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EDITORIAL

As We See It

The political merits of President Eisenhower's State of the Union Message we leave to others better qualified to pass judgment upon it. If, however, we are entitled even in an election year to expect of the President of the United States a candid, consistent, intelligent document worthy of the respect and confidence of the matriculate, this effort of the Chief Executive falls far short by any reasonable standard. Experience teaches that we must tolerate in such messages a good deal of ordinary buncombe in terms too general and vague to have much meaning. When, however, broad programs which obviously imply large additional expeditures in the years to come are coupled with soothing promises of balanced budgets or better during the interval prior to the time when such proposals begin to burden the Treasury the time has evidently come for some plain words.

We can not escape the conviction that this is precisely what President Eisenhower has done in this document. If details to be supplied later do not substantiate this judgment, some of the pressure groups now screaming for special favors could make out a good case for misrepresentation and dubious promises. Suppose we let the President tell his own story:

"A public office is, indeed, a public trust. None of its aspects is more demanding than the proper management of the public finances. I refer now not only to the indispensable virtues of plain honesty and trustworthiness but also to the prudent, effective and conscientious use of tax money. . . . Over the long-term a balanced budget is a sure index to thrifty management—

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Branch Banking and Banking Facilities

By JOHN RYAN
Associate Professor of Economics
Fordham University

Prof. Ryan examines the branch banking question with reference to banking facilities, and takes issue with the Comptroller of the Currency that "contrary to the popular belief that people residing in States where branch banking is prohibited are served by fewer banking units, the figures reveal they have proportionately more banking units to serve their needs." Says the Comptroller's analysis fails to take into consideration many factors which are germane to his conclusion. Holds State by State comparisons of the relation of population to banking units are invalid, and the only valid test to the adequacy of facilities is the number of square miles served by each banking unit.

In his Annual Report for 1954, the Comptroller of the Currency incorporated a study comparing the number and type of banking units in States permitting statewide branch banking, in States which permit limited area branch banking, and in States in which branch banking is prohibited.[1] In relating the comparison to the number of people served by each banking unit, he arrived at the conclusion that "contrary to the popular belief that people residing in States where branch banking is prohibited are served by fewer banking units, the figures reveal they have proportionately more banking units to serve their needs."[2] I do not concur with the conclusion and contend that "factual comments" on the basis of the Comptroller's analysis and figures may be somewhat misleading and that a somewhat more detailed analysis


John Ryan

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1 *Ninety Second Annual Report of the Comptroller of the Currency*, 1954, pp. 12-20.
2 *Ibid.*, p. 19.

No Reason for Federal Control of Consumer Credit

By THEODORE H. SILBERT*
President, Standard Factors Corporation

Mr. Silbert maintains consumer credit is not over-extended nor too easy and that Federal restraints, either direct or indirect, are not justified. Says auto, personal, and home appliance loan delinquency rates are lowest since World War II and stresses role of consumer credit in maintaining high level of production and employment. Attributes increased volume of consumer credit to sharp rise in number of middle-income families and contends, if anything, volume of such credit "could safely go much higher."

There is no topic which seems to arouse more interest today in financial circles than consumer credit. Financial experts in Washington, bankers in every city, and newspaper commentators have all impressed us with the gravity of the situation. The consumer, we are told, has gone in over his head. He has bought too much on credit, and the finance industry has aided him — we are told — by making credit purchases easier. We are now faced with various credit restraint devices, in order to hold back the consumer.


Theodore H. Silbert

I would like at this meeting to discuss this situation. From my own examination of the situation today, I find nothing which might be considered even mildly alarming. Consumer credit is not over-extended anywhere, and I plan to give you the facts so that you can judge for yourself. I think Washington has been unduly alarmist, and while I am a conservative, I see no point in ringing the fire alarm when there is not even a trace of smoke.

Let us just consider the delinquency rates on various types of consumer credit. These delinquency rates are our first indication of trouble. If customers are over-

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*An address by Mr. Silbert before the Los Angeles Finance Association, Los Angeles, Cal., Jan. 4, 1956.

ANNUAL REVIEW AND OUTLOOK ISSUE NEXT WEEK—The "Chronicle's" Annual Review and Outlook Issue will appear next week and, as in former years, will include personal views of Leaders in Industry, Trade and Finance on the outlook for their respective industries and the nation's economy in general during 1956.

The Security I Like Best

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

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

HERBERT E. GREENE
Manager, New York Office,
Coburn & Middlebrook, Inc.

General Crude Oil Company

Generally speaking, oil securities, with but a few exceptions, have not participated in the tremendous rise of the Dow-Jones Industrial Averages in the past two years of the present bull market. Substantial improvement in the industry has taken place since the summer of 1954, when refinery runs were excessive, inventories too high, and product prices were heavy. A good year is in prospect for 1956, probably 4% better than 1955, which in turn was about 8% better than 1954.

Herbert E. Greene

The market for oil securities follows a somewhat different pattern than that of the general market. The high grade oil shares such as Jersey, Gulf and Continental usually lead the pack as the industry emerges from a slump, followed by the other shares of smaller integrated companies. As conditions improve within the industry, interest in the shares of the smaller companies in the group develops. At this point, however, little or no attention is paid to the producing companies. As investor confidence is restored and more pronounced improvement in the oil industry becomes apparent, attention is finally turned to the shares of the strongest producing companies.

This pattern seldom varies and has not done so to date. It seems apparent to me that we are at that stage of the pattern which indicates a suitable time for investment in strong, growing, dynamic and well managed producing oil companies. From this group I have selected the shares of the General Crude Oil Company. Reasons for this choice are as follows:

(1) Record of successful performance.

(2) Income tax conscious.

(3) Able and frugal management.

(4) Strong financial position.

(5) Conservative accounting practices.

General Crude Oil was incorporated in Delaware as the Cranfill Reynolds Co. on July 18, 1929, as a result of a merger of several producing oil companies. Present title was adopted on Dec. 26, 1933.

At the beginning of 1955 properties under lease consisted of 455,938 acres, upon which were 398 producing wells located principally in Texas with smaller blocks of acreage in Louisiana, Arkansas, Oklahoma, New Mexico, Illinois and Colorado.

This company is in the business of finding oil. It is primarily an exploration company committed to large-scale operations in the search for oil. It has been immensely successful in accomplishing its purpose as evidenced by discoveries in the following fields:

The company in recent years has been committed to a policy of leasing large blocks of acreage to prove up and develop for its own account. This policy is in contrast to that of many other oil companies which prefer to checkerboard their holdings or lease limited amounts of acreage in or near new fields, thus taking advantage of the successful wildcatting of others.

General Crude until recently concentrated its efforts in East Texas but when the trend to deeper drilling turned to West Texas, the company was fortunate in developing large amounts of productive acreage in Kent, Fisher, Nolan and Stonewall Counties. The Kent County acreage was principally the Jones Ranch on which acreage the enormous Salt Creek field was discovered by General Crude. This field is estimated to have in excess of 450 million barrels of oil in place. General Crude is the major owner and operator of this unitized field. General Crude's primary and secondary reserve in this field alone are reliably estimated at nearly 150 million barrels.

Other Activities and Developments

In 1953 the company drilled in 11 counties in Texas, and one Parish in Louisiana. The company also acquired 3,200 additional acres of the Jones Ranch in Salt Creek area and 4,000 acres in the Clairmont vicinity, plus 78,000 acres in Cottle, Motley, King and Dickens Counties. This latter track is part of the famous Swenson SRS Ranch of West Texas.

The company has 16 wells in the great Kelly Snyder field.

During 1954 unitization of 2,600 acres of producing leases in Hardin County was completed and the Nona Mills Field Unit made effective with General Crude the operator with a 40% interest in the Unit. A compressor station was installed in January, 1955 and the first gas injection well was put into operation. Results of repressuring at Salt Creek have been favorable.

In 1954 the company drilled 58 net wells out of a total of 80 in which it participated. Net results were 24 oil wells, three gas wells, and 31 dry holes. Crude Oil production in 1954 was 3,780,000 in 1954, about the same as in the previous year.

Recent Field Discoveries

Name	Location	Year
Round Top	Fisher County, Texas	1947-48
Damon Mound	Brazoria County, Texas	1948
East Holmwood	Calcasien Parish, Louisiana	1948
Kelly Snyder	Sourry County, Texas	1949*
Hull Field	Liberty County, Texas	1949
Kountze	Hardin County, Texas	1950
Nona Mills	Hardin County, Texas	1950
Clairmont	Kent County, Texas	1950
Salt Creek	Kent County, Texas	1950
Claytonville	Fisher County, Texas	1952
So. of Eperson Dome	Liberty County, Texas	1952
Raywood Field	Liberty County, Texas	1952

*Participated.

The Joseph A. Kornfelt Report

In order to get as accurate a picture as possible of the oil and gas reserves of General Crude Oil Company, Coburn and Middlebrook, Inc. employed Mr. Joseph A. Kornfelt, an independent and highly regarded petroleum geologist and engineer, who was also one of the editors of "Oil and Gas Journal," to make a field survey of General Crude's producing properties. Much of the information pertaining to every oil field in Texas is on file with at least one of the State's agencies. The report which Mr. Kornfelt submitted is the end result of his many calculations and the breakdown of his estimates of General Crude's oil reserves in each field in round figures is as follows:

Percentage of Field	No. of Barrels
Eperson Dome, 81%	21,000,000
Eperson South, 81%	15,000,000
Kirby, Middle Yegua, 87½%	1,800,000
Nona Mills, 24%	4,500,000
Round Top, 22%	19,000,000
Claytonville, 39%	21,000,000
Salt Creek, 47%	148,000,000
Kelly Snyder, 1%	14,000,000

NOTE: Secondary reserves counted but which may be unitized at some future date.

The above figures total 244 million barrels and if to this figure is added the minor Louisiana production and condensates from the gas fields, such as Raywood, Eperson South and East Holmwood, the total reserves will run over 250 million barrels.

In addition to the above, company has an estimated half trillion cubic feet of natural gas which, when Raywood field is finally developed and gauged, might run above a trillion cubic feet. These figures when translated to dollars make the value of General Crude Oil Company very large and emphasizes the ridiculously low price at which its common stock is selling in today's market.

If the low figure of 75 cents per barrel and 5 cents per mcf. of gas is used, the value of General Crude Oil Company's oil is $170 million and $25 million for the gas ore, a total of $195 million which is over $100 per share on the outstanding common stock.

With the management of this company in the hands of wealthy Pew family (Sun Oil Co.) through ownership of approximately 70% of the capital stock through Minerals Development Company (plus individual holdings) minority shareholders are sure that their property is in good hands and that large profits should accrue to them over a period of years. This stock is especially adapted to investors who are satisfied with

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Don't Expect Fast and Fabulous Market Gains in Ford Stock!

By HENRY FORD II*
President, Ford Motor Company

Company's President, before prospective stock offering, warns against indulging in wishful thinking about chances for fast gains. Emphasizes, while management has "fair fix" on the business, it is subject to common risks and competitive hazards

I am glad to have this opportunity to take part in the prelude to an event of no small importance in the 53-year history of Ford Motor Company.

Henry Ford, II

As I understand it, my colleagues and I are here to answer questions which you may ask as a consequence of your study of the Ford Motor Company preliminary registration statement, filed with the Securities and Exchange Commission just over two weeks ago.

At the outset, I should tell you that we take a considerable amount of pride in the facts and figures revealed in the prospectus. We believe they tell a rather exciting story of the progress that can be accomplished under free competition through skilled research and engineering, imaginative styling and design, modern plants and equipment, efficient cost accounting, hard selling, progressive labor relations, and, most important of all, a good management team.

The financial presentation in the prospectus indicates how the past 10 years of Ford Motor Company's progress has paid off in profits. This is a specific in which I understand you gentlemen have a particular interest.

These financial facts testify quite clearly, it seems to me, that Ford Motor Company is a sound company, a profitable company, a growing company and—thanks to Ernest R. Breech and our colleagues—a company which management has built well for the future.

At the beginning of my remarks, I characterized this meeting as the prelude to an event of "no small importance" in the history of Ford Motor Company.

That understatement was deliberate — because it seems to me that there has been a certain amount of overstatement about the potential value of Ford stock. Of course, this would not be so if everyone had read—and carefully read—the prospectus. All of the facts are there. But I think some people are indulging in wishful thinking about their chances for fast and fabulous financial gains. After considering the mail I have received, reading press accounts and listening to the opinions of informed persons, I am concerned about the evidence in some areas of a naïve belief in industrial miracles.

We at Ford Motor Company are business men and not miracle men. Our business is subject to the same risks and hazards as others who have stakes in the automotive industry. We are operating an automobile company against the stiffest kind of competition.

There has been a lot of talk about the size of the automobile and truck market in 1956. There have been predictions and speculations on the part of various individuals. I think we have a pretty fair fix on this business, but I have no hesitancy in admitting right now that I do not know how many cars and trucks Ford Motor Company—or the industry — will produce this year. Of one thing I am certain: 1955 was the best year, measured by any yardstick, in the history of Ford Motor Company and the automobile industry. Of a second thing I, personally, am reasonably sure: 1956 will not be as good a year as 1955.

It is my personal belief that we will have a good year in '56—but I don't know for sure and I don't think any of my colleagues do either.

To the bulls in the audience, I probably sound too bearish. The bears may think I am not bearish enough. Actually, I am not speaking for either point of view. I am simply discharging what I consider to be a deep, personal obligation.

I hope, of course, that ownership in the company will be shared by great numbers of people as a result of this proposed stock offering. I believe in the future of our country, the long-term growth of our industry, and Ford Motor Company's ability to participate in that growth. Nevertheless, I consider it my duty to say a word of caution and to hope that you will consider my views in your discussions with prospective investors, particularly the small investor and the new investor.

Officially, this is our "due diligence" meeting today. However, it is my firm conviction that none of us will have exercised "due diligegnce" unless, in the weeks ahead, we make certain that potential investors in Ford stock have the realistic picture shown by the prospectus not only of our prospects for future profits and growth, but also of the risks involved.

This, it seems to me, is our joint responsibiltiy to the public.

*Remarks by Mr. Ford at a "due diligence" meeting of underwriters handling the proposed sale of Ford Motor Company stock by the Ford Foundation, Hotel Commodore New York City, Jan. 9, 1956.

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The Outlook for Business

By HARRY A. BULLIS*
Chairman of the Board, General Mills, Inc.

Prominent business leader contends that while output in 1956 will be $10-$15 billion more than last year, the volume of consumer buying power will not increase proportionately due to workers' earnings not increasing as fast as last year and a reduced rate of indebtedness. Says gap between predicted faster rising output and slower rising purchasing power can be closed by reducing taxes at the proper time. Mr. Bullis discerns unanimity of agreement on the goal of prosperity by both major political parties and sincere concern for the farm problem. Points out that American business has never been better at any time and that it can best be sustained not by inflation but by bold, sound economic stimulants.

The future of the American economy depends first of all upon certain facts, but it is also related to one's point of view.

Harry A. Bullis

Over in Moscow, they hope that 1953 will be the year of the great American depression. They believe a shattering business panic here is inevitable. Stalin didn't live long enough to see it. His successors are as confident as ever that it will come to pass. They view the American economy as a gasoline engine, its tank just emptied, but spinning madly on in a last burst of speed before it chugs to a halt.

Here in America, as we survey the business scene, we are reminded that this is a political year. Before 1956 is out, we will elect—perhaps I should say that we may re-elect—a President of the United States. We will pass upon the entire membership of the House of Representatives. A good third of the U. S. Senate will risk its political future.

There is one platform that both political parties are agreed upon. They are in favor of prosperity. For the party in power it may be called **continued** prosperity. For the outs, it may be called **genuine** prosperity. And for both it is sincere concern for the sick member of the moment in our economic family—the American farmer. But agreed they are that the United States shall and must have **prosperity.**

*An address by Mr. Bullis before the Des Moines Chamber of Commerce, Des Moines, Iowa, Jan. 5, 1956.

So here we have the picture—the Kremlin hang-dogging under its domes, wishing the worst; the political drums beating out the Presidential election year; all parties agreed on prosperity—and the state of American business GOOD—IN FACT, NEVER BETTER AT ANY TIME IN THE HISTORY OF THESE UNITED STATES.

How Good Are We?

Just how good business is today, is hardly appreciated. Consider with me that our Gross National Product—the production of all goods and services in this country—is nearing the rate of $400 billion per year.

Just before the war the annual rate was $100 billion.

In other words, we are doing four times what we did in 1940!

To be sure, we must allow for the lessened purchasing power of the dollar compared with the prewar years. But after this allowance, the rate is fabulous.

Now all this logically leads to a basic question. How much further can this thing go? Is it possible to sustain this pace? Can we keep our economic footpedal pressed down to the floorboards? Can we race our engine as we are —and possibly get still more speed and mileage?

The United States businessman has already expressed himself on this question. His answer is a resounding "yes". But he did not reply just that way. In fact, he has **acted** an affirmative in the form of commitments for capital goods expenditures during the year 1956. These expenditures cover the cost of new plants and equipment, in other words the creation of new means of production by which we can push higher our flow of goods and services that contribute to a higher standard of living for all Americans. The known total of all planned capital expenditures for 1956 is $33.4 billion. This is 13% more than the $29.4 billion invested by industry in capital goods during the past year. We all know that this supplies jobs. Consider that the Bell System alone will spend two billion dollars for new plant facilities.

Other major expenditures are planned by iron and steel, light metals, autos, chemicals, paper, rubber and synthetic fabrics.

So looking at the economic picture through the American brand of eyeglass, we can say that beginning with the politicians, right down through the businessman, and for that matter including the man on the street—the future looks good. It looks good because THE NATION IS DETERMINED TO WORK AND INVEST TO MAKE IT GOOD. I think that is an important point to remember. A heavy volume economy doesn't just happen—it is created as the result of the joint actions of millions of human beings who invent, create, invest, manage and govern so that it shall be that way.

Now, since we have practically attained a $400 billion Gross National Product, where do we go from here?

The Job Ahead

At this moment, our major concern is to keep a balance between the expanding growth in output and our ability to finance all the producing machines and the consumers of all the end products they turn out. Fortunately, our Government's fiscal condition is sound with the budget presently indicating a cash surplus. Therefore our basic problem is to keep the output of our gigantic machine in which business has invested, such as houses and their equipment, appliances, radios, TVs, and automobiles—the things that make American life good—moving into consumer hands. The list includes food, clothing, tobacco, oil products, rubber tires, and other products destined for consumer dollars and which consumers need. What then is the job ahead?

We know that our national productivity grows at the rate of almost 4% a year. Better techniques in management and production, a more highly skilled labor supply, greater efficiency in farming and coal mining, plus increase in population, are the forces behind this growth. Also our labor supply of about 800,000 a year is an addition of one per cent to our production potential. Improved technology, so strikingly observable on any Iowa farm, adds about 3% more per

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The State of Trade and Industry

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

A noticeable decline occurred in total industrial production in the period ended on Wednesday of last week, with total output falling somewhat under the level of the like week a year ago.

There were considerable cuts in output in the automotive, construction and lumber industries. For the same period, inventories of copper, lead and zinc showed a moderate decline. Despite recent reductions in their production, automotive producers continued their steel ordering at a high rate.

Increased new orders for steel were received from the shipbuilding, freight car and construction industries.

December employment, according to the United States Departments of Commerce and Labor, was 2,500,000 higher than ever before for that month. The unemployment total of a little over 2,400,000 was about the same as in November.

Actually, the number of jobholders dropped 600,000 to an estimated 64,200,000 between November and December, but this was in line with the usual trend for the time of the year, the joint report noted.

In December, 1954, unemployment stood at 2,800,000 and employment at 60,700,000.

Total non-farm employment in December, the government added, continued to rise, reaching a record 58,300,000. This topped the previous record high reached last August, officials said. Employes on non-agricultural payrolls—which doesn't count self-employed, domestic and unpaid workers in family businesses—rose seasonally by 500,000 to hit an unprecedented 51,200,000.

In a separate report, the United States Department of Labor's Bureau of Employment Security said initial claims for unemployment compensation benefits rose by 48,200 to 328,000 in the week ended Dec. 31. Some 32 states reported the upturn, which the government attributed to post-Christmas cutbacks in a variety of industries, widespread plant shutdowns for inventory taking and further seasonal layoffs in the textile, apparel, food and construction businesses. First claims a year ago totaled 399,099.

In the week ended Dec. 24, the total of workers drawing state jobless pay rose by 75,900 to 1,144,500. The year-ago total was 1,684,047.

Consumer instalment buying continued upward last November, but for the first time in 1955 credit auto purchases weren't the main cause, the "Federal Reserve Board" reported.

The board noted outstanding auto credit rose only $77,000,000 while the "dominant element" in November's increase was a $140,000,000 rise in instalment credit extended on other consumer goods such as refrigerators, ranges and appliances.

During November, 1954, other consumer goods credit outstanding rose only $74,000,000. Outstanding auto paper, however, dropped $44,000,000 in November, 1954.

Auto instalment buying had been the main force behind the $5,000,000,000 increase in instalment credit outstanding during 1955. November's increase in auto credit was the smallest since January, 1955.

It said outstanding consumer instalment credit rose $284,000,000 during November to an estimated $27,200,000,000 at the end of the month. This compared with a $62,000,000 increase during the like month of 1954, when outstanding instalment credit totaled $22,000,000,000 at the end of the month. In November, 1953, outstanding credit increased $141,000,000.

November's report also indicated the sharp upsurge in instalment buying, which had been a prime source of concern among many Federal officials, was tapering off. The $284,000,000 rise during the month was only slightly larger than the $264,000,000 increase during October. These increases were about half the average monthly increase since the early spring of 1955.

Though the increases in consumer instalment credit and auto credit outstanding were relatively small compared with previous months during 1955, both totals established new highs. November was the tenth straight month consumer instalment credit reached a record level and the eleventh straight month auto credit outstanding hit a new high.

In the automotive industry the year 1955 saw 7,942,983 new cars produced in the United States, "Ward's Automotive Reports" stated on Friday last. It marked the most prolific year in automobile history, even though falling short of the sought-for 8,000,000 goal by 57,017 units, or a scant 0.7%.

The 1955 total, "Ward's" said, outranked 1950's car-making spree of 6,672,193 units—previously the best in history—by 1,270,790 units, or 19.0%. It bettered 1954 by 5,509,550 units or 44.2% and 1953 by 6,134,534 units or 29.5%.

Combined car and truck production also established a new mark in 1955, the statistical agency reported. The addition of 1,245,584 trucks to the automobile count provided a grand total of 9,188,567 vehicles. The 8,016,633 units compiled in 1950 was the former top turnout but it was surpassed in 1955 by 14.6%.

Across the border, Canada, too, enjoyed its greatest automobile harvest. The country's car yield ran to 377,665 units in 1955, or 3.0% more than 1953's previous peak of 366,535 units. Thus United States and Canadian manufacturers combined to build 8,320,648 cars in 1955, stated "Ward's," as well as a grand car-truck total of 9,641,402 units.

The staggering 1955 showing, however, may well have its effect on 1956. Last week, for instance, even though most United States companies prepared to increase output over the slowed-down pace of the preceding two holiday weeks, boosts were minimal.

With American Motors programming 3,500 cars the past week as against 2,809 cars in the prior week and Studebaker-Packard scheduling 4,132 cars against 3,918 cars the week before, United

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Observations . . .

By A. WILFRED MAY

BIDDING (!) FAREWELL TO SOME BULL MARKET ILLUSIONS

As a final farewell to the old year, let us take stock of more of the illusions that ran rife in the investment community. Since most of them (as the stock split discussed last week) had a pre-1955 genesis, a resolution to turn over a new leaf for the long-term future is particularly appropriate.


A. Wilfred May

That "The" Market Illusion

Number One is that "the bull market" in 1955 did this or that. Actually:—individual stocks, as always, did this *and* that; there being no such thing as *the* market.

Not even did the averages in the different segments of the market show uniformity in their respective degrees of bullishness. Whereas the Dow Jones 30 Industrials rose by 20.77%, the 20 railroads advanced by only 11.95%, and the 15 utilities by a meager 14.98%.

Midst the overall bull market, as reflected in a rise of 25% in Standard and Poor's Index of 420 Industrial Stocks, many issues surely gave their agonized holders occasion to ask "*What* bull market?"

Of the 1,016 issues listed on the New York Stock Exchange, 277 declined and 12 ended unchanged. The 20% advance registered by the Dow Jones Average of 30 industrial issues was attained by only 315 stocks, this representing less than one-third of the listed common issues.*

Following are some of the substantial mid-Bull Market declines suffered by individual issues:

Amerada down 19% (vs. 38% rise in Standard Oil, N. J.); Admiral 23%; American Motors 27%; City Investing 23%; Dome Mines 22%; Goebel 36%; Pfeiffer Brewing 42%; Phoenix Hosiery 24%; Servel 28%; Alexander Smith 28% (vs. 46% rise in Mohawk); Standard Brands 28%; Spear & Co. 44%; Studebaker Packer 26% (vs. 42% rise in General Motors); Schenley 20% (vs. a 6% rise in Walker); Ward Baking 35% (vs. a 31% rise in Continental Baking); Westinghouse 25% (vs. a 23% rise in General Electric).

Declines were registered by various industry groups, as follows:**

Fertilizer 14%; air conditioning 11%; dairy 9%; biscuit 7%; brewery 7%; movie 7%; gold 6%; soap 6%; variety chains 1%.

Divergence likewise extended to the market action of individual issues *within* industries. For example, we find that in building material nine issues advanced, and eight declined; in instalment financing four rose and six fell; in radio-TV six advanced and ten declined; among the textiles eight issues rose, ten falling, etc.

Rationalizing Through Comparison

Another illusion getting a stiff revival in 1955's bull market was what I would call *justification-of-price-through-comparison.* If it is suggested that X stock is too high, the comforting rebuttal is made that it is cheaper than Y and Z. Conversely, midst a bear market X stock, irrespective of its demonstrated outstanding value, is not bought because issues Y and Z are kicking around just as cheap. The crucial fact is shunned that the Y's and Z's in the bull market may well also be over-priced, and in a bear market under-priced.

Inflation Fear (or Hope)

Illusory may it not be that common stocks should be purchased now, after the 2-year doubling of the averages, as a hedge against *inflation?* If not illusion, this bull argument at least represents over-simplification. The inflation-hedger of 1921 had to wait 25 years and the occurrence of another World War to see the price level get back up to its starting level. By 1932 it had fallen by 68 per cent.

That Baby Blessing

Another bull market rationalization again popular in 1955—*after* the substantial market rise—is concerned with population growth (a "City of Buffalo is born every 36 hours" example); although the logic of calculating an impact of population on security value factors is far from clear. Actually, the active baby-producing business did not forestall bear markets of the past—and in the next depression, will the flood of infants perhaps be cited as unwelcome future additions to the army of unemployed?

During bull markets certain special supporting concepts customarily arise, which during succeeding dog days turn out to have been illusions. Perhaps this will be the case with the now popular device of including the dollar worth of a company's *oil-in-the-ground* in the calculation of its common stock's value; and of citing *cash-flow* as a proper addendum to the reported net income.

Illusion of the Month Club Item

Most widely held right now is much of the public's—particularly the virgin stock buyers'—apparent belief that the prospective offering of Ford Motor stock is giving them the opportunity to get in on a ground floor—sure speculation — as did Grandpa Henry's partner Malcolmson with his $28,000 stake back in 1902. This despite the present Mr. Ford's statesmanlike clarification to the contrary and his vigorous warnings against public expectations of miracles. As a matter of fact, in a resumption of bullish market atmosphere, the public is likely to re-adopt its obtuse habit of fastening extra bullishness onto such kind of warning — as with its frequent escape from statistical realities to the mirage of great "hidden" earnings.

(There are good sound reasons for buying the Ford stock, at a fair price and based on realistic expectations of the future, not on nostalgic hindsight.)

*As compiled by H. Hentz & Co.

**Constituting average decline point-wise, calculated by Harold Clayton of Hemphill Noyes & Co.

H. J. Jensen Joins Bache in Chicago

(Special to THE FINANCIAL CHRONICLE)

CHICAGO, Ill.—Henry J. Jensen has joined Bache & Co., 135 South La Salle Street. Mr. Jensen was formerly Manager of the municipal department of the Chicago office of Eastman, Dillon & Co. and prior thereto was with Dempsey & Co. and Blair & Co., Incorporated.

Looking Ahead to 1965

By SOLOMON FABRICANT*

Director of Research, National Bureau of Economic Research

Dr. Fabricant poses questions to be considered in speculating regarding the future, and then discusses such matters as: (1) the growth in real income per capita; (2) the increased productivity per capita; (3) the rate of population growth, and (4) other factors which affect economic progress. Foresees no likelihood of a serious depression in next decade, but points out all fluctuations are not likely to be eliminated, and it is the nature of a progressive economy to exhibit instability.

When we look 10 years ahead and speculate about the future, certain questions come quickly to our minds. Will the Cold War heat up? Will the trend of real income per capita continue upward at the historical rate? Will we see any serious depressions? Will prices remain at present levels? What volume of savings will be generated?


Dr. S. Fabricant

These are crucial questions; they merit serious consideration. Let me claim immediately, however, that in this meeting I am entitled to exclude the possibility of a hot war. Like most of us here I shall simply assume continuation of the Cold War, with something like the present volume of resources continuing to be diverted to defense. I know further—I need not assume — that being reasonable and experienced men, you will not expect nor would you accept categorical answers to the other questions. We all recognize that what we are trying to do is to weigh the respective probabilities of the alternative futures before us—the various possibilities that every thinking person wonders about when he lifts his head above his daily routine and looks off into the distance.

*An address by Dr. Fabricant at the Life Insurance Association of America Symposium, New York City, Dec. 15, 1955.

Growth of Real Income

First, then, the outlook for growth in real income per capita.

At a meeting I attended recently, someone commented on the frequency with which our people move from one place to another and the restlessness this seemed to indicate. I think it better to say that the mobility of the American people reflects their interest in improving their economic position. Our people have revealed this interest in many ways: not only by moving from one place to another, but also by constantly improving their knowledge and skills and increasing their tangible capital, by seeking new and better jobs and business opportunities, by cutting human and other costs at home and in industry, by developing new methods and products and improving old. Our economic system permits and encourages, and when necessary forces, such enterprise. It is the source of our past economic progress and I think it will continue despite the obstacles that crop up to interfere with it. New obstacles do appear, but, also, old obstacles wither away or are uprooted. We may reasonably expect productivity to move along a rising trend.

It is not, of course, a fixed or inevitable trend. It will rise more rapidly the more we encourage enterprise. If, out of ignorance or shortsightedness, we raise obstacles, it will rise less rapidly.

Our experience leads us to expect, also, that not all of this increase in productivity will go into more leisure—or idleness—for ourselves or our families. Product per capita also will continue to rise. Population is going up; therefore total product—Gross National Product — will rise still faster.

Some people might ask for specific projections. It would be easy enough to provide these. There is the population increase of 25 million projected by the Census Bureau for the next 10 years, which would bring population up to a level of 190 million. There is, also, the projection by the staff of the Joint Committee on the Economic Report of an increase in Gross National Product over the next 10 years, an increase of $145 billion at present purchasing power. With the current year's figure coming to about $390 billion, this would mean $535 billion of Gross National Product by 1965. And along with it, 1965 would—on this projection—see something like $380 billion of total disposable personal income. That is, the purchasing power of our people, less income taxes, would be more than $100 billion above the current 1955 level of about $270 billion. If things keep on going as well, our grand-children will have to accustom themselves to speaking in terms of trillions of dollars of national product and income!

The Joint Committee staff considers its projection of $535 billion of Gross National Product a reasonable expectation for 1965. However, when we speculate about the future, candor, not to mention caution, requires that we pose a number of possibilities. If you should ask for figures, therefore, I would want to give you more than one. Alongside the $535 billion of Gross National product offered by the Joint Committee staff as its main projection for 1965 I would put a couple of other figures.

One of these I would take from the report of the Joint Committee staff itself. You will recall that their projection is based on assumptions mainly concerning

Continued on page 30

Textile Industry's Economic Outlook Highly Attractive

By JACKSON E. SPEARS*

Executive Vice-President, Burlington Industries, Inc.

Prominent textile official sees his industry on the threshold of inadequate capacity instead of a characteristic chronic state of over-production, providing reasonable import quotas are obtained. Additional 2 billion fabric yards conservatively indicated for 1965 at present rate of per capita consumption and 10% more in an expanding economy. Mr. Spears says another 1942-type of national crisis would find insufficient capacity requiring immediate rationing. Factors favorably influencing demand cited as: (1) population growth; (2) expanding economy; (3) new yarn and blend uses; (4) aggressive merchandising techniques, and (5) suburbanization needs. In forecastiing additional mergers, Mr. Spears holds there is an economic need for textile giants but views this as no deterrent to present competitors or to newcomers.

I would like to emphasize at the very beginning that in any kind of forecast there is always at least one important factor overlooked — simply because we don't know what it is. Something of major consequence not now known is bound to come up and nullify our attempt to unveil the obscurity of the future.

Jackson Spears

To give you some idea of the scope of my subject, I would like to outline briefly what my remarks will encompass:

(1) What are the likely prospects of the domestic demand and supply picture during the next decade—and what effect will competition from world production have on this relationship.

(2) What is the eventual share in the textile market of each class of fiber.

(3) What is likely to transpire with respect to mill margins.

(4) What is the significance of the recent merger trend.

(5) What will be the effect of further suburbanization of population and increased leisure hours.

(6) What about regional trends of mill locations.

(7) What will be the world trend in textile production and distribution patterns.

Obviously, it will only be possible to touch lightly upon so broad a subject; and statistical data offered in support of conclusions must be limited.

*An address by Mr. Spears at the Business Administration Center of New School of Social Research, New York City, Dec. 8, 1955.

Supply-Demand Conditions

Conditions of supply will obviously be determined by machinery in place viewed both quantitatively and qualitatively. Domestic supply will also be affected by rate of imports—and I will come back to this a little later.

Demand will be determined by population growth, age group trends, increases in man-hour output, increases in the number of wage earners, expanding economy, etc.

A determination of the industry's productive capacity requires some historical review.

Up until the time of the first world war, the textile industry was a one-shift industry. The number of hours per week in a one-shift industry was determined by the needs, the laws and the practices of the time and locality. During the first world war the practice developed of operating cotton mills on a two-shift basis—where necessary labor was available. When Department of Census figures were set up, an 80-hour week was considered 100% of capacity. By 1933 about 12% of the total looms were operated on a three-shift basis. This trend was halted by N.R.A. codes but resumed in 1936 at the end of N.R.A. By World War II the third shift, or around-the-clock operations, had become an actuality for most of the textile industry although Department of Census figures still use an 80-hour week for reporting operations as a per cent of capacity. It was this increase in equipment usage that made it possible for the textile industry to meet the combined needs of military and civilian consumption.

At the commencement of 1955 there were 22,564,000 cotton system spindles in place. In 1921, thirty-four years earlier, there were 36,000,000 cotton system spindles in place. Thus, during the period of the most dynamic growth of industrial plant in the history of this country cotton system spindles in place declined by 36%.

Coming to a somewhat more recent period, the highest annual production ever obtained in cotton goods was in 1942 when miracles were performed to meet war necessities. That year we produced 11,200,000,000 yards of cotton cloth. Mills ran at absolute capacity with an occasional Sunday thrown in. Since then 1,910,000 cotton system spindles have been dismantled which means a reduction in spinning capacity of about 8%. Looms operating on both cotton and synthetics (taken together because many looms shift back and forth between cotton and man-made fibers) have declined from 522,000 in 1942 to 480,000 now. This is also a decline of about 8%.

Cotton spindles are currently operating at about 145% of capacity (remember that "capacity" is figured at 80-hours per week); and here it should be noted that the all-time high in rate of operation was in February of 1951 at which time cotton spindle activity was 152.4% of capacity. Looms are currently operating at about 123 hours per week, which is slightly more than five days, three shifts.

1965 Production

Looking ahead to 1965 the probable increase in population is likely to be 25,000,000 to bring the total population to 190,000,000. This is 15% over the present 165,000,000. Assuming the same per capita consumption, this would indicate a need for about 2,000,000,000 yards more fabric than current production. To put it another way, this means a need to increase production by 15% during the next decade.

It should be noted that this estimate of further requirements makes no allowance for any expansion of the economy with a concurrent increase in consumption ability.

There is not now sufficient productive equipment in place to meet such needs — unless unrestricted importations are permitted.

These are, of course, simply broad over-all figures. They are even more impressive in certain specific areas such as the woolen and worsted industry. Woolen spindles in place have declined from 1,684,000 in 1940 to 900,000 today. Worsted spindles in the same period have declined from 2,036,000 to 1,000,000. Woolen and worsted looms in place have dropped from 41,430 in 1940 to 26,800 today.

Insufficient Capacity

I would like to point out right here that if we ever again face an urgent national crisis such as confronted us in 1942, the textile industry no longer has the capacity to meet the demands that would be made of it. Rationing of clothing and textiles would have to be instituted immediately at the commencement of such an emergency.

The prospect for an increase in productive machinery will be determined by two factors. One, return on investment in the textile industry as related to other industries and two, the financial market's appraisal of textile machinery values.

As to the former, figures recently prepared by the National Industrial Conference Board show that the earnings after taxes, but before preferred dividends, as a percent to invested capital including borrowed money for all industries was 8.8% during 1954-55. Of five major and basic industries "textile mill products" stood at the foot of the ladder with a percentage return of 2.5.

As to the second point, textile common stocks characteristically sell at less than their stated book values.

It is obvious then that risk capital will not be allocated to the purchase of new textile machinery except as a matter of replacement, modernization, etc. The simple fact is that if you want to become the owner of a mill it is less costly to buy an existing company than it is to buy land, put up buildings and install machinery. So long as this continues to be true the total machinery in place for the spinning of yarns and weaving of fabrics will remain at or about its present level.

Probable consumption figures require a further word.

To the increase in population must be added an increase in the general par capita consumption capacity if we assume a continuation of the present rate of our economic growth. Such an additional increase derives chiefly from shifts in age groups and from higher per capita income as a result of the increase of productivity per man-hour (a general rise in the well-being of the individual). The largest population increase in the next decade will be in the teen-age group which is the group that becomes most dynamically an important user of textile products. Also there must be considered the prospect of a continuing increase in the industrial output which will require additional industrial fabrics.

Per capita consumption of all textile fibers in pounds from 1925 to 1929 was 27.3. This figure had risen to 36.1 in the 1950-54 period. By 1965 textile consumption ought to be 40 lbs. per person per year. This is arrived at by assuming a potential 10% increase in per capita consumption.

If this estimate is realizable, production requirements for 1965 would be 26.5% over current levels instead of the 15% I mentioned earlier.

Technological Influence

Another factor influencing the textile demand will be technological—such as new yarns and new blends.

The effect of the introduction of these blends and increasing familiarity on the part of mills and garment manufacturers with techniques for their use will certainly increase demand. This is true in the apparel trades because consumer appetites are whetted by new effects; and consumption rises with increased desirability due to more accurate achievement of performance characteristics for the intended end use. In addition, of course, there are likely to be many new end uses in the industrial field.

This development of blends in the textile industry is of great significance. We used to be a silk, a wool and a cotton industry. Then man-made fibers came into being—and now blends. Our position today parallels that of the metallurgical industry when alloys were first discovered.

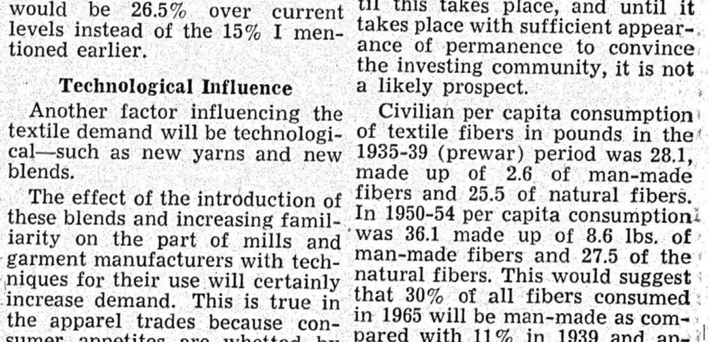
Merchandising Techniques

Another factor that could have an important effect on demand is the possibility of application of more aggressive merchandising techniques. In the textile industry we like to point with pride to our merchandising abilities and frequently refer to ourselves as being great merchants merely because we are in the textile industry. Parenthetically, I might observe that one claim to fame we have as merchants is that we are the only major industry in the country able to operate pretty much at capacity and still barely break even.

That there is much room for improvement in the textile industry's procurement of its share of the consumer dollar is shown by U. S. Department of Commerce figures. In 1929, 11.9 cents of each consumer dollar was expended on clothing and shoes. This figure was 9.5 cents in 1951 and 8.4 cents in 1954. Of course, we readily admit that the textile industry is giving the consumer greater values, and this accounts, in part, for the declining trend. On the other hand, it is certainly possible that by improving merchandising techniques we can arrest the downward trend and perhaps regain our former relative position.

To summarize this demand-supply picture, it seems apparent that the textile industry so long known as an industry of vast capacity for over-production may be standing upon the threshold of inability to supply the needs of the market—depending on the rate of importations. Of course, substantial improvement in earnings of textile companies could attract capital into the construction of additional plants which could change this picture radically and quickly. Until this takes place, and until it takes place with sufficient appearance of permanence to convince the investing community, it is not a likely prospect.

Civilian per capita consumption of textile fibers in pounds in the 1935-39 (prewar) period was 28.1, made up of 2.6 of man-made fibers and 25.5 of natural fibers. In 1950-54 per capita consumption was 36.1 made up of 8.6 lbs. of man-made fibers and 27.5 of the natural fibers. This would suggest that 30% of all fibers consumed in 1965 will be man-made as compared with 11% in 1939 and approximately 24% at present. By citing these figures, I certainly do not mean to encourage the so-called battle of fibers—because I sincerely believe we are now in a multi-fiber business. Although cotton will continue to occupy a dominant position, if our labor force can be occupied at something more profitable and pleasant than hoeing cotton, I see no objection. Of course, technological improvements in the growth and harvesting of cotton could make a difference in these estimates. On the other hand, the development of dynamic leadership in the man-made fiber producing industry,



now sadly lacking, could also have far-reaching effects.

Mill Margins

I wish I could give you an accurate estimate of what mill margins are likely to be during the days to come. It seems to me that they are bound to show rather substantial improvement over the recent past. Prices are determined by demand and supply factors. Since it seems possible that demand could out-run supply it would follow that prices are likely to enjoy a fairly firm trend. This would, of course, bring about an increase in mill margins. Here again the question of imports must be borne in mind as a potential major depressant.

Two other factors are important in determining mill margins. One of these is increased efficiency through technological improvements. I feel that the textile industry generally has not done nearly as good a job as other industries in the adoption of new mechanization techniques. Increased mechanization is the mark of progress of our industrial plant. Increased efficiencies lower costs without necessarily affecting price structures. Another important factor is the wage level. Wages will continue to increase and the work-week, if anything, is likely to lessen somewhat. These are factors which will put increased pressures on mill management and textile machinery manufacturers to find ways and means of keeping costs down.

In summary then, mill costs are likely to show some increases which will not altogether be offset by technological improvements. Prices of natural fibers are likely to remain relatively near current levels. The same may be said for rayon and acetate, but the new non-cellulosics will decline. On the other hand, the supply and demand relationship is such that even if net costs rise, I believe mill margins will show improvement.

World Competition

On several occasions I have referred to the threat of world competition — and the effect it could have on conditions of supply and on mill margins. I have purposely reserved this topic for treatment apart from the main thesis because of the political uncertainties which surround the approaches to its consideration.

During the last war the textile industry of Japan was all but destroyed. It has been rebuilt since with modern equipment; and is apparently being operated under aggressive management. It is an economic essentiality for Japan to export textile products. Political situations have made it extremely difficult for them to cater to their normal markets in Southeast Asia—those markets, by the way, where the greatest need for textile products exists; where people in fact do not have enough clothing.

The Japanese textile industry can more than fill any foreseeable gap between supply and demand in this country if the Japanese capacity is freely available to the American consumer. Japan has 380,000 looms—predominantly the latest most modern and most efficient types.

Latest tariff reductions which went into effect on Sept. 10 under agreements reached by the Organization for Trade Cooperation at Geneva have served primarily as an invitation to the Japanese to redouble their efforts to obtain a larger share of the American market. It is unlikely that tariff barriers alone can stem the Japanese flood. The rate of increase of Japanese importations in textiles and textile products has been so explosive since the middle of the year that thoughtful textile men foresee the demoralization of the American industry unless preventive action is taken at an early date. The only preventive action that will have effectiveness is a fair and reasonable quota system established by governmental regulation.

However desirable freedom of trade may be, maintenance of American standards of living and our dominant position in the world through the high standard of living which we have is so important I cannot believe that this country wil permit a situation to continue long in which the American textile industry, paying an average wage of $1.35 per hour, is forced to compete on even terms with a textile industry using comparable machinery at a wage rate of 13.6 cents per hour.

Japan to Curb Exports

The Japanese Government has recently announced withdrawal of licensing arrangements for export of cotton cloth and products to the United States. This step was obviously taken in recognition of growing pressures here for a reversal of current policies. The Japanese Government hopes to allay fears here and by establishment of its own export quota system, forestall imposition of quotas on Japanese imports by our government. If quotas are necessary for the protection of American industry, it is the responsibility of the American Government — not the Japanese — to determine the extent of such needs and to adopt proper regulations for accomplishment of the desired result. On the other hand, we welcome this move by the Japanese as at least a partial solution.

The facts lend credence to our alarm. Cotton cloth imports from Japan were 6,500,000 square yards in 1952, 33,200,000 in 1953 and 50,000,000 in 1954. Indicated imports for 1955 are from 120,000,000 to 140,000,000 square yards. To this cloth import must be added manufacturer items such as blouses, etc. which when added to cloth imports, brings the total to a figure in excess of 200,000,000 yards of cloth per year. Current import increases have been concentrated in certain areas such as print cloth, ginghams and velveteens; but this increase in cotton cloth supply and the concomitant price pressures spread quickly to all areas of the cotton cloth market.

Practically all cotton cloth is bought and sold in one market located in New York City. Regardless of percentage relations of imports to total domestic production it is obvious that the presence of substantial and apparently unlimited offerings at low prices serve to drive down domestic prices. Such price pressures are intolerable and unbearable to an industry already suffering from an inadequate return — an inadequate return which is being procured under circumstances of near-capacity production.

The textile industry recognizes and is sympathetic with the desire to help our Japanese friends, but we are not willing to sacrifice the

Continued on page 34

Dealer-Broker Investment Recommendations & Literature

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

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

Atomic Fusion Confusion—Quarterly report containing commentary on fusion, thorium, and uranium oversupply—atomic map also available—both contain portfolio as of Sept. 30, 1955—Atomic Development Securities Co., Inc., 1033 Thirtieth Street, N. W., Washington 7, D. C.

Bank Earnings—Bulletin—Laird, Bissell & Meeds, 120 Broadway, New York 5, N. Y.

Book Manuscripts—Booklet CN describes publication, promotion and distribution of books—Vantage Press, Inc., 120 West 31st Street, New York, N. Y.

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

Closed End Funds—Survey with particular reference to **Adams Express Co., General American Investors Co., Lehman Corp., National Shares Corp., Niagara Share Corp.** and **U. S. Foreign Securities Corp.**—Thomson & McKinnon, 11 Wall Street, New York 5, N. Y.

Dividend Paying Stocks: 1955—Traded on San Francisco Stock Exchange—The San Francisco Stock Exchange, San Francisco, Calif.

Drug Industry — New Booklet — Harris, Upham & Co., 120 Broadway, New York 5, N. Y.

Facts and Figures in Review — Comparison of research yardsticks 1955 vs. 1954—in current issue of "Gleanings"—Francis I. du Pont & Co., 1 Wall Street, New York 5, N. Y.

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

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

Machine Tool Industry — Analysis — A. C. Allyn & Co., 122 South La Salle Street, Chicago 3, Ill. Also available is an analysis of **Pacific Power & Light Company.**

1956 Review and Forecast — Analysis — H. Hentz & Co., 60 Beaver Street, New York 4, N. Y. Also available is a memorandum on **Vick Chemical Co.**

Outlook For Security Prices — Bulletin — Hare's Limited, 19 Rector Street, New York 6, N Y.

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

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

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Air Products Incorporated—Analysis—Ira Haupt & Co., 111 Broadway, New York 6, N. Y.

Bailey Selburn Oil & Gas Ltd.—Analysis—Dominion Securities Corporation, 40 Exchange Place, New York 5, N. Y.

Basic Atomics, Inc.—Circular—J. F. Reilly & Co., Inc., 42 Broadway, New York 4, N. Y.

Bowater Paper Corporation, Ltd.—Analysis—New York Hanseatic Corporation, 120 Broadway, New York 5, N. Y. Also available is **1955 Year End Prices of Foreign External & Internal Securities.** A memorandum on **Brown & Sharpe Manufacturing Co.** and **Quarterly Comparison** of New York banks and trust companies.

Buffalo-Eclipse—Analysis—Van Alstyne, Noel & Co., 52 Wall Street, New York 5, N. Y. Also available is an analysis of **Diana Stores Corporation.**

Bymart-Tintair, Inc.—Report—General Investing Corporation, 80 Wall Street, New York 5, N. Y.

Cluett, Peabody & Co., Inc.—Analysis—Harris, Upham & Co., 120 Broadway, New York 5, N. Y. Also available are analyses of **Diamond Match Company** and **McKesson & Robbins, Incorporated.**

Delta Air Lines—Study (single copy on request; additional copies 75 cents each) — Courts & Co., 11 Marietta Street, Atlanta 1, Ga.

Dome Exploration (Western) Limited—Analysis—R. A. Daly & Company, Limited, 44 King Street, West, Toronto 1, Ont., Canada.

Empire Petroleum Co. — Circular — Julius Maier Co., Inc., 15 Exchange Place, Jersey City 2, N. J.

General Minerals Corporation — Analysis — Aetna Securities Corporation, 111 Broadway, New York 6, N. Y. Also available is a bulletin on **National Electric Welding Machines.**

Landers, Frary & Clark—Bulletin—May & Gannon, Inc., 140 Federal Street, Boston 10, Mass.

Libby, McNeill & Libby — Analysis — Glore, Forgan & Co., 40 Wall Street, New York 5, N. Y.

Eli Lilly and Company—Bulletin—Reynolds & Co., 120 Broadway, New York 5, N. Y.

Mitsubishi Warehouse—Analysis in current issue of "Weekly Stock Bulletin"—The Nikko Securities Co., Ltd., 5, 1-chome, Kabuto-cho, Nihonbashi, Chuo-ku, Tokyo, Japan. Also in the same issue is an analysis of **Mitsui Warehouse.**

Montana Dakota Utilities Co. — Memorandum — Walston & Co., 120 Broadway, New York 5, N. Y.

Monterey Oil Co. — Memorandum — J. Barth & Co., 404 Montgomery Street, San Francisco 4, Calif.

Mueller Brass Co. — Memorandum — McDonnell & Co., 120 Broadway, New York 5, N. Y.

National Distillers—Analysis—J. R. Williston & Co., 115 Broadway, New York 5, N. Y.

Pubco Development Co.—Memorandum—Rogers & Tracy, 120 South La Salle Street, Chicago 3, Ill.

Radio Corporation of America—Memorandum—Talmage & Co., 111 Broadway, New York 6, N. Y.

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

Socony Mobil Oil Company — Analysis — Newburger, Loeb & Co., 15 Broad Street, New York 5, N. Y.

Standard Oil of California—Bulletin—Dean Witter & Co., 45 Montgomery Street, San Francisco 6, Calif.

J. P. Stevens & Co., Inc.—Analysis—Ernst & Company, 120 Broadway, New York 5, N. Y.

Tiara Mines Limited—Analysis—Canadian Corporation Information Service, 44-50 Pearl Street, Toronto 1, Ont., Canada —$1.00 per copy.

Transamerica Corp. — Memorandum — Hemphill, Noyes & Co., 15 Broad St., New York 5, N. Y.

U. S. Vitamin — Bulletin — Hayden, Stone & Co., 25 Broad Street, New York 4, N. Y.

R. J. Olderman Partner In Hayden, Miller Co.

CLEVELAND, Ohio—Russell J. Olderman has become a partner in Hayden, Miller & Co., Union Commerce Building, members of the Midwest Stock Exchange. Mr.

Russell J. Olderman

Olderman was formerly President of Olderman, Asbeck & Co. and prior thereto was a partner in McDonald & Company.

With Allen Inv. Co.

(Special to THE FINANCIAL CHRONICLE)

BOULDER, Colo. — John W. Kane has been added to the staff of Allen Investment Company, 1334 Pearl Street.

COMING EVENTS

In Investment Field

Jan. 27, 1956 (Baltimore, Md.)
Baltimore Security Traders Association 21st annual Mid-Winter Dinner at the Southern Hotel.

Jan. 30, 1956 (Chicago, Ill.)
Bond Traders Club of Chicago annual dinner at the Drake Hotel.

Jan. 30, 1956 (Chicago, Ill.)
National Security Traders Association National Committee Meeting at the Drake Hotel.

Feb. 10, 1956 (Boston, Mass.)
Boston Security Traders Association annual winter dinner at the Parker House.

March 2, 1956 (Philadelphia, Pa.)
Investment Traders Association of Philadelphia annual dinner at the Bellevue-Stratford Hotel with a luncheon and reception to be held at 12 noon.

March 9, 1956 (New York City)
New York Security Dealers Association 30th annual dinner at the Biltmore Hotel.

Leo Reif Partner in Wiesenberger & Co.

Leo Reif has been admitted as a partner in the New York Stock Exchange firm of Arthur Wiesenberger & Co., 61 Broadway, New York City. Mr. Reif, who has been with the firm for over five years, is responsible for promoting the firm's various publications and services. These include the 400-page "Investment Companies"—long regarded as the annual "bible" on mutual funds and closed-end investment companies; the twice-monthly "Wiesenberger Investment Report," now one of the most widely distributed and influential investment advisory letters; and the "Wiesenberger Dealer Service," a syndicated promotional and merchandising program which assists more than 800 security dealers in the sale of mutual funds.

Leo Reif

Before joining the Wiesenberger firm, Mr. Reif was associated with the Eliot M. Stark Company, public relations counsel.

Harris, Upham Expands Sales, Merchandising

A complete realignment and major expansion of its new business activities, under the direction of Jerome H. P. Boucher as partner in charge of sales, was announced by Henry U. Harris, a senior partner of Harris, Upham & Co., nationwide investment brokerage firm with 35 offices coast to coast and members of the New York Stock Exchange.

J. H. P. Boucher

The new department with its advertising and public relations divisions will be located in Harris, Upham's main office at 120 Broadway, New York. The accelerated program is being launched this week by the first of eight, three-day sales and management meetings for separate groups of Harris, Upham's 47 office managers and co-managers across the country.

In making the announcement, Mr. Harris pointed out that the organizational move is "in keeping with greatly increased investment interest and participation throughout our 35 office city territories, calling for a modernization and expansion of these prime Harris, Upham service facilities into an effective unit designed to provide enlightened, timely, and continuing information concerning all phases of the securities business."

Paul Cropper With Ball, Burge & Kraus

(Special to THE FINANCIAL CHRONICLE)

CLEVELAND, Ohio — Paul F. Cropper, Paul F. Cropper, Jr. and Robert Montgomery Wildermuth have become associated with Ball, Burge & Kraus, Union Commerce Building, members of the New York and Midwest Stock Exchanges. All were formerly with Livingston, Williams & Co., of which Mr. Cropper was a Vice-President.

Executive Flight

By IRA U. COBLEIGH

Enterprise Economist

A piece gliding briefly over models and makers of small private, or executive type, planes for business or military use.

The post war aeronautical era has been replete with prophecy that owning (and piloting) your own airplane would some day become almost as common as driving your own car. Well, up to now, the prophecy is considerably short of fulfillment, for about three reasons: (1) private planes still have a pretty lofty price tag, starting at the Cadillac level ($4,500-$5,500 for a two place trainer type and $6,000 to $8,000 for a four place job); (2) piloting, especially with instruments, or in low visibility, requires lots more skill than operating an Oldsmobile; and (3) congestion at big airports and dearth of little ones present some terminal difficulties. So, while the day may come when every home has a hangar, it's not here yet; but, withal, the small plane business has been hopping, increasing by about 30% a year since 1950. Military demand has, of course, been a major factor, flying by sportsmen and prospectors, important, and 7,000 companies now operate about 22,100 planes. These business uses range all over the lot; inspection of pipe, rail or power lines, saving of travel time of executives from city to city and coast to coast; and the opening up sales and service coverage of new and broader markets. With the executive plane in the company shed, travel without five minutes' delay, or slow hauls to or from airports, is available 'round the clock, and trips can be made in one-third to one-fourth surface transport time, depending mainly on the power of your craft. Single engines can cruise above 115 mph. and twins past 200, with ranges from 500 to around 1,400 miles.

Ira U. Cobleigh

Three companies have rather specialized in the type of aircraft we've been discussing — Beech, Cessna and Piper. We'll take them up in that order, which happens to be one of descending magnitude.

Beech Aircraft Corp.

Beech Aircraft Corporation manufactures a wide assortment of planes in three plants near Wichita, Kans.; and sells them through distributors in 29 states (U. S.) and 32 foreign countries. While relying on military sales for some 60% of production (1955), commercial sales are moving briskly forward, advancing from $20,829,079 in 1954 (fiscal year ends Sept. 30) to $27,245,940 for 1955, a new high.

We'll describe commercial lines first. The three major models are Beechcraft Super 18, a $100,000 twin engined job seating up to nine; the six place Twin-Bonanza that will set you back $70,000; and the Bonanza, a single-engined all metal four place plane, retailing at $19,000. Then there's an exciting newcomer with a versatile future as an executive, military or liaison plane. It's called the MS 760 "Paris." It's a four place twin jet (pressurized) that can go 410 mph. Built originally by Morane-Saulnier, a French company, Beechcraft now has option on North American manufacturing rights.

Military sales for 1955 which totalled $49,720,556 were derived from deliveries of the Beechcraft 34 trainer to Air Force and the Navy, wings for T-33 jet trainers, and T2 V-1 single jet trainers for Lockheed; and parts and components on the F-101 airplane for McDonnell Aircraft Corp.

There are 749,289 shares of BCX common (sole capitalization) listed N.Y.S.E. currently quoted at 24 and paying $1.20, which is about 25% of net. There was a 25% stock dividend last August. With a $63 million backlog, a satisfactory balance sheet, well engineered craft, and a highly respected management, Beech Aircraft can view the future with considerable serenity.

Cessna Aircraft Corp.

Cessna Aircraft Corporation, which we now touch upon, has a number of points in common with Beech. Both are located in the Wichita area; both have military and civilian sales in about the same ratio; both have only common stock capitalization (and nearly the same number of shares —Cessna has 731,109 shares); and both turn out single and twin engined executive planes.

Cessna is a major manufacturer of private and military planes, and an important subcontractor for other companies. Its civilian leaders are two single engine models—the four place Model 170, costing $8,300, and the four place Model 180, which comes out at $15,000. There's also the five place twin engine Model 310 for $50,000; and two helicopter models underway.

Military production includes the OE2 trainer for the Navy; plane assemblies for Boeing's B47 and B52 bombers; Lockheed's T-33 and T2 V-1 trainers and Republic's F-84 fighters. The Cessna T-37 Air Force trainer is a twin jet and may prove the most important military sales item for the future.

Cessna also turns out hydraulic systems for farm equipment and automotive use.

Cessna sales are at an all time high and the $1 dividend on the common is less than a third of net. The expansion of civilian plane production, plus considerable reliance on sustained volume of military output, suggest that Cessna can continue to be a quite reliable performer. Dividends have been paid without interruption since 1941 and there was a 100% stock dividend in 1944. CE common is currently quoted on American Stock Exchange at 27.

Piper Aircraft Co.

Before World War II, Piper was the acknowledged leader in low priced private planes. Competition from the two above cited enterprises has been vigorous, but in the lowest price area, Piper still has pretty clear sailing. Two-thirds of Piper's business is civilian. If you want a two seater, the Tandem Super Cub is yours for as little as $4,195. There's the Tri-Pacer four place model below $8,000 and the deluxe twin engined four place all metal Apache that will stand you around $35,000. Military versions of the foregoing models are also produced. Except for the engines (either Continental or Lycoming) the entire planes are turned out in the company's plant at Lock Haven, Pa.

Piper importantly lacked the buttressing influence of large military orders, post war. As a result, the years 1946-50 recorded deficits and the prefered stock accrued an arrearage that was not cleared up until 1952. Since then, things have been going much better for Piper. Dividends on the common were resumed in 1954, and are presently at the rate of 60 cents a share providing a yield of 5% with the stock at 12 (American Stock Exchange). About one-third of the common is held by the Piper family. The 45 cents cumulative convertible preference stock sells around 12 over-the-counter.

Piper Aircraft Corporation appears as a well managed, low cost producer of a popular line of planes, and it has come the closest to bringing a plane into your garrage or mine, on the basis of price.

Concluding our swift flight over these three companies, it is of note to observe that you can buy a personal plane on instalments these days, and you can also lease or rent one. The cheapest, however, still costs twice as much as a Ford; and it's a bit surprising there's not a flying boat or amphibian in the lot. (There's a smaller company, **Colonial Aircraft Corp.**, which is reported ready to turn out a specially designed amphibian model costing $16,000, called the Skimmer.) Helicopters appear to cost too much to compete in this field.

Whether you are an investor, attracted by the dividends, values and growth potentials in these companies, or a budding aeronaut about to solo, we trust you may have found today's "executive flight" of some interest. Happy landing!

Joins Allan Blair

(Special to THE FINANCIAL CHRONICLE)

CHICAGO, Ill. — John A. M. Schumacher has joined the staff of Allan Blair & Company, 135 South La Salle Street. He was previously with Albert McGann Securities Co. of South Bend, Ind.

Hooker & Fay Opens Municipal Departm't

SAN FRANCISCO, Calif.—Hooker & Fay, 221 Montgomery Street, members of the New York and San Francisco Stock Exchanges, have opened a Municipal Bond Department under the management of Robert L. Parish.

Bache & Co. to Admit Two Partners

Bache & Co., 36 Wall Street, New York City, members of the New York Stock Exchange, on Feb. 1, will admit Edward B. Conway and Julius Balogh to partnership.

The Challenge of Technology

By HALDON A. LEEDY*

Director, Armour Research Foundation
Illinois Institute of Technology, Chicago, Illinois

After commenting on the growth of technology in the United States, Dr. Leedy ascribes to it the force which has made the nation the most powerful in the world, with the highest standard of living known to mankind. Points ouut the worker has been the chief beneficiary of technological progress. Holds, though spread of automation may cause temporary dislocations of worker and business, the net result is for the better, and for every job eliminated by machines, many new ones are created. Holds legislative and economic controls, to "cushion" effects of automation, would mean economic suicide.

My appearance here is designed to give you ideas . . . ideas pertaining to a subject which is controlling, and will continue to control, the destiny of the world. I am referring to "technology," that Jekyll and Hyde of the laboratory. I would like to discuss some of the results of technological research, but first I think a few comments on the growth of technology in the United States would be appropriate.

Dr. Haldon A. Leedy

All of you, I am certain, are aware of the impact of technology today in our country. You can see evidences of its influence all around you—including the well known things, such as the automobile, the television set, the miracle drugs; and the lesser known, like magnetic recording, electronic computers, and nuclear reactors.

I think most economists agree today that technology is the principal reason why the United States is the most powerful nation in the world and why we are enjoying the highest standard of living known to mankind.

It is sometimes difficult to believe that it has been only in the last 50 years that technology has emerged from infancy to maturity. Technology, which once was dependent entirely upon the inventive genius of the individual working alone in his basement or garage, has blossomed into a large scale operation employing millions of workers and involving billions of dollars. Even more important than the figures has been the change in the manner of working. The emphasis has moved from individual effort to the team approach, largely because of the complexity of the work.

*An address by Dr. Leedy before the Rotary Club, Rockford, Ill.

The basis of all technology is research and development. How effectively American business and industrial management have applied the results of research and development is indicated by this country's wide margin of leadership in man-hour output—the key to a higher standard of living and a strong defense.

For example, Canada, which more than any other country applies American methods, has a man-hour manufacturing production equal to 72% of the United States rate. Great Britain's output figures are 38% of ours, while Italy's are only 19%.

The Worker Is the Chief Beneficiary

The chief beneficiary of this technological progress has been the worker. His climbing pay scale has increased his purchasing power to five times that of a century ago, and twice what it was only 25 years ago—all this while materially reducing his working hours.

The purchasing power of the American worker can best be understood through comparison with his counterpart in other countries. For example, he must work only a half hour to buy a dozen of fresh eggs, compared with almost two hours for the French worker and more than three hours for the average Russian.

It certainly is obvious that technology has become an integral part of the American economy. And it is equally obvious that this is why industry and the government are spending an increasing amount on research and development.

It is estimated in the year ahead that more than $4½ billion will be spent on research and development in this country. This is quite an increase from the $29 million devoted to reseach and development in 1920.

The importance of research and development also is reflected in the nation's annual income, which rose from $69 billion to more than $300 billion during the same 25 years.

Another indication of the increased emphasis on research and development is the growth of independent industrial organizations such as Armour Research Foundation of Illinois Institute of Technology. It is interesting to note that this development has taken place only in the United States.

The Armour Research Foundation

The outside research laboratory has evolved as a direct result of technological expansion. The increasing reliance on such agencies can be shown by the phenomenal growth of Armour Research Foundation.

The Foundation was formed almost 20 years ago. During its first year it had a staff of only three and a research volume of $40,000. Today, ARF has a staff of more than 1,100 and a research volume of approximately $11 million.

In its last fiscal year Armour Research Foundation conducted research and development on 512 projects. Of this number, 342 were for industrial concerns and trade associations, and the other 170 for government agencies.

A wide variety of problems were tackled by the Foundation's staff during the year. I would like to tell you about a few of these, as well as some of the outstanding developments from other laboratories.

Of all the recent technological advances, none has received greater attention than "automation" — the so-called pushbutton factory. The interest has been both positive and negative.

Technology and Employment

There are some people who object to the increased mechanization of industrial plants and business offices. They argue that the expansion of automatic machinery will throw millions out of work.

They point to such automatic machinery installations as the one used by Ford Motor Company which stretches over an area the size of a football field. The installation performs 540 separate operations to turn out engine blocks at the rate of 100 an hour. One man at the control board directs the work formerly performed by 75 men. Some workers are fearful of such machines — saying in effect—that soon we'll all be out of work.

Fear of machines, as many of you know, is nothing new. In 1738 —over 200 years ago—at the beginning of the Industrial Revolution in England, a Lancaster weaver, John Kay, developed the flying shuttle, a mechanical device for weaving cloth. Kay's machine was destroyed by workers who were afraid it would rob them of their jobs.

There is no doubt that the spread of automation will cause some temporary dislocations and create new problems for management. But experience has shown that the net result always is for the better.

For every job eliminated by machines, many new ones are created. This is true for two principal reasons. First, because lower prices made possible by automation result in increased demand for products. Second, and even more important, new products and processes continually are being introduced as a result of research and development.

Should Government Control Automation?

I sincerely believe that the United States would be committing economic suicide to follow the recent advice of Walter P. Reuther and other labor leaders who are urging the imposition of legislative and economic controls to "cushion" the effects of automation. The very success of our economic system is based on the ability to expand through increased man-hour output.

Whenever I hear of these cries for increased controls, I always am remainded what happened in England. Here is a country that has succumbed to the pleas for direct and indirect controls on industry's mechanization efforts. The result was a slowdown in England's economic progress. This is the primary reason, in my opinion, why England's output per man-hour is only about one-third that of our country—even though England began using machines long before we did.

Statistics show that the rise in mechanization in the United States has been accompanied by a steady increase in the number of jobs. In 1880, when only 17% of the total work energy was supplied mechanically, there were 17 million jobs in the United States. In 1954, machines did 95% of the labor and employment soared to 62 million.

Instead of condemning the trend toward automation, workers should be more concerned if their employers do not utilize every technological improvement to maintain their competitive position. Those few workers who would be displaced temporarily by mechanization would lose their jobs anyway if the companies fall behind in the parade of progress.

Another aspect of automation has been the development of electronic computers — the so-called "electronic brain"— which performs in seconds what formerly required hours and days manually.

Computers today are revolutionizing office procedures throughout the country. The Monsanto Chemical Company, for example, recently installed a high-speed data processing machine — another name for computer—at its St. Louis headquarters. The machine has the computing ability of 25,000 mathematicians. On each of its reels of magnetic tape, the computer can "remember" enough information to fill a metropolitan telephone book of about 2,000 pages.

In one second, such a machine can add 4,000 five-digit numbers to get the answer to 160 equally complicated long division problems. It can give the answers in any of four ways—flash them on a screen, punch them on cards, print them on paper, or store them on magnetic tape.

The computer enables Monsanto to process 1,200 cost reports in 12 hours. Manually, it would take 150 people working the same time to produce the same results.

It is obvious that any machine that can do these things has enormous potentialities. In addition to increasing the speed of operations, electronic equipment can be expected to cut operating costs, improve efficiency, and remove the routine from office work.

Far-reaching developments also are taking place in the field of metallurgy. In recent years a whole array of new metals has come into prominence. One of the most significant is titanium; others are zirconium, vanadium, molybdenum, and niobium.

Titanium—often called the new wonder metal—is important because it can be used as a lightweight substitute for steel and as a replacement for other metals where heat and corrosion resistance is vital.

Armour Research Foundation recently developed a high-strength titanium alloy which now is being used in military weapons and on airplanes. There is every reason to believe that this alloy — and others—will find widespread application in industry within a few years. This is particularly true in the transportation field, where titanium's lighter weight will permit greater pay loads.

The biggest obstacle to increased commercial use of titanium is its high cost of production. Titanium now costs from 15 to 100 times as much as steel. There are predictions, however, that better production methods may cut the price difference to only twice as much as stainless steel within five years.

Some commercial users already are finding it economically justifiable to utilize titanium. Douglas Aircraft Company, for instance, has stepped up its use of titanium from 250 to 750 pounds for engine mountings and fire walls in the giant DC-7. It is a distinct possibility that in the near future the bodies of high-speed airplanes will be made of the wonder metal.

The future also looks bright for certain new developments in the non-metallic field. One of the most interesting is the development of artificial diamonds.

You may recall reading in the early part of last year that General Electric scientists had found a way to manufacture diamonds. The development is significant not because the diamond is a gem stone, but because it offers the hope of more and cheaper diamonds for industrial use.

As you know, diamonds are the hardest substance known to man, and they are used widely in tools that cut, saw, or polish other hard materials. Unfortunately, only 2½ tons of diamonds are mined annually, mostly in Brazil and the Belgian Congo. Of this amount, the United States imports about 90% each year at a cost of $50 million.

To produce the artificial dia-

Continued on page 18

Employment Opportunities

By ROGER W. BABSON

In counseling college freshman about employment goals, Mr. Babson suggests consideration be given to jobs with future growth prospects brought on by our expanding economy. Lists such opportunity industries as: (1) advertising - selling; (2) labor-saving machinery; (3) new construction; (4) new materials; (5) electrical-electronic devices, and (6) human motivation.

Young people who entered college last fall will have a tendency to major in what looks good **now**. This may be a mistake. I suggest, instead, that they look ahead four years to 1960, and plan accordingly.

Roger W. Babson

The difference between a college graduate who gets promoted on a job, and one who just gets a job, is that the successful climber looks ahead. The student who takes what appears to be a good job **now** may be sorry later. The careful career planner, on the other hand, finds out where he is going. The first step in career planning is an appraisal of one's interests, abilities, personality, and value goals. There is little success or happiness if one does not like the job he is doing. A fellow is just butting his head against the wall if he tries to compete in a job for which he has neither the aptitude nor the personality.

The desire to make money, serve mankind, or lose oneself in research will usually determine success or failure. The successful person is one who develops his assets and does work for which he is fitted, at a job which gives him happiness. Yet, while these steps are essential, they do not go far enough. Seldom, I find, do job hunters include in their search the probable future growth of industries.

A Look at Our Economy in 1960

By 1960, our population will approach 180 million. Approximately 68 million will be employed. Our Gross National Product will also have climbed from a 1946 postwar figure of $209 billion to perhaps $480 billion. With a shorter work week and a more productive work day, our people should receive in wages, interest, and profits about $365 billion per year by 1960.

I predict consumer spending will expand from our 1946 annual amount of $150 billion to about $300 billion, while government expenditures will stabilize around the $75 billion mark. This $300 billion opens great opportunities for those engaged in advertising and selling new products. These figures, of course, assume that the cold war will not become "hot"; and they assume also a favorable political climate within which business can operate easily.

Growth Opportunities in 1960

Since labor costs, both on the farm and in industry, are rising, industries that manufacture labor-saving devices such as materials-handling equipment, conveyors, farm machinery, construction machinery, and office machines will show good growth in the years to come. We need a lot of new roads, new hospitals, and new schools; construction must boom. Almost revolutionary developments of new materials will insure the growth of light metals and high-speed alloys. The chemical industry could grow four or five times faster than any other industry, spurred by continuous research in synthetic fibers, plastics, petrochemicals, drugs, and farm chemicals.

There will be a tremendous increase in the use of electricity, with output increasing 60%-70% by 1960. There will be marked growth in the great unsaturated market for electronics applications, and for appliances such as air-conditioners, television, dishwashers, electric heaters, electric blankets, clothes dryers, etc. Engineers will be turning loose on us an almost unbelievable array of new products, new materials, perhaps as yet undreamed of gadgets.

Sales Experts Will Be in Demand

It will be the responsibility of the men and women engaged in sales and merchandising to persuade you and me to raise our standards of living. There will be excellent job opportunities for those interested in surveying, researching, analyzing, and motivating human wants. And someone will have to finance all this expansion. There will also be an insatiable demand for doctors, nurses, school teachers, and preachers. College freshmen should plan now for 1960!

In conclusion, let me again refer to my first paragraphs above. Seek the job in which you will be happiest and for which you are best fitted. Don't be misled by salary offers. But—if you will be happy selling, then enter this activity that cuts across all lines. This may be the best opportunity in 1960!

With Coburn Middlebrook

(Special to THE FINANCIAL CHRONICLE)

HARTFORD, Conn.—Roderic R. Allman and Alan K. Driscoll are now with Coburn & Middlebrook, Incorporated, 100 Trumbull Street.

Joins A. G. Becker & Co.

Robert A. Beres, formerly with Ira Haupt & Co., is now associated with the public utility trading department in the New York office of A. G. Becker & Co. Incorporated, 60 Broadway.

J. Barth & Co. to Admit M. O'Donnell

SAN FRANCISCO, Calif. — J. Barth & Co., 404 Montgomery Street, members of the New York and San Francisco Stock Exchanges, on Feb. 1, will admit Mark O'Donnell to partnership in the firm.

With Intermountain Secs.

(Special to THE FINANCIAL CHRONICLE)

DENVER, Colo.—John J. Rupp is now with Intermountain Securities, Inc., 1714 South Broadway.

With G. H. Walker

(Special to THE FINANCIAL CHRONICLE)

BRIDGEPORT, Conn. — George G. Harman is with G. H. Walker & Co., 118 Bank Street.

The Credit Restraint Policy

By JAMES J. O'LEARY*
Director of Investment Research
Life Insurance Association of America

Investment analyst of life companies reviews monetary credit and fiscal developments of the last two years, and the actions taken by the Federal Reserve to curb excessive economic "exuberance." Holds the credit control authorities deserve great praise for the resolute and courageous manner in which they have pursued a policy of credit restraint in the face of mounting pressures to revert to easier credit. Says this policy is realistic and suggests firm if not increasing interest rates during the present year.

The business recovery which got underway late in 1954 advanced rapidly during 1955. Sparked by the boom in housing and autos, the demand for funds rose rapidly, running far ahead of the supply of savings. As production reached capacity levels, it became increasingly apparent that the economy was operating under an inordinate demand for credit. Fearful that the pace of business activity could not be sustained and that dangerous inflationary pressures were building up, the Federal Reserve Board moved toward a policy of credit restraint. As money tightened during the year, interest rates gradually drifted upward.

Dr. James J. O'Leary

The Board's first action to control the speculative elements in the economy came early in the year. On Jan. 4, following an extended period of rising stock prices, unusually active trading, and an increasing use of credit to finance margin accounts, the Board of Governors raised margin requirements for security loans covered under Regulation T and U from 50% to 60%.

At the same time the Board began to shift away from its policy of active ease which had been followed the year before. The supply of money is generally more plentiful in the beginning of the year when bank reserves are swollen by a post-Christmas return flow of currency and by a seasonal increase in loan repayments. However, the Federal Reserve did not permit easy money conditions to develop this year. By selling close to $1.3 billion of Treasury issues over the four weeks ended Jan. 26, the System absorbed the added funds coming into the market.

Speaking at the mid-Winter meeting of the New York State Bankers Association on Jan. 24, Allan Sproul, President of the Federal Reserve Bank of New York, explained Federal Reserve policy in the following terms:

"The economy is now in a strong recovery from the recent recession. What the System is doing is treading a narrow path between providing enough credit for the real needs of an expanding economy without providing too many reserves which would increase inflationary pressures."

In this climate, the Treasury successfully rolled over about $14 billion of maturing and called securities in February by tailoring the new issues to the needs of the market. Holders of maturing certificates and notes were offered a choice between a 13-month 1⅝% issue and a two and a half-year 2% note. In addition, holders of 2⅞% partially tax-exempt bonds called for redemption on March 15 were permitted to exchange these securities for either the new 13-month note or a 40-year 3% bond. The new bond issue was the longest security offered by the Treasury since the Panama Canal bonds sold in 1911. With strong dealer support, almost three-quarters—or $1.9 billion—of the called tax-exempts were exchanged for the new 3's.

The demand for credit continued to be significantly stronger than in 1954, driving short-term rates up sharply during the next few months. Member banks resorted to the discount windows with increasing frequency until the Reserve Banks were compelled to raise the discount rate from 1½% to 1¾% in mid-April. A few weeks later the Federal Reserve took another step to combat inflation. On April 22 the Board of Governors announced that margin requirements on the purchase of listed stocks would be raised another 10 percentage points.

Early in May the Federal Reserve eased credit slightly. In an attempt to lift some of the pressure on bank reserves and to help the Treasury in its forthcoming financing, the System resumed purchasing small amounts of Government securities in the open market.

In its May financing the Treasury offered a 2% 15-month note for cash subscription as well as to holders of maturing 1⅛% certificates of indebtedness. Since no provision was made for another one-year certificate, 32% of the public holdings of the maturing issue were turned in for cash. The $712 million which was thus released to the money market helped ease credit temporarily.

The interlude of easy money proved short-lived, however, for the basic supply and demand relationships which had caused the tight money situation remained unchanged with the Fed unwilling to add substantially to reserves. Interest rates were bound to firm up as long as the demand for mortgage money and for instalment credit remained at such extremely high levels, and the over-all amounts sought from the capital market so far exceeded the available flow of savings.

In July the Treasury returned to the market for funds following the signing of a bill authorizing a one-year extension of the $281 billion debt limit. An eight-month 1⅞% tax anticipation certificate fitted neatly into the money rate structure and the $2 billion issue was quickly oversubscribed. In addition, the Treasury was encouraged by the continuing support for the 40-year 3's (premiums had consistently ranged from about one-eighth to one and three-eighths points) to reopen this issue. To attract savings-type investors, the Government announced that the savings institutions could, if necessary, defer part of their payments. Nonbank investors were allotted 65% of the $749 million for which they subscribed while commercial banks and dealers were alloted 30% of their $971 million subscription. In total, an additional $821 million of the long-term 3's were issued in July. The Treasury also began raising $100 million weekly on its regular 91-day bills at this time.

Throughout this period Government economists noted with increasing concern that statistics on residential construction were hitting new highs each month. By the end of July the Government felt that positive action was needed to prevent the housing boom from getting out of hand. Consequently, on July 30 the FHA

Continued on page 38

*The final section of Dr. O'Leary's Report to the Membership of the Life Insurance Association of America at the Association's 49th Annual Meeting, New York City, Dec. 14, 1955.

From Washington Ahead of the News

By CARLISLE BARGERON

Of all the special pleaders before the present session of Congress, and there are a multitude, probably the most unhappy group are the natural gas producers. They have been trying for years to get out from under the control of the Federal Power Commission, and seemingly for good reason.

Carlisle Bargeron

Several years ago they got a bill through Congress exempting them, and Truman, much to their surprise, vetoed it. Then they were given a lift when the Federal Power Commission itself ruled that it had no desire to regulate them. The Supreme Court came back and said the Commission had to do it.

Thus the Texas oil people set out to carry the state for Eisenhower. It was they, all registered Democrats, who barged into the state Republican convention in 1952, over-rode the Republican convention which had endorsed Taft, and endorsed Eisenhower as the Republican nominee. This was the turning point in Taft's fortunes. He seemed to have the nomination sewed up and at first was not annoyed when the Democrat delegation, claiming to be Republicans, showed up at the Chicago Republican convention demanding to be seated.

They held rallies and parades trumpeting the "Texas steal," and pro-Eisenhower editors picked it up. It was a pretty serious charge to make against a man like Taft. But it worked to the extent of breaking Taft's strength and the nomination was snatched from him.

With the election of Eisenhower, these oil people moved in on Washington to claim their reward. But as of yet Eisenhower hasn't opened his mouth on the subject. He did name a committee or commission to study the matter and this body came up with a report favoring the natural gas producers. But it was held up so long at the last session that the natural gas people couldn't get into action until late in the session. Also, Eisenhower aides constantly pointed out to members of Congress that the report was simply that of a group and that the President had not expressed himself on it.

Thus, the Republicans, as a party, have kept out of the fight. Although a majority of the Republicans voted for it in the House at the last session when it won by a bare six votes, they have let the Democratic leadership carry the ball. Both Speaker Sam Rayburn and Majority Leader Lyndon Johnson of the Senate are Texans and they have had the job of pushing the legislation. As things stand, it carries the Democrat label although it has rank and file Republican support.

The unhappiness of the natural gas people now, however, is due to the fact that to the public power groups and "liberals" who have constituted the opposition has been added a formidable array of East Coast gas companies. In addition to this formidable opposition, the natural gas people have been jockeyed into a bad position in the Senate. They had expected a good margin in the Senate and this seemed to be the case. That margin is undoubtedly reduced by the activity of the Eastern gas companies which have set up their own lobby.

Even under these circumstances, however, the natural gas people believe they can squeeze their bill through the Senate. But they are up against the proposition of accepting the House bill outright, without any amendments, and they had to make some important compromises to get the bill through the House, or getting the bill they want in the Senate in which event it would have to go back to the House. If the House gets another whack at it, there is a strong feeling among observers of the legislative scene that it will be killed definitely.

The question for the natural gas people is whether to take half a loaf or nothing.

Senator Johnson has announced that when the legislation is taken up, within a few days, that the original Senate bill will be the one to be called up. If such a bill should be passed by the Senate, if it isn't made to conform identically with the House bill, then the matter goes back to the House. The situation is anything but bright for the natural gas people.

A. G. Becker & Co. Offer Danly Shares

Public offering of 198,810 common shares of Danly Machine Specialties, Inc., was made at $13.25 per share on Jan. 11 by an underwriting group headed by A. G. Becker & Co. Inc. of Chicago, Ill. The offering includes 180,000 shares which represent new financing by the company, and 18,810 shares sold by certain shareholders.

Proceeds received by the company will be used, together with $4,750,000 obtained by long term loans from insurance companies, to retire the present funded debt of $1,687,500 and to expand plant and facilities.

Danly has for many years been the leading producer of die sets and die makers supplies and, since the close of World War II has become one of the leading producers of mechanical stamping presses. Its current backlog of press orders, amounting to approximately $79,000,000, so far exceeds present production facilities that it has been necessary for the company to subcontract a large part of the work.

Britain's Inflationary Trend Blamed On Government

By PAUL EINZIG

Rising wage demands and their perilous inflationary consequences, particularly to exports, seen by Dr. Einzig as stemming from Government's failure to set an example by drastically cutting public capital investments. Calls attention to action of cement and other industries in adopting six-months' price freeze in hope of abating labor's demands for continuing wage increases. Hopes new Chancellor, Mr. Macmillan, will sharply curtail Government's outlays and thus set the stage for employers' resistance to higher wage demands. Holds credit squeeze, albeit, ineffective, is extremely unpopular as its primary "victims" are the smaller firms of limited resources.

LONDON, Eng.—The New Year in Britain started under the cloud of wages demands totaling no less than £500,000,000. The figure is nothing if not impressive, especially if it is written out as above, instead of writing £500m., for brevity's sake. In a New Year's first leader, the London "Times" suggested that such abbreviation, which has become fashionable in recent years, should be abandoned, and that all the six noughts should be written out in full, in order not to minimize the impression caused by the astronomic figures of Government spending, wages claims, borrowings, and other alarming items of the national economy. There is indeed good cause for alarm over the casual way in which tens of millions and hundreds of millions are cheerfully added again and again to the growing volume of inflated consumers' purchasing power. In face of this flood, the credit squeeze and the other disinflationary measures are wholly ineffective.


Paul Einzig

Mr. Cobbold, the Governor of the nationalized Bank of England, stated recently that, so far from being overvalued, sterling is now actually undervalued. By this he meant that British prices are fully competitive in international trade. On the face of it, this may sound like an argument in support of wages claims which are usually opposed on the ground that, if conceded, the industries concerned would price themselves out of the world markets. In reality, wages demands are highly detrimental to British exports, not so much because they threaten to make British prices non-competitive (though that is the case with some industries) as because the inflation of domestic consumers' purchasing power makes it too easy for British industries to sell in the domestic market and thus reduces the incentive for an export drive.

The example of the British cement industry, which announced recently a six months' price freeze, has been followed by a number of other industries which have also undertaken not to raise their prices during the first half of 1956, even if their costs should continue to increase during that period through wages increases, higher transport costs, or higher prices of raw materials, fuel, electric power, etc. The Government intends to exhort industrial firms to adopt a similar line, in the hope that it might influence the attitude of the trade unions. The latter show, however, no sign of relenting.

The head of the Transport and General Workers' Union, Britain's largest trade union, declared recently that the workers must be given the benefit derived from increased productivity. In view of the progress of automation in many British industries, this would mean that, although the higher productivity is not due to any intensified efforts on the part of the workers but to the installation of labor-saving equipment by the management, the workers would receive the full benefit derived from it. Considering that automation in Britain, as in the United States, is being adopted in face of the active resistance of the unions, which fight a stubborn rearguard action against it, the claim cannot be said to have much moral justification. Indeed it would not be surprising if on the occasion of the next Budget, the Chancellor of the Exchequer will be pressed by Conservative Members of Parliament to treat wages increases obtained in such circumstances as unearned incomes for taxation purposes.

In the meantime the Government is subject to a barrage of criticism on the part of its own Conservative supporters in Parliament, in the press, and in the business world. The credit squeeze, ineffective as it is, has become very unpopular. Its chief victims are the small firms which do not possess adequate reserves of borrowing facilities outside banks. They are forced to abandon plans of expansion, and many of them even have to curtail their activities. The big firms have ample resources, and if necessary they can always obtain more from insurance companies or other non-banking resources. But smaller business firms are affected badly, and there is a growing volume of protest against this unilateral victimization.

One of the main reasons of the unpopularity of the credit squeeze is that the Government, while preaching economy, continues to spend on a gigantic scale. It is true, in his Budget statement of Oct. 26, the ex-Chancellor of the Exchequer, Mr. Butler, announced a few cuts in the Government's capital investment schemes. They did not amount to anything like 10%, however, which was the target for the credit cuts by the banks at the expense of private firms. There is a growing agitation in Conservative circles that the Government should set an example in cutting down ruthlessly its own expenditure before forcing the private sector of the economy to do so.

Hopes are entertained that the new Chancellor, Mr. Macmillan, will do better in this sphere than his predecessor. It is now too late for him to attempt to enforce administrative cuts in current expenditure for 1956-57, because the annual Treasury scrutiny of Departmental Estimates for the next financial year is now practically completed. For quick effect his only means would be to cut down ruthlessly the capital investment plans of the Government, the local authorities, and the nationalized industries and other public corporations. Any really drastic cuts in this sphere would go a long way toward making it clear that he really means to curtail inflated consumers' purchasing power.

The effect of such a gesture would be to induce employers to put up a stiffer resistance to wages demands. Hitherto they have been inclined to yield after little more than token resistance, on the safe assumption that they would encouter no difficulties in passing on to the consumer the additional costs in the form of higher prices. The moment the outlook becomes dubious, they would be inclined to risk losing some output through strikes rather than risking difficulties in selling their goods at higher prices. And if the trade unions realize that their demands are no longer conceded as a matter of course, they might be inclined to moderate their claims rather than risk unsuccessful strikes.

Boettcher Adds

(Special to THE FINANCIAL CHRONICLE)

DENVER, Colo.—John W. Kane has been added to the staff of Boettcher and Company, 828 Seventeenth Street, members of the New York Stock Exchange. He was formerly with Allen Investment Company.

NYSE Makes Junior Achievement Award

G. Keith Funston, (second from left), President of the New York Stock Exchange, on Jan. 10 presented First Award in the Exchange's nationwide contest for the best 1955 report by a Junior Achievement company to Hans Brandt, Jr., 18 (third from right), President of the junior enterprise of Metal Engineering Co. of Houston, Texas. M. J. Rathbone (left), President of Standard Oil Co. (New Jersey) and Chairman of Junior Achievement's national expansion campaign for 1956, also greeted the Award Winners at the Exchange. Other officers of Metal Engineering Co. shown are Miss Mary Lou Keen, 18 (third from left), Vice-President; Miss Margaret Vernaci, 18, Treasurer; and Donald Telschow, 19, Vice-President.

The four officers of the company received a bronze plaque at a luncheon in their honor at the Exchange.

The winning contestants will remain in New York for three days as guests of the Exchange.

Junior Achievement is a national organization which enables teen-agers, with the help of local businessmