its organization, and its operations. You all know the general organization, but you may not all be aware of the evolutionary changes which have taken place in the Reserve System and the major changes in the structure of the Reserve System. Among the changes were the System was a regional system, a regional system, a regional system, a regional system... It is important to understand that the nature of the System has been changed in these respects.

Within this framework, however, there has been a definite effort to adapt it to the needs of the new economy. The System has been designed to accomplish the following objectives: (a) to provide for a stable and adequate supply of money, (b) to promote the development of the System's regional character, (c) to provide for a more efficient and more effective adjustment of the System in their operations.

This line of chain reasoning has led to the conclusion that the President and the Board of Governors are the ultimate decision-makers, that they cannot honestly serve the public interest in awareness of the Board of Governors, that they cannot honestly serve the public interest in awareness of the Board of Governors.
the relation between a President of a Federal Reserve Bank and the Federal Open Market Committee. We are not in the position of an elected representative and his constituents or an employee and his employer. We present somewhat complicated arrangements for the appointment of directors of Federal Reserve Banks, the appointment of Presidents of Federal Reserve Banks by these directors, and the relations of the Federal Reserve Banks to the Federal Reserve System. All these business arrangements can be provided from their own experience and judgment. The question of whether the President is able to make arrangements for the effective conduct of the business of the Federal Reserve Banks is essentially the same as the question of whether the President is able to make arrangements for the effective conduct of the business of a commercial bank.

The rule of a central banking system in this attempt to achieve a balance between the various factors which enter into the financial decisions of the business community is to be found in the recognition of the necessity of a high degree of flexibility in the determination of the ratios of the various factors which make up the financial decisions of the business community. The use of the word "flexible" is not intended to mean the absence of any degree of stability in the ratio of the factors which make up the financial decisions of the business community. The use of the word "flexible" is intended to mean the possibility of a high degree of adaptability to the changing conditions of the financial decisions of the business community.

"Scientific" analysis unaided, however, is not enough to establish a "good" or "bad" central bank. And if we are to be distrustful of the explicit use of the word "good" or "bad" central bank, it is because the word is used in a general sense, and there is no way of knowing whether the use of the word is intended to imply that the central bank is a "good" or a "bad" central bank. And if we are to be distrustful of the explicit use of the word "good" or "bad" central bank, it is because the word is used in a general sense, and there is no way of knowing whether the use of the word is intended to imply that the central bank is a "good" or a "bad" central bank.

And yet there have been and are today central banks which believe that they cannot function properly without a "scientific" analysis of the world's economic situation. And if we are to be distrustful of the explicit use of the word "good" or "bad" central bank, it is because the word is used in a general sense, and there is no way of knowing whether the use of the word is intended to imply that the central bank is a "good" or a "bad" central bank.

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Reflections of a Central Banker

The Changing Design for Industry And Living Through Electronics

study and your published find-

ings.

Selective Controls

There is another area of credit administration which can be brought under the control of techniques. That is the problem of selective controls, and particularly the control of consumer credit.

I suppose that all of us who have a bias against detailed planning [from my earlier writings] would not applaud the idea of a credit policy accomplishing its ma-

ximum purpose by means of selective controls which work impersonally by checking growth in a favoring and discouraging lending by different groups. Of course, we are all familiar with the administrative and safeguarding controls that regulate transactions. But if there has grown up a form of credit expansion which, no matter how baseless the reasons for it, is not at a cost for the banks in their costs.

Well, I am not to discuss the economics of the present situation in consumer credit.

First, consumer credit, as a whole, is a name for all the different kinds of consumer credit, but people often use it to refer to the particular kind of consumer credit which has to do with stock market credit. The Board of Governors was given powers to regulate the amount of mortgage requirements. I am dis-

cussing this area of consumer credit, because the real problem is the cost of credit, and the fact that the time that credit is freely available is far from being cost, is no longer free.

In general, I have been concerned with the assumption that credit is always an economic good, and that it is not a matter of worry about the time that credit is freely available is far from being cost, is no longer free.

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Lee Higgins Corp., New York, N.Y., is a 10-year-old Wall Street investment banking firm, has become a member of the Chemical Corn Exchange.

When Chemical Corn Exchange Bank announced a proposal to be put before the board to authorize for its acquisition. It is a proposal not to be used in the market for the purpose of purchase or sale of any commodity, but rather than be used as an instrument of the bank's capital stock.

The bank has received approval of its proposal to purchase 1,144 additional shares of its stock to raise the capital stock to a total of $1,144,600. The purchase of these shares will be made as of Dec. 31, 1956.

The purchase price of the shares will be $100 per share, or $1,144,600 in total. The shares will be held in trust for the benefit of the bank's stockholders.

The purchase of these shares will bring the bank's total capital stock to $1,144,600, which is equal to 5% of the bank's total assets.

The bank plans to use the new capital to further expand its operations and to strengthen its balance sheet.

Lee Higgins, president of the bank, said that the new capital will enable the bank to continue its growth and to meet the increasing demands of its customers.

The bank has been very successful in recent years, and its growth has been significant. The bank has been able to attract new customers and to retain existing customers.

The bank has a strong tradition of serving the needs of its customers and of providing them with the best possible service.

The bank's success is due to the hard work and dedication of its employees, who have been working very hard to meet the needs of their customers.

The bank's future looks promising, and it is expected that the bank will continue to grow and to be a leader in its field.

Lee Higgins Corporation

This Week — Bank Stocks

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Analyze 1953 Recession and Inflation Virus

wage settlements, and the acceleration of home-building and car-buying with borrowed money. Business activity which had produced excessive productive capacities, including an overbuilding of housing, was slowed. The level of inventory, industrial price advances, employment and even the level of new orders for programs, and increased needs for services at a time when people were more pinched than ever before meant that some financial spokesmen began to talk of a recession to follow this inflation.

Rates were raised. We got one, from a totally unexpected quarter: stock rewards rose. It was said that the President, on Sept. 24, had set a new precedent by announcing that monetary policy might result in his unavailability for the next Session of Congress; a reminder of the moment in which we stand with all the implications of the economic situation as well as the public's willingness to accept and answer the call of national interest. Recognizing that the case is a delicate one, we are, on the assumption that we would not continue to enjoy this wise leadership and policies for an extended period of time, but that a new administration comes in and that the rules must follow: to protect solvency and stability.

The Inflation Virus

"We may have a mild or a major inflation virus in our blood. We have had mild cases of it, because we've built-up debt. It is true that risks in an inflation are not without. However, the uncertainty, the ambiguity, the vagueness of the future that is being caused by the depression of the 1930's, the credit, the uncertainty of the government policies to borrow. While the solution of inflation may cause a recession to follow this inflation.

Some people feel that even mild inflation is a way to perpetuate the prosperity. It is true that we are building-up debt, it results in accumulating national savings. That forecast has a good deal to it, that this entails a willingness of the government to have a government participative in the government debt. For the future, the government must be ready to pay the interest on the debt and leave the people to the responsibility of the government.

There are manifold reasons for the change in direction of Federal Reserve policy. The Federal Reserve began to take measures to control the money supply and reduce the supply of money. It is said that such a policy will result in a lower degree of inflation. The recent report of the Federal Reserve that the money supply increased by 3% in the second quarter of the year. This report is very encouraging. The Federal Reserve is now ready to act to reduce the supply of money.
The weakness in wheat, influential to some extent by the less favorable conditions in the United States, was offset by a surprisingly large volume of sales made during the week, which resulted in an average ending balance of over $2,000,000,000, or almost 3,000,000,000 bushels more than the previous government estimate.

The Agriculture Department's estimate of next spring's probable wheat crop, at 35,000,000,000 bushels, was much larger than expected, and not much below last spring's level.

The first estimate of the 1955-56 Brazil coffee crop has been set at 15,000,000 bags by the Brazil Rural Council, according to reports from the South American country.

The Agriculture Department's estimate of next spring's probable wheat crop, at 35,000,000,000 bushels, was much larger than expected, and not much below last spring's level.

The federal Reserve Bank of St. Louis, Digitized for FRASER

The weak "Holiday-Shortened" week's business of 1939, was increased by 3,000,000,000 bushels, or the same amount as the corresponding date a year ago. The week's volume increased 152 and 150,881, or 152 and 1,977,277, or 39,9% above the comparable week in 1939, which also included the Christmas Holiday.

The U. S. Automotive Output Declined 30.1% Last Week Under the Curtailment Program

The week ended Dec. 24, 1955, was extended by an estimated 104,922,000 units, compared with 150,081,000 units in the previous week. The week's production was estimated at 152,897,000 units, or a decrease of 51,577,000 units below the previous week's output, states "Ward's Auto." The output dropped below that of the previous week by 45,899 cars, while truck output declined by 5,228 vehicles during the week. The past 12-weeks' average for the week last year 124,250 cars and 18,134 trucks were assembled.

The weekly report, which was released Dec. 23, 1955, was extended by an estimated 104,922,000 units, compared with 150,081,000 units in the previous week. The week's production was estimated at 152,897,000 units, or a decrease of 51,577,000 units below the previous week's output, states "Ward's Auto." The output dropped below that of the previous week by 45,899 cars, while truck output declined by 5,228 vehicles during the week. The past 12-weeks' average for the week last year 124,250 cars and 18,134 trucks were assembled.

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Multiple Funds
By Robert B. Rich

Booming Economy in 1956
Forecast by National Securities

Further gains in national production and income in 1956 were predicted recently by National Securities & Research Corporation in its special year-end study, "The 1956 Forecast."

"Prospective dependences in the demand for goods and services by consumers, business and government, and the productive capacity to meet this demand, point to a further expansion of gross national product in 1956," the study declared.

Prices Stable

Wholesale and consumer price indexes are expected to hold fairly stable and higher average employment at steadily rising wage rates should produce real gains in purchasing power, gains which are likely to be bolstered by tax reductions. Consumers, with a continued substantial growth in population, and there is provided for the background for large consumer outlays and a sustained demand for housing, the study stated.

And increased background the fact that state and local governments must provide for the increasing population with accelerated spending for highways and other public facilities, while business will step up its outlays for plant, equipment and inventory to enable it to meet the demands of consumers and government.

On the basis of the analysis of the many factors influencing the economy, National Securities & Research Corporation pointed out that the gross national product for 1956 would reach a new peak of $408 billions. This would compare with the 1955 figure of approximately $388 billions, which was a gain of almost 8% over the $350 billions recorded in 1954 and more than 6% above the previous all-time high of $345.5 billions achieved in 1953.

The American economy again demonstrated its resilience and its capacity for growth by rebounding vigorously from a minor reversal that started in the summer of 1955 and lasted until late in 1956, it was pointed out. Production, construction, trade and employment, and the personal income they generate, have all established new peaks in the year now coming to a close.

Two Elements

Scoring the notion that the peak levies attained by the economy in 1955 point to a corrective dip in 1956, the study said two new elements in the picture can be found for maintaining the growth.

"Important sources of demand for goods and services now appear to be the response to general cyclical influences than they have been in the past. Many of them now have their own individual cycles, enabling them to serve as stabilizing offsets to fluctuations in other sectors.

"Thus, while some of the activities that sparked the current boom, such as home building and automobile production, show signs of leveling off, there is evidence that other cyclically related activities, such as industrial, commercial and public construction and the output of producers' durable equipment, are being stimulated to expand aggregate production for a growing population. Spending by Federal, state and local governments to some extent can be deliberately adapted to cyclical objec- tives, although for next year some increase in total government spending appears inevitable regard-

"As the second new element in the picture, National Securities & Research Corporation pointed out that the Federal Government, in the midst of a history-making prosperity, is "wisely tak-

The Government is "deliberately containing the boom, storing up its surplus energy for release when needed to maintain full em-

Security Prices

On the outlook for security prices, the study said that total investments for 1956 of U.S. Government securities increased, making corporate bond issues are ex-

"Pamphlets desiring new homes on easier terms than those not available have been deferring their purchases," the forecast stated, "and they undoubtedly constitute a vast potential market

Investors Turn
To Funds for Capital, Income

A spokesman for one of the nation's leading underwriters of mutual funds told an audience of investors recently that attainment of a record billion-dollar investment in mutual funds this year offers proof that more and more investors are turning to these instruments to handle both capital and income.

"Investors' forum held under the sponsorship of Keller Brothers Securities Co., John R. Wilcox, Ed. E. Wilcox Kalb, Vice-President of Hugh J. Lawrie & Co., James H. Sayre share of Elizabeth, N. discussed "Mutual Funds and the Rising Cost of Living."

The speaker emphasized that the increased investments in mutual fund shares this year follow two decades in which investors generally have faced a series of crises. Emphasizing that the cost of living rises have increased during the period, Mr. Kalb said: "The investor has found that to hold all our savings in government bonds, leading railroads and 25 leading utilities, together, as the basis for the study for government securities, would have resulted in mediocre returns and even a loss of capital. The investor needed more than bonds, and the investor found in mutual funds a way to solve this problem of matching the lower buying power of the dollar and the rising cost of living by making investments in common stock shares.

"Though few people during the period could afford to buy a wide range of investment diversification and many people in all income brackets achieved the benefits of a broad participation in American industries, however, the study pointed out that mutual funds have provided a haven of security for and a means of diversifying investments for mutual investors and other mutual funds," Mr. Kalb re-

"Diversification is the greatest safety factor in any investment program, and we at Kalb are proud of the service we have been able to give," Mr. Kalb said. "Mutual funds offer three to ten times the diversification of the bond on the Dow-Jones index for example, the mutual fund shareholders are provided an automatic, constant and systematic buying power by management of the funds."

The speaker recounted that in-

American Business Shares

A Balanced Investment Fund

The "Corporate" is a fund which balances bonds and preferred stocks and common stocks selected for growth.

Prospectus upon request

Lord, Abbott & Co.
Not Bright

Looking ahead to 1956, it must be said in all honesty that the agricultural picture does not look encouraging. The farmers are that cash receipts from farm sales has been disappointing. Further decline, although probably at a lesser rate, is to be expected in the current year, according to "Perspective," a publication of the investment management section of Business Bulletin, which administers $10,500,000.00

The effects of declining gross farmland income, however, will probably be somewhat further aggravated by slight gains in corporate profits, debt, and damages to the price picture, the publication points out, that the outlook called for an increase of 30% from 1947.

For the years 1946-48 the parity ratio of farm income to its all-time peak of 115 in 1947. As a consequence of this highly favorable development, representing the farm income for 1946-48 averaged 77.5% of its 1947 figure, excluding government payments). In 1946 and 1947 the parity ratio or 100, the so-called agricultural profit margin declined to 77.5% and 71.5% respectively.

It should also be kept in mind for your information that the parity ratio is a measure of the degree of agricultural profit, according to the publication. For the fiscal year 1955 will be the third successive year in which parity has fallen below 100, and the fourth year since 1942-48, in which parity has been below 100. For 1949 and 1952, in which parity was 100, although it is obvious that this statistic is of negligible consolation to the farmer, parity was above 100.

The term "parity," "Perspective," says, that during those 11 years of parity or better farmers as a group, would have been able to purchase the amount of fat in the shape of farm goods, livestock, cash and other worldly goods.

Figures published by the Federal Reserve Board show that between Jan. 1, 1946 and Jan. 1, 1956, farm real estate ownership increased from $35,500,000,000 to $91,300,000,000, or by about 61%. This was offset by a drop in the real estate debt from $5,800,000,000 to $4,900,000,000, or by about 18%. This is the result of a policy of real estate buyout, which was dropped by 95% in 1948.

However, ownership of machinery and non-realty increased from $270,000,000 to $670,000,000, or by about 146%. There was a drop of about 35% in the non-realty requirements.

Another relatively favorable factor in the situation for the farm group is the fall in the price of farm property. When adjustment is made for the increase in farm prices in the general agricultural income situation, the results show that they are on a very stable basis.

In addition, the report says, the farm group has been more submerged in recent years by a rising trend of income from non-farm sources. The Department of Agriculture has estimated that in 1954 this amounted to $3,790,000,000, or by about 1.2% the income from strictly agricultural sources. The result was that the farm group was earning an early and final blow to the farming income, but not to prospect, not saying that "we believe that, on the record of the last two years, prices are on a flexible and somewhat lower trend and are making considerable step in any long range program for agriculture."

A continuation of acreage restrictions and marketing quotas as a farm income support, a 6 appears inevitable. This is a government, a government that, in the months just ahead, the purely economic aspect of the situation is placed by the political considerations.

Massachusetts Investors Growth Stock Fund ended its fiscal year on Nov. 30, 1955 with total net assets of $77,092,340, and of its 31,250 shares, 19,953, or 63.6%, fell below $37.41 on Nov. 30, 1955, fiscal year-end closing. The asset per share in the year ended Oct. 31, 1954, there were 52.26 shares outstanding.

Net asset value per share was $64.8 on Oct. 31, 1955, compared with $58.91 a year ago.

To Split Stock

Subject to approval by shareholders at a special meeting to be held in the latter part of Januar, 1956, the directors of Crown Western Investments, Inc., recommended that the shares be divided among shareholders in the shares of diversified Income Fund series.

Assets in Canada

The Capital Growth Fund of Group Securities, Inc. reports that the number of its Canadian holdings in Canada as Nov. 30, 1955. This compares with 2.8% one year earlier. Most recent acquisition in this group was the $100,000 shares of Canadian PipeLines and Petroleum, Ltd., was acquired at an average cost of $2.06.

American Business Shares Assets

American Business Shares, Inc. reporting for the fiscal year ending Nov. 30, 1955 shows net assets of $33 million, or $24,835,788, or $6.48 on Oct. 31, 1955, compared with $15,127,358 on July 30, 1955, 31.7%. A year ago, on Oct. 31, 1954, the net asset value was $77.0.

Number of shares outstanding totaled 2,843,110 as of Oct. 31, 1955, an increase of 27.7% over the July 31, 1955, fiscal year-end closing. The asset per share value on Oct. 31, 1954, there were 52.26 shares outstanding.

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The Average Fund Shareholder

Age

$64.8

Value of Mutual Fund Holdings

$9,200

$47.5

Amount of Most Recent Fund Purchase

$1,055

Other Assets

Number of Corporate Stocks Owned

$2,900

Directly

$2,900

Bank Accounts and Savings Bonds

$3,912

Insurance

$2,340

A C C U M U L A T I O N P L A N - H O L D E R

$77.0

Age

$77.0

Family Income in 1954

$9,200

Value of Mutual Fund Holdings

$1,055

Amount Being Invested Regularly

$49

Other Assets

Number of Corporate Stocks Owned

$1,3

Directly

$1,3

Value of Corporate Stock Holdings

$1,317

Life Insurance in Force

$12,375

The FULLY ADMINISTERED FUND

GROUP SECURITIES, INC.

A mutual fund investing in bonds, preferred and common stocks, with proportions "balanced" in accordance with man¬
agement's judgment.

A PROSPECTUS ON REQUEST FROM your investment distributor

GROUP SECURITIES Distributor, Inc.

52 Wall Street, New York, N.Y.

The American Business Shares have assets totaling $33 million.

The Average Fund Shareholder is typically a middle-aged person with family income of $9,200 in 1954.

The full text of the article is not provided in this snippet, but it appears to discuss agricultural income, farm property, and the effects of government policies on the agricultural sector. It also mentions the performance of specific mutual funds, including American Business Shares. The article concludes with a section titled "To Split Stock," which suggests that a special meeting will be held to address the issue of splitting the stock of a mutual fund. Finally, it includes a "The Average Fund Shareholder" section with demographic and investment information. The article is a part of a financial newsletter or report, possibly from the Federal Reserve Bank of St. Louis.
The SEC and Regulation “A”

The SEC and Regulation “A”

Afforded protection of Congress underwriters simpler character—and the public provision. It makes that it makes authority enforcement proposed by the Commission has been extended to include broker-dealers, of Congressman Arthur G. Klein. The proposal to apply to unlisted companies having total assets of more than $2 million and equity securities exceeds 750 or the total amount of the offer exceeds $1 million. These unlisted companies are required to comply with the reporting, proxy and insider trading provisions of the Act.

While recognizing the soundness of its broad principles and objectives, the Commission has not endorsed the Fullbright-Klein bill. It has concluded that a thorough, objective study of the problems resulting from the operation of the securities exchange is needed in order to determine the factual need for such a vast extension of some of the Commission’s power. The Commission is presently conducting a review of the effectiveness of these companies, the nature of their activities, and the relationship of shareholders and their practices in soliciting proxies. The impact of the proposed legislation on the sponsorship of their securities by broker-dealers who are also directors of the companies cannot be thoroughly understood until the Commission has completed its study. In the meantime, we propose to continue the study under the Commission’s powers as now defined.

This period of strenuous activity in the securities markets has made it advisable for the Commission to provide new safeguards to protect the public in Against dealer-broker transactions that could be caused by possible market declines. The net capital in the principal broker-dealer is being tightened to provide that 25% of the capital is held or invested in securities that are not subject to redemption from the market value. The total net capital must be at least $500,000. This so-called “haircut” of 25% on the market value of the capital must be maintained. The Commission can also require additional terms and conditions that the broker-dealer enter into contracts to protect the public. The existing powers may be extended to cover this situation. The Commission expects to take further action when the situation becomes critical.

The high volume of financial offerings by small companies has attracted a vast number of new investors into the securities market. This rapid growth of business has presented serious problems for the Commission in the area of protection of investors. The problem of protection is being approached by the Commission in the new area of broker-dealer regulation. The Commission has extended its jurisdiction to include the activities of broker-dealers. The Commission expects to take further action when the situation becomes critical. The Commission is extending its jurisdiction to include the activities of broker-dealers. The Commission expects to take further action when the situation becomes critical.

A few weeks ago, the Commission issued a report on the activities of broker-dealers. The report indicated that the activities of broker-dealers were expanding rapidly and that the Commission was not in a position to regulate them effectively. The report recommended that the Commission extend its jurisdiction to include the activities of broker-dealers. The Commission has taken action to extend its jurisdiction and is now in a position to regulate the activities of broker-dealers. The Commission expects to take further action when the situation becomes critical.
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:

**Volume 82 Number 496** The Commercial and Financial Chronicle

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<th>TABLE</th>
<th>Title</th>
<th>Latest</th>
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<td>**1. **</td>
<td><strong>1.</strong> BANKER'S DICTIONARY</td>
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<td>**2. **</td>
<td><strong>2.</strong> AMERICAN PETROLEUM INSTITUTE: CIVIL DEPARTMENT STORE (COMMERCIAL OIL, NATIONAL COMMODITY INDEX—JINGOTS BLUE METAL, GASOLINE output (bbls.) runs steel (tons)</td>
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<td><strong>3.</strong> DEPARTMENT STORE INDEX—FEDERAL RESERVE</td>
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<td><strong>4.</strong> METAL PRICES (E. &amp; M. Q. STATIONS): atmospheres common 1000 lb.</td>
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<td><strong>8.</strong> WOODS—INDUSTRIAL AND FARM:</td>
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<td>**9. **</td>
<td><strong>9.</strong> STOCK TRANSACTIONS FOR ODD-LOT ACCOUNT OF ODD-LOT BROKERS ACCOUNT CHARGING EXCHANGE—SECURITY EXCHANGE COMMISSION</td>
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<td><strong>11.</strong> WHOLESALE PRICES, NEW SERIES—U. S. DEPT. OF COMMERCE</td>
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<td>**13. **</td>
<td><strong>13.</strong> STOCK TRANSACTIONS FOR ACCOUNT OF MEMBERS, EXCEPT GOOD-DEALERS AND SPECIALISTS:</td>
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Securities Now in Registration

Aero Corp.
Dec. 20 (letter of notification) 186 shares of 5% cumulative preferred stock (par $100) and 185 shares of class A common stock (no par) to be offered to a class of stockholders. Proceeds—$180,000, in units of one share of each class of stock for each four class A shares held, rights to the par value. Price—$101 per unit to stockholders; $110 to public. Proceeds—For corporate purposes. Offer—166 Eagle St., Englewood, N. J. Underwriter—None.

*Allegheny Manganese & Iron Corp.*
Dec. 28 filed 550,000 shares of common stock, of which $380,000 are to be offered publicly. Price—$3 per share. Proceeds—For liquidation of liens on mining properties; for mining equipment and construction of a laboratory and field office, for construction and equipment of plant suitable for the further production of beneficiated lower grades of manganese ore or Oriskany iron ore; and for working capital. Offer—Charleston, W. Va. Underwriter—Mitchell Securities, Inc., Baltimore, Md.

Allied-Mission Oil, Inc., Tulsa, Okla.
Dec. 28 filed 10,000 shares of common stock (par one cent). Price—50 cents per share. Proceeds—For acquisition, exploration, drilling and development of oil and gas properties; purchase of additional office and warehouse facilities. Offer—208 W. 25th St., Tulsa, Okla. Underwriter—United Cos. Same company.

Alpha Plastics Corp.
Nov. 30 (letter of notification) 300,000 shares of class A stock (par 10 cents). Price—$1 per share. Proceeds—To redeem the preferred stock; $18,100 to be paid to employees held by the company for further use; $8,800 to company for payment of current obligations, etc.; and for working capital. Offer—94-30 16th St., Jamaica, N. Y. Underwriter—J. E. DesRosiers, Inc., 509 Fifth Ave., New York, N. Y.

American Business Research, Inc.

*Arcoa, Inc., Portland, Ore.*
Dec. 27 filed 3,000,000 of U-Haul Fleet Owner Contracts to be offered to any person, group of persons or corporation having a legal ownership of a fleet of 30 or more U-Haul trucks, each bought from a manufacturer at non-bumper hitch. Price—Will vary according to actual cost of a particular fleet. Proceeds—To increase number of trailers available for rent in system. Underwriter—None.

Sept. 16 filed 73,000,000 of common stock to be offered for subscription, with subsequent registration for general purposes. Price—$1 to $1.50 per share. Proceeds—$1.50 per share. Proceeds—For subscription program. Underwriters—Union Securities Corp. and Smith, Barney & Co., both of New York.

Atlas Industries, Inc., Houston, Texas

Nov. 14 filed 97,144 shares of common stock (par $1) being offered in exchange for the outstanding 291,431 shares of common stock of Plywood, Inc. on the basis of one Atlas share for each three Plywood shares held. Shares presently outstanding 1,479,605 Atlas stock and common stock (par $1) and 85,000 shares of Class A common stock and $50,000 shares to be acquired at an additional 133,800 shares in order to bring its holdings of such stock to 90% of the issued and outstanding. Price—$1 per unit to stockholders; $110 to public. Proceeds—For corporate purposes. Offer—158 Broadway, Boston. Underwriter—None.

*Atlas Plywood Corp.*
Dec. 19 filed $3,000,000 of 5% convertible subordinated debentures due 1959, and 10,000 shares of voting common stock, class B (par 10 cents) to be issued at $100 per share. Proceeds—A and one class B share. Price—$5 per unit. Proceeds—For general working capital. Offer—235 South State St., Denver, Del. Underwriter—Momter & Bingham, Inc., New York.

Cisco Uranium Corp., Salt Lake City, Utah

Citizens Credit Corp., Washington, D. C.
Sept. 27 (letter of notification) $245,000 of 6% subordinated debentures due 1960, at 99% to be purchased 2,450 shares of class A common and 490 shares of class B common stock. Price—$50 per share. Proceeds—To supply capital to subsidiaries. Offer—812 Madison Ave., N. W., Washington, D. C. Underwriter—Emory S. Ward, Washington, D. C.

*Coastal States Oil & Gas Co.*

Colo Engineering Co.
Nov. 9 (letter of notification) 2,575 shares of common stock. Price—$10 per share. Proceeds—For new machinery, etc. Underwriter—Spencer, Zimmermann & Co., Inc., Columbus, Ga.

*Colohoma Uranium, Inc.*

**Continental Copper & Steel Industries, Inc.**
Dec. 21 filed 263,771 shares of common stock (par $2) to be offered for subscription by stockholders at rate of $2 each for 21,450 shares. Offer—660 Five North Broad St., Nashville, Tenn. Underwriter—None.

*Cook Industries, Inc., Dallas, Texas*
Aug. 1 (letter of notification) 199,999 shares of common stock (par $1), of which 107,815 shares are to be sold to public and 92,184 shares by a selling stockholder. Price—$1.50 per share. Proceeds—For general corporate purposes. Offer—Central Securities Co., Dallas, Texas.

*Cross-Bow Uranium Corp.*
NEW ISSUE CALENDAR

January 6 (Friday)
Techbuilt Homes, Inc., Common
Debentures (orrh. & Secur. Corp.) $500,000

January 9 (Monday)
Atlas Plywood Corp., Common
Debentures $300,000

Federal Oil Co., Common
Debentures (Orch. & Secur. Corp.) $500,000

Coastal States Oil & Gas Co., Common
Debentures $500,000

Cuba (Republic of), Bonds (Orch. & Secur. Corp.) $500,000

International Mining Co., Common
Debentures (Orch. & Secur. Corp.) $500,000

January 10 (Tuesday)
Dandy Machine Specialties, Inc., Common
Debentures $100,000

Puerto Rican Jai Alai, Inc., Common
Debentures (Orch. & Secur. Corp.) $500,000

January 11 (Wednesday)
General Shoe Corp., Common
Debentures (Smith, Barney & Co. and William & Moore & Co.) $2,000,000

Union Planters National Bank, Common
Offering to stockholders—issuable by Equitable Security Corp. $1,000,000

January 13 (Friday)
Ohio Water Service Co., Common
Offering to stockholders—issuable by Blyth & Doherty (Orch. & Secur. Corp.) $1,251,511 shares

January 16 (Monday)
Continental Casualty Co., Inc., Common
Offering to stockholders—issuable by Allen & Co., P. W. Brookes & Co., and Associated Underwriters $2,000,000

Maine Fidelity Life Insurance Co., Common
P. W. Brookes & Co., Inc. $1,125,000

National Old Line Insurance Co., Common A & B (Equitable Security Corp.) 100,000 shares

Silversky Lighting, Inc., Common
Debentures (Smith, Barney & Co. and William & Moore & Co.) $2,000,000

January 17 (Tuesday)
Signature Loan Co., Inc., Common
Class A $30,000

January 18 (Wednesday)
Bond (to be issued) $7,000,000

Ford Motor Co., Inc., Class A Common
Bonds (Blyth & Co., Inc. and First Boston Corp. and Goldman, Sachs & Co.) $1,251,511

January 20 (Friday)
B. B. C. Pool Co., Inc., Common
Offering to stockholders—issuable by Lehmans, Kuhn, Loeb & Co. and Lehman Brothers $2,000,000

Citizens & Southern National Bank (Ga.), Common
Offering to stockholders—issuable by Smith, Barney & Co. (Orch. & Secur. Corp.) $2,000,000

January 23 (Monday)
Clark Oil & Refining Co., Inc., Preferred
Debentures $500,000

Cumberland Corp., Debentures & Common
(Reserve Funds, Blyth & Co., Inc. and The Bankers Bond Corp.) $900,000

Delta Minerals Co., Casper, Wyo.
Sept. 20 (letter of notification) 900,000 shares of non-asserable common stock (par five cents). Price—$50 cents per share. Proceeds—$250,000 to be used for general corporate purposes.

Del-Valley Corp.
Dec. 13 (letter of notification) $253,000 of junior lien bonds due in two years and ten months with interest payable semi-annually. Price—$100. Proceeds—to refund junior lien bonds due March 20, 1932, and to provide working capital.

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—215 Exchange Place, Salt Lake City, Utah. Underwriter—Western States Investment Co., same city.

Dix Uranium Corp., Provo, Utah

East Basin Oil & Uranium Co., Salt Lake City, Utah

East Basin Oil & Uranium Co., Salt Lake City, Utah

Edgemont Shopping Center, Inc., Chicago, Ill.
Oct. 14 filed 6,000 shares of class A common stock, Price—$1 par (one dollar per share). Proceeds—to shopping center in Lansing, Mich., from builder of center. Underwriter—None. Proceeds to be used for working capital. Office—900 shares of class B common stock, Price—$1 par (one dollar per share). Proceeds—to be used for working capital. Office—Underwriter—None.

Farmer's Educational and Co-operative Union of America, Denver, Colo.
Nov. 23 filed 32,000,000 shares of registered debentures, series A, and 12,000,000 shares of registered capital stock, series B; and 1,200,000 of registered savings debentures, series C. Price—At par (in units of $100, $125 and $250, respectively). Proceeds—For working capital, the purchase of additional bonds of the Union subsidiaries to retire outstanding indebtedness; and to expand the Union's activities. Underwriter—None. Debentures to be sold by salaried, salaried agents, and by salaried employees, directed by the officers and agents of the Union, which is often referred to as National Farmers Union.

Fidelity Oil Co., Newfiaid, N. J. (1/9)

First Federal Life Insurance Co., Baltimore, Md.
Dec. 21 filed 20,000 shares of registered capital stock (par $10) to be offered subject to subscription by directors of The First Federal Co. of America at Baltimore on a 2 for 1 basis. Price—$25. Proceeds to be used for the purchase of the capital and surplus account. Underwriter—None, but Louis Elisseeff, Louis R. Dwyer, and Richard A. Elbing (President) are committed to purchase any unsubscribed shares.

First Investors Corp., New York, N. Y.
Jan. 29 (to be filed) 100,000,000 in Periodic Payment Plans (D and DWN) and Single Payment Plans (DWN).

Ford Motor Co., Detroit, Mich. (1/18)

Ford Motor Co., Detroit, Mich.
Dec. 29 filed 1,000,000 shares of capital stock (par $5) to be offered pursuant to the company's Savings and Stock Purchase Program for Salaried Employees. Underwriter—None.

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Price—$1,825,000, plus accrued interest of $30,000. Proceeds—to purchase certain working or leasehold interests in oil and gas interests. Underwriter—None.

* Gulf Natural Gas Corp., New Orleans, La.


Hammermill Paper Co., Erie, Pa.

Dec. 20 filed 664,000 shares of common stock (par $2.50) to be offered in exchange for shares of capital stock of Hammermill Paper Co. Proceeds—to be used in the development and working capital for Hammermill common stock for each 25 shares of Water Valley stock. Proceeds to be used by holders of at least 128,000 shares (80% of outstanding Water Valley common stock).

Helio Aircraft Corp., Canton, Mass.


Homestead Paper Co., Ottawa, Ohio.

Dec. 21 filed 75,000 shares of common stock (par $10). Proceeds—to be used in connection with the purchase by the company of the Homestead Paper Co., Ottawa, Ohio. Underwriter—Barrett Herrick & Co., New York.

Kendall Electronics Co., Inc.


Korvette (E. A.), Inc.


Lander Valley Uranium & Oil Corp.


Leek Engineering & Equip., Inc., Canton, Ohio


Lexington Funds, Inc., New York


Life Underwriters Insurance Co., Shreveport, La.

Sept. 26 filed 100,000 shares of common stock (par $25) to be offered for subscription by present stockholders of record July 21, 1959 on the basis of one share for each four shares held; right to exercise 25 years from the commence of the offering, after which unsold shares will be offered to public. Price—$3.75 per share to stockholders; $10 per share to public. Proceeds—for expansion and working capital. Underwriter—None.

Lubrizol Developments, Inc., Cleveland, Ohio

Oct. 17 filed 600,000 shares of common stock (par $10). Price—$5 per share. Proceeds—for exploration of uranium properties, etc. Underwriter—George Sargent, New York City.

Little Mac Uranium Co.


Lixovon Laboratories, Inc., Wilmington, Del.

Nov. 13 filed 500,000 shares of common stock (par $10). Price—$5 per share. Proceeds—to be used for the development of mining properties in California, Mexico, and Argentina. Underwriter—Ward & Curran, New York.

International Metals Corp. (1-9-13)


International Plastic Industries Corp.


Israel Industrial & Mineral Development Corp.


"Isras" Israel-Rascoco Investment Co., Ltd.

Sept. 23 filed 9,000 ordinary shares. Price—at par (100 shares per $1). Proceeds—for the purchase of additional stocks in State of Israel Independence Issue Bonds only. Underwriter—Israel. Underwriter—Rascoco Israel Corp., New York, N. Y.

Jurassic Minerals, Inc., Cortez, Colo.


Kendall Electronics Co., Inc.


General American Oil Co. of Texas

Dec. 2 (letter of notification) 6,000 shares of capital stock (par $1) to be offered for subscription by holders of certificate of record January 2, 1959, at the rate of one new share for each two shares held on the last business day prior to expiration of rights which will expire on Jan. 8, 1958. Proceeds—to be used in connection with the purchase of natural gas and oil properties. Underwriter—None.

General Public Service Corp.

Dec. 2 (letter of notification) 1,000 shares of common stock (par $100) being offered for subscription by stockholders of record January 2, 1959, at the rate of one new share for each two shares held on the last business day prior to expiration of rights which will expire on Jan. 8, 1958. Proceeds—for general corporate purposes. Underwriter—None.

General Shoe Corp., Nashville, Tenn. (11-11)


Oct. 28 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—$1.50 per share. Proceeds—for general corporate purposes. Underwriter—None. Some of the stock will also be offered to employees of the company. Underwriter—Knudtson, K. P., President, and Law L. Lovelace, Secretary-Treasurer.

Great Southwest Fire Insurance Co.

Dec. 21 (letter of notification) 187,000 shares of common stock (par $5). Price—to be supplied by amendment. Proceeds—to be used for expenses re, fire and casualty insurance. Underwriter—N. Central, Phoenix, Ariz. Underwriter—None.

Green (A. P.), Fire Brick Co. (1/24)

Dec. 22 filed 13,607,000 shares of common stock (par $5). Price—to be supplied by amendment. Proceeds—to be sold to stockholders, officers, employees and other interested persons. Proceeds—to be offered for expenses re. fire, and casualty insurance. Underwriter—None.

Guaranty Income Life Insurance Co.


Gulf Coast Leases, Inc., Houston, Texas

Sept. 14 filed $2,000,000 of 5%inking fund convertible debentures due Sept. 1, 1965 to be sold to Brandal Trust. Proceeds—to purchase certain working or leasehold interests in oil and gas interests. Underwriter—None.
Manufacturers Cutting Corp.

Mascot Mines, Inc.
Aug. 28 (letter of notification) 300,000 shares of common stock (par $1). Price—$1 per share. Proceeds—For general corporate purposes. Underwriter—Paul C. Ferguson & Co., New York, N. Y.


Mascot Mines, Inc.

Maywell & Hartzell—San Francisco, Calif.
Dec. 20 (letter of notification) 10,000 shares of common stock (par $1). Price—$1 per share. Proceeds—to be used for the purpose of issuing shares to the officers of the company, and for general corporate purposes. Underwriter—None.

Mexico Refractories Co., Mexico, Mo.
Oct. 19 filed 97,776 shares of common stock (par $5). Price—$5 per share. Proceeds—to be used for the purpose of acquiring and improving certain real estate properties, and for general corporate purposes. Underwriter—None.

Mohawk Silica Co., Cincinnati, Ohio
Oct. 3 (letter of notification) 3,000 shares of 8% cumulative preferred stock (par $100). Price—$100 per share. Proceeds—For expenses incident to sale of stock. Office—2010 Jena Ave., Cincinnati, Ohio.

Monitor Exploration Co., Denver, Colo.
Dec. 21 (letter of notification) 1,100,000 shares of common stock (par $1). Price—$1 per share. Proceeds—to be used for the purpose of making, developing and outfitting certain oil and gas properties in the states of Colorado, Wyoming, New Mexico, Utah and Kansas, inclusive.

Morton Credit Corp., Salt Lake City, Utah
Dec. 21 (letter of notification) 5,000 shares of non-convertible capital stock (par $10). Price—$25 per share. Proceeds—to be used re sales discount financing for complete purchase of the company's outstanding capital and reserves. Office—3440 South St., Salt Lake City. Underwriter—None.

M. V. Vernon Mining & Development Co.
Nov. 16 (letter of notification) 300,000 shares of common stock (par $1). Price—$1 per share. Proceeds—For mining expenses and incident to mining activities. Underwriter—Western Bond & Share Co., Tulsa, Okla.

Natra One Line Insurance Co. (1/16/20)
Oct. 19 filed 59,000 shares of Class A common stock (par $2) and 30,000 shares of B common stock (par $2). Price—To be supplied by amendment. Precedents—For general corporate purposes. Underwriter—E. R. R. & Co., Cincinnati, Ohio.

Natural Power Corp., Moab, Utah
Sept. 7 (letter of notification) 300,000 shares of non-convertible common stock (par one cent). Price—$1 per share. Proceeds—For general corporate purposes. Underwriter—Western Bond & Share Co., Tulsa, Okla.

Nevada Mercury Corp., Winnemucca, Nev.
Sept. 18 (letter of notification) 1,500,000 shares of common stock (par one cent). Price—$1 per share. Proceeds—For expenses incident to the development of the Nevada Mercury Mining Corp. and for general corporate purposes. Underwriter—None.

New Hampshire Business Development Corp.
Dec. 21 (letter of notification) 250 shares of common stock, no par (no charge). Price—$125 per share. Proceeds—to be used for the purpose of issuing shares to the officers of the company, and for general corporate purposes. Underwriter—None.

New Orleans Public Service Inc. (1/13)
Dec. 2 filed 60,000 shares of cumulative preferred stock (par $100). Price—$100 per share. Proceeds—To be determined by competitive bidding of Messrs. Langley & Co.; Lehman, & Co.; Diamond, & Co.; White & Weed & Co.; Kidder, Peabody & Co. and Stone & Webster. Underwriter—The First Boston Corp.; Equitable Securities Corp. and Union Securities Corp. (jointly); Blair & Co. Incorporated. Bills—Expected to be received up to 11:30 a.m. (EST) on Jan. 11, at Two Rector St., New York, N. Y.

New York Editors Corp.
Dec. 28 (letter of notification) 60,000 shares of common stock (par $1). Price—$5 per share. Proceeds—to acquire building and equipment and for working capital and other general corporate purposes. Office—275 Park Ave., New York, N. Y.

Oakland & Oil Corp., Farmington, N. M.
Nov. 8 (letter of notification) 2,000,000 shares of common stock (par five cents). Price—15 cents per share. Proceeds—for the purpose of issuing shares to the officers of the company, and for general corporate purposes. Underwriter—Philip Gordon & Co., New York, N. Y.

Oceanic Drilling & Exploration Co., San Francisco, Calif.
Dec. 18 filed 825,000 of Limited Partnership Interests in the General Drilling Partnership to be offered under the terms of a limited partnership agreement to be offered in minimum amounts of $25,000 or in greater multiples thereof. To be offered for the purpose of drilling exploration wells on unproved land in California, and in the state of Nevada. Underwriter—Barth & Co., San Francisco, Calif., will assist in marketing the interests, and in securing partnerships, and other firms or persons may also be engaged. Underwriter—None.

Ohio Water Service Co. (1/13)

Ohio-Myers-Spalti Mfg. Co., Dallas, Texas
Oct. 19 filed 21,538 shares of cumulative convertible preferred stock (par $25) being offered for subscription by common stockholders on basis of one for one. Price—$25 per share. Proceeds—to be used for the purpose of issuing shares to stockholders of record as of Dec. 28; rights to expire Jan. 11. Price—$25 per share. Proceeds—to issue and sell 25,000 shares of common stock ($100 par) for public sale. Proceeds—for expansion program. Business—Manufacturers, etc. Underwriter—Dallas Ruppe & Son, Inc., Dallas, Texas.

Ottlina Villa, Inc., Las Vegas, Nev.
Aug. 18 (letter of notification) 2,000 shares of capital stock (no par), of which 2,000 shares are to be offered for subscription by existing stockholders at $12 per share, and 1,587 shares to non-stockholders who are residents of Pennsylvania, Ohio and Illinois, to be purchased at par. Underwriter—None.


Dec. 19 (letter of notification) 8,000 shares of common stock (no par). Price—$2 per share. Proceeds—to be used for the purpose of acquiring and for general corporate purposes. Underwriter—None.

Sept. 8 (letter of notification) 60,000 shares of 6% cumulative preferred stock (par $50). Price—$50 per share. Proceeds—to be used for the purpose of acquiring and for general corporate purposes. Underwriter—None.

Pitney & Haley Investment Corp., New York, N. Y.
Dec. 30 (letter of notification) 60,000 shares of Class A common stock (par $1). Price—$1 per share. Proceeds—for the purpose of issuing shares to stockholders of record Dec. 28 to holders of record Dec. 10. Underwriter—None.

Prudential Loan Corp., Washington, D. C.
Nov. 22 filed 111,000 shares of $44 cumulative prior preferred stock (par $100). Price—$55.50 per share. Proceeds—to be used for the purpose of acquiring and for general corporate purposes. Underwriter—None.

Puerto Rican Jai Alai, Inc. (1/10)
Nov. 3 filed 1,250,000 shares of common stock (par one cent). Price—$1.30 per share. Proceeds—for general corporate purposes. Underwriter—Straus, Bloomer & McDoall, Chicago, Ill.

Real Estate Casting House, Inc.
Sept. 26 (letter of notification) 75,000 shares of 7% cumulative preferred stock (par $1) and 125,000 shares of common stock (par $1). Proceeds—to be used for the purpose of issuing shares to stockholders of two shares of preferred and one share of common stock. Price—$2.05 per unit. Proceeds—for working capital. Underwriter—K. Y. Underwriter—Choice Securities Corp., 30 East 42nd St., New York, N. Y.

Reno Hacienda, Inc., Ingleside, Calif.
Dec. 19 filed 4,000,000 shares of common stock. Price—At par ($1 per share). Proceeds—to purchase real property and for the purpose of issuing shares in connection with the development of a residential subdivision. Underwriter—None.

Republic Aviation Corp.
Dec. 20 (letter of notification) 1,344 shares of common stock (par $1). Price—At market (approximately $43 per share). Proceeds—to be used for the purpose of acquiring and for general corporate purposes. Underwriter—None.

Republic Benefit Insurance Co., Tuscaloosa, Ala.
Aug. 18 (letter of notification) 50,000 shares of common stock (par $1). Price—$1 per share. Proceeds—to be used for the purpose of acquiring and for general corporate purposes. Underwriter—None.

Reynolds Mining & Development Corp.
Nov. 22 filed 1,500,000 shares of common stock (par one cent). Price—$1 per share. Proceeds—for the purpose of acquiring and for general corporate purposes. Underwriter—Western Bond & Share Co., Tulsa, Okla.

Riddle Airlines, Inc., Miami, Fla.
Dec. 20 filed 967,500 shares of common stock (par 10 cents) to be offered for subscription by stockholders at the rate of one new share for each four shares held (with an oversubscription privilege). The company has 967,500 shares outstanding. Underwriter—None.
Silvray Lighting, Inc. (1/16) Dec. 16 filed 225,000 shares of common stock; of which 75,000 shares are to be for the account of the underwriters; for the account of certain selling stockholders. Price—To be set per share. Proceeds—For expansion of company's capital. Underwriter—Milton D. Blauner Co., Inc., New York.

Southern Mining & Milling Co. (1/31) Sept. 14 (letter of notification) 300,000 shares of common stock (par $10 per share). Price—$1 per share. Proceeds—For capital expenditures and working capital, to be used in connection with the construction of the new Healey Building, Atlanta Ga., and 4118 No. 10th Avenue, Phoenix, Ariz. Underwriter—Franklin Securities Co., Atlanta, Ga.


Trans-American Development Corp. Nov. 14 (letter of notification) 45,000 shares of 8% cumulative preferred stock (par $100 per share). Proceeds—To be used for general corporate purposes. Underwriter—Salomon Brothers, New York. Offering—Expected sometime in January.


Prospective Offerings

**Alabama Power Co. (3/15)**


**Automatic Washer Corp.**

- Dec. 5 it was reported that the company plans to issue and sell $14,000,000 of first mortgage bonds. Proceeds—For construction program. Underwriter—To be determined by competitive bidding. Probable bidders: Morgan, Stanley & Co. Inc., New York, N.Y.; Blyth & Co. Inc., and Kidder, Peabody & Co. Inc., Boston, Mass.; United Securities Corp. and Drexel & Co. (Jointly); The First Boston Corp., Boston, Mass.; Kuhn, Loeb & Co. Inc. (Jointly); Blair & Co. Inc. and Goldman, Sachs & Co. (Jointly). Bids—Expected to be received on March 15. Registration plan—For sale to the public.

**Banger & Aroostock RR.**

- Dec. 18 it was announced that the company may issue and sell early next year $2,762,000 of new capital stock to its stockholders, who will vote on Jan. 17 on approving a refinancing program. Proceeds—For working capital and for working capital for the company's Goodwin-Ripley & Co. Inc. and Goldman, Sachs & Co. (Jointly). Bids—Expected to be received on Jan. 19. Registration plan—For sale to the public.

**Central Power & Light Co. (2/14)**


**Chemical Exchange Bank, New York.**

- Dec. 5 it was announced that stockholders will vote Jan. 15 on approving a proposal to offer to its stockholders 590,425 additional shares of common stock at $16.50 per share, or a value of 

**Chicago, Burlington & Quincy RR. (1/18)**

- Dec. 4 it was announced that the company plans to issue and sell $15,000,000 of convertible preferred stock (par $100) and some common stock. Underwriter—Loewi, Loebl & Co., Milwaukee, Wis.

**Consolidated Freightways, Inc.**

- Dec. 21 it was announced that the company plans to issue and sell $10,000,000 of first mortgage bonds. Proceeds—To repay existing mortgage indebtedness. Probable bidders: Durland, Fink & Goold, New York, N.Y.; Peoples Rice & Co. Inc., New York, N.Y.; Kuhn, Loeb & Co. Inc. (Jointly); Blair & Co. Inc. and Goldman, Sachs & Co. (Jointly). Bids—Expected to be received on March 15. Registration plan—For sale to the public.

**Dallas Power & Light Co. (2/15)**

- Nov. 8 the directors recommended the sale of $10,000,000 of new preferred stock to the company's stockholders on the basis of one new share for each nine shares held as of Jan. 20, 1956 (subject to approval of amendment to outstanding stock purchase privilege). Proceeds—To increase capital and surplus.

**Clark Oil & Refining Co. (1/23-24)**

- Dec. 4 it was announced that the company plans to issue and sell $20,000,000 of convertible preferred stock (par $100) and some common stock. Underwriter—Blyth & Co. Inc., San Francisco, Calif.

**Denver Nat'l & Utah Mining Co.**

- Nov. 21 the company reported a similar offering to that of Allen B. Du Mont Laboratories, Inc. of $44,422,000 of common stock as outlined in the previous issue. Proceeds—For additional expansion. This offering will be open to the public only through brokers and dealers, and will be to the public only through brokers and dealers, and will be seen only by brokers and dealers, and will be to the public by brokers and dealers. Underwriter—H. B. Byers & Co. Inc., and Hayden, Stone & Co., New York.

**Duquesne Light Co.**

- Nov. 28, it was announced SEC has authorized Standard of Safety and Protection to act as soliciting agent for the public in connection with the public sale of 150,000 shares of common stock. Proceeds—For general corporate purposes. Underwriter—$2,000,000, together with $2,000,000 from private sale of new bonds, to repay bank loans. Underwriter—H. B. Byers & Co. Inc., and Hayden, Stone & Co., New York.

**Flo-Mix Fertilizers Corp., Houna, La.**


**Georgia Power Co. (3/29)**


**Gulf States Utilities Co.**

- May 16 it was reported that the company may issue and sell $10,000,000 of first mortgage bonds if market conditions warrant. Proceeds—For general corporate purposes. Underwriter—To be determined by competitive bidding. Probable bidders: Morgan, Stanley & Co. Inc., New York, N.Y.; Blyth & Co. Inc., and Kidder, Peabody & Co. Inc., Boston, Mass.; Lynch, Pierce, Fenner & Beane, Co., New York, N.Y. (Jointly); Du Pont & Power Co. Inc. (Jointly); Goldene; Foran & Co. and The First Boston Corp. Offering—Expected in early May.

**Houston Lighting & Power Co.**


**Hudson Pulp & Paper Corp.**

- Nov. 28 it was reported that the company may do some public selling of bonds, but it is not clear at this time which, it is estimated, will cost about $250,000,000. Underwriter—Lee Huggins Corp., New York.

**Puget Sound Edison Co.**

- Nov. 3, Joseph L. Block, President, announced that a substantial portion of the required funds for the com- company's expansion program, were put in a reserve account of about $600,000,000 for the year 1956-1957. Proceeds—For construction program. Underwriter—To be determined by competitive bidding. Probable bidders: Morgan, Stanley & Co. Inc., New York, N.Y.; Blyth & Co. Inc., and Kidder, Peabody & Co. Inc., Boston, Mass.; United Securities Corp. and Drexel & Co. (Jointly); The First Boston Corp., Boston, Mass.; Kuhn, Loeb & Co. and-Cds. & Co. (Jointly); Lehman Brothers.

**Dolly Madison International Foods Ltd.**

- Nov. 15 it was announced that Dolly Madison, Inc. intends at a future date to issue its stockholders the right to purchase its Dolly Madison stock. Underwriter—F. H. Urquidez, Inc., New York.
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**Kansas Gas & Electric Co. (2/27)** Dec. 27 it was announced company plans to issue and sell $50,000,000 of first mortgage bonds due October 1956. Underwriters—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co.; Inc.; Blough & Co.; Salomon Bros. & Hustler; Union Securities Corp.; Lehman Brothers; The First Boston Corp.; Equitable Securities Corp.; Merrill Lynch, Pierce, Fenner & Beane, Kidder, Pedoboy & White; and Weld & Co. (jointly). New York Central RR. Nov. 28 company asked ICC for authority to sell $6,000,000 of 5% convertible debentures due July 1, 1970 to Despotch Shops, Inc., a wholly-owned subsidiary, with all the proceeds of the sale to be used in connection with competitive bidding. Probable bidders: Halsey, Stuart & Co.; Inc.; Salomon Bros. & Hustler; Kidder, Peabody & White; and Weld & Co. (jointly).

**New York, New Haven & Hartford RR.** Dec. 21 stockholders approved a plan of exchange providing for the issuance (a) of new non-convertible 5% debentures, dated Jan. 1, 1956, in exchange for present $55,000,000 of 5% convertible debentures due Jan. 1, 1956 (value of new debentures to be set by bidders and, if purchased at par, will be said as dividend paid for year 1956); and (b) of 900,000 new non-transferable convertible income mortgage bonds, series A, dated Jan. 1, 1956, in exchange for present $99,170,360 of 4% convertible income mortgage bonds, series A, dated July 1, 2022, on the basis of 105 of new series A bonds for each $100 par value of old series A bonds. Underwriters—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co.; Inc.; Salomon Bros. & Hustler.

**Northern States Power Co. (Minn.) (2/29)** Dec. 12 it was reported company plans to issue and sell $15,000,000 (prospectus not yet filed) of 6% debentures due Jan. 1, 1956 and Apr. 1, 1956, and $20,000,000 of 3% debentures due Apr. 1, 1956 and Apr. 1, 1958, for new construction project. Underwriters—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co.; Inc.; Blough & Co.; Equitable Securities Corp. and Union Securities Corp. (jointly); Salomon Bros. & Hustler; White, Weld & Co. and Shields & Co. (jointly); Merrill Lynch, Pierce, Fenner & Beane, Kidder, Peabody & Co. and Harriman Rippy & Co. Inc. (jointly); The First Boston Corp. and Glore, Forgan & Co. (jointly); Morgan Stanley & Co., Inc. (jointly).

**Northwestern Bell Telephone Co. (1/31)** Dec. 31 the company plans to issue and sell $25,000,000 of debentures to be dated on or about Feb. 1, 1956 and bearing interest at the rate of 6% per annum, for not more than 40 years. Proceeds—To be used in connection with new construction project. Underwriters—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co.; Inc.; Blough & Co.; Equitable Securities Corp. and Union Securities Corp. (jointly); Salomon Bros. & Hustler; White, Weld & Co. and Shields & Co. (jointly); Merrill Lynch, Pierce, Fenner & Beane, Kidder, Peabody & Co. and Harriman Rippy & Co. Inc. (jointly); The First Boston Corp. and Glore, Forgan & Co. (jointly); Morgan Stanley & Co., Inc. (jointly).

**Pennington Telephone Co. (N. York) (4/3/56)** Jan. 3 it was announced company plans to issue and sell $4,000,000 of first mortgage bonds and 4,000 shares of preferred stock. Proceeds—To repay bank loans and for new construction. Underwriters—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co.; Inc.; Blough & Co.; Equitable Securities Corp. and Union Securities Corp. (jointly); Salomon Bros. & Hustler; White, Weld & Co. and Shields & Co. (jointly); Merrill Lynch, Pierce, Fenner & Beane, Kidder, Peabody & Co. and Harriman Rippy & Co. Inc. (jointly); The First Boston Corp.; Blyth, Eastman, Dillon, & Co. Inc. (jointly); Morgan Stanley & Co., Inc. (jointly). Bids—Expected to be received on March 1. Registration—Planned for Feb. 3.

**Mississippi Power Co. (1/3)** Nov. 3 it was announced company plans to issue and sell $14,000,000 of first mortgage bonds and 40,000 shares of 5% preferred stock. Proceeds—To repay bank loans and for new construction. Underwriters—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co.; Inc.; Blough & Co.; Equitable Securities Corp. and Union Securities Corp. (jointly); Salomon Bros. & Hustler; White, Weld & Co. and Shields & Co. (jointly); Merrill Lynch, Pierce, Fenner & Beane, Kidder, Peabody & Co. and Harriman Rippy & Co. Inc. (jointly); The First Boston Corp.; Blyth, Eastman, Dillon, & Co. Inc. (jointly); Morgan Stanley & Co., Inc. (jointly). Bids—Expected to be received on March 1. Registration—Planned for Feb. 3.


**New Jersey Electric System Jan. 3 it was announced company plans to issue and sell $15,000,000 of first mortgage bonds due October 1956. Underwriters—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co.; Inc.; Salomon Bros. & Hustler; White, Weld & Co.; and Shield & Co. (jointly); Merrill Lynch, Pierce, Fenner & Beane, Kidder, Peabody & Co. and Harriman Rippy & Co. Inc. (jointly). Bids—Expected to be received sometime in March, 1956.


**New England Power Co. Jan. 3 it was announced company plans to issue and sell $10,000,000 of first mortgage bonds during October
Our Reporter's Report

The underwriting section of the Wall Street fraternity came back from its long year-end holiday seeming in no great hurry, except with tackling the enormous job of distributing 10 million shares of Ford Motor Co. stock for the account of the issuing corporation.

This area of the financial world had little else to absorb its time since it was aware that other corporations with financing ideas might be on the market tracks clear for the huge equity offerings.

In as much as this undertaking will foot up to somewhere in the neighborhood of $600 to $700 million, it is a safe bet that since the rank and file of investment bankers and dealers, with few exceptions, will be in the Ford business it will be difficult to round up more than a corpora’s guard to underwrite any other business between now and the middle of the month.

Underwriters will be guarding their capital jealously to keep their position free for the Ford show and a look at the calendar of prospective new issues tends to bear out this sentiment. There is no gaiing the fact that investors are in no mood for a high point in the Ford offering.

Marking, as it does, another first in the life of the stock, the later have inevitably inured professional interest and are waiting for the underwriters to get into the market at the close of the issue.

Unless there is more duplication of the action of the underwriters than might be suspected, it is possible that groups sponsoring the stock may have difficulty in keeping the "when-issued" market completely orderly.

Under Close Scrutiny

Recalling several similar offerings in recent years and the speculation that the shares involved in this event might operate on the underwriters with the hope of, making the highest point in the Ford stock’s reactions closely.

The Federal agency naturally is exercising efforts of scrutiny, or rather efforts of "outright" speculators to the point that the event at the time that the operation presents the opportunity for question turn profits.

Underwriters, with the same purpose in mind, have outlined a strict code of procedure for their staffs in handling the business and are seeking to limit individual investors to more than 300 shares each if possible. Widest obtainable provision is their policy.

Incidentally, the forthcoming offering of Ford Motor Co. stock will certainly not be affected adversely, to say the least, by the troubles that are currently having to find that possibly Chevrolei are not just holding up taxi cabs here in New York City, many are being replaced by Fords, Dueses and Plymouths.

Slow Month Indicated

Even while the Ford offering out of the way, January shapes up as a decidedly slow month in new issue prospects. January, one of the big retrenching months, naturally brings a rush of financing, but that is not the case this year.

The calendar, however, makes build up by a few quick registrations which would be available for offering toward the close of January, but even that is not indicated at this point.

The only competition for Ford next week will be the Buffalo, Burlington & Quincy Railroad’s 7/4 million of equipment trust certificates, and there is no way the company can interfere much with the general picture.

Textron-American

The following week will bring to market, unless there is a change in plans, Textron-American Inc.’s $30 million of debentures with a conversion privilege. This offering will be by the negotiated route and would include a preliminary offering to shareholders.

Northern Pacific has $5.5 million equipment trust certificates up for bids that week, while in the following week will be made with an issue of $225 million of new debentures which will be up for bids on Tuesday, Jan. 31.

Erie County Water Authority Plans $2 Million Bond Sale

First installment of $13 million improvement program. Authority increases water rates by 38%.

The Erie County Water Authority (New York) announced Jan. 4 that it plans to undertake a $120,000,000 improvement program to increase the water capacity. The authority also announced that effective Feb. 1, 1956, the water rates will be increased to $25 per thousand gallons, as opposed to the present rate of $12 per thousand gallons.

The improvements planned by the Authority will increase the present capacity at its Water treatment plant from 150 million gallons per day to 275 million gallons daily, and the construction of a new source of supply at Sturgeon Point with an initial capacity of 20 million gallons daily. The Authority expects that the improvement program will be completed by the end of 1956.

Lehman Brothers, financial advisors, have recommended that the financing of the program be accomplished over the next three years. In accordance with this recommendation the Authority expects to sell $3,000,000 bonds early in 1956.

DIVIDEND NOTICE

The Chase Manhattan Bank has declared a dividend of 67 1/2 per cent on the 12,000,000 shares of the capital stock of the Bank, payable February 15, 1956 to holders of record on February 1, 1956. The transfer books will not be closed in connection with the payment of this dividend.

KENNETH C. BELL
President
WASHINGTON, D.C.—While the new session of Congress has begun, the trend of pending legislation, present indications are that the session at first will remain more or less as business itself. This situation, of course, will make for a more or less feverish situation when, two or three months from now, the Congress will reach the stage where such major subjects as expanded road and postal programs, tax rate renewals, and other floor, or vote in committees. Time will be short this session. Because of the impending national political conventions, the Senate will aim for adjournment June 30, but probably will get away some time in July. Then, too, whole state delegations will withdraw themselves from the Capitol for a week or so at a time, fighting their way to the flylights. During their absence, both floor and committee action will be halved.

President Eisenhower's Annual Message, together with the 13-point legislative program offered by Senate Majority Leader Clark Gore, includes all the old spending programs as well as two or three new welfare programs, will be on the docket this session.

What is slowing down the legislative program is the lack of any certainty over whether President Eisenhower will count himself in the election of 1956. If the President announces for re-election, then the party will be motivated by differently aimed actions for an election re-election, as the case may be. If the President takes himself out of the race, then both parties will have to make their best guess as to what he thinks, vote on his name, and cut and tailor their legislative details accordingly.

Then, too, Congress always is slow and not always under way, and all too inevitably winds up delaying vital, or uncertain decisions until near summer.

Taxes Help Avoid New CCC Issue

Because of the swelling receipts of taxes from the boom economy, it was possible for the Administration to avoid issuing at this time at a block of some $800 millions of Commodity Credit Corp. certificates of interest. These are pool certificates based on farmers' notes given for CCC commodity price support.

Their effect is to transfer temporarily the burden of carrying commodity loans from the Treasury to those who take such notes, as banks and insurance companies.

It had been reported that the issue was being considered for the second time in 1955. However, on Dec. 29, CCC announced the issue would be deferred until later, that is, either in February or April.

Considering the present CCC, and any CCC pool certificates, which run around nine months, obviously would draw a high rate of interest. This not only hurts the Administration in the pocket book, but fuels the fire of the demagogues, who charge that this is a scheme to enrich the big money-bags.

However, it is said that at present the CCC is not certain of what volume of commodity loans it is likely to have to put in the CCC as of Oct. 1, end 1956. Since receipts are flowing in fast enough to keep the government in the red, the Administration's so-called temporary debt ceiling of $211 billion would be the decision could be postponed.

Congress Is Critical Of Defense Procurement

This is a key, and one little-looks at the possibility of a serious drive for economy in this direction. There is a firm bi-partisan feeling that the Defense Department should be forced to take measures to cut down waste.

In 1953, Congress adopted an amendment by Senator Joseph C. O'Mahoney (D., Wyo.), who, incidentally, is an outstanding "liberal." The amendment directs the Defense Department to issue regulations to bring about economy in the supply system which would eliminate duplications and overlapping. This amendment, in the opinion of the Hoover Commission, and others, would amount to a constant flow of Department of Defense orders which seem to collect like autumn leaves against an impractical barrier. The military departments, their supply systems appear less integrated and more independent than ever.

It was the opinion of the Hoover Commission that if the Defense Department integrated the present, obviously would tend to the end of the Hoover program. This is the belief that the Defense Department will plan, with a large number of Hoover Commission recommendations, whilst tackling against those which offer hope of substantial savings, such as the $1 billion purchase of common items of supply.

"Users as well as conservative sentiment may give Defense a run on this subject in the new year, for the problem of military spending being requested, the possible $1 billion from such economies will help to pay over-spending in other directions."

Farmers Home Works New Loan Deal

Farmers Home Administration, that raising government credit empire, has by regulation boosted the ever-potential risk to the Treasury against its existing contingent liability for that agency's loans. Under Farmers Home, farmers may get loans up to 10 years for many kinds of water facilities, for reforestation, for conserving their soil, or for building permanent pasture. They may get loans up to 40 years on mortgages for purchasing or improving farms.

With both classes of loans, the government both approves and collects the farmers' loans as though it were the lender, merely going to a bank or insurance company for the money by writing "endorsed" by the United States Government on the back of the farmers' notes.

Thus by law the Farmers Home clients must have been refused such credit from private lending institutions and the subsidized Farm Credit Administration agencies. Such marginal loans are thus elevated to the class of government-guaranteed paper.

To make doubly sure that the banks will be willing disbursing agents for these government-in-aided loans, Farmers Home enters into an agreement with the disbursing bank that any time after 10 years that the bank does not want to hold the lender's note, the government will take back the loan.

The new regulation shortens this repurchase period to five years. Thus it ever should work out that the "planners" could not in the face of continuing deficit financing, keep the lid on money rates and there a prolonged interest rate rise, much of this paper would, come to room and the Treasury would have to pay off.

Bench On Bank

There are pending before the Senate Banking Committee bills which would authorize national banks to underwrite and deal in municipal revenue bonds, the same as they may general obligation municipalities.

In view of the opposition of the Investment Bankers Association, these bills are not expected to get out of Committee. It is said to be doubtful whether they will even come up for a hearing.

Sticks To Fictional Compensation Theory

As usual, the daily press saw nothing in the report of the tax subcommittee of the Congressional Joint Committee on the Economic Report, other than what the subcommittee recommended.

That recommendation was that now is the time to reduce taxes, what with there being a boom floating around and pressures on prices. What the daily press did not appear to notice is that the Economic Committee sticks just as tenaciously to the "compensatory fiscal" theory as though the hard facts of fiscal life had never been learned by them or anyone else.

Under compensatory fiscal dogma, the government is supposed to offset the cost of increased spending to counter a depression, but it is supposed to raise taxes and cut spending to counter a boom and inflationary pressure.

What is it as its No. 1 religion, it would have been eagerly publishable if the Joint Committee had favored tax reduction for the Committee feels some obligation to appear sensible in a minor way.

However, the Committee avoided the issue of the fate of its dogma. There is no mention in the report that tax increase except perhaps in finance administration accounting.

The prospect of a balanced budget, in the main like the three balanced budgets of past is due primarily to fiscal accident. The accident is a boom of proportions not visualized by the planners.

This Administration did not budget and plan for a balance this time, but the balance will be the accidental consequence of other policies.

Furthermore, the balance will be so small—in terms of the bill—that it will be literally hairline in proportion.

The Joint Committee did not propose a prolonged effort at debt reduction in these times. That is because regardless of compensatory fiscal expenditures once undertaken by government government are then unadvised under practical political circumstances than a Congress can bring about the reversal of line.

[This column is intended to re- frame, or to obscure, or to interpret from the nation's Capital discussion, and may or may not coincide with the "Chronicle's" own views.]


Italy: A Photographic Survey—Documentation Centre, Presidency of the Council of Ministers, Eldon 3, Rome, Italy (paper), price in Italy 100 lire per copy.


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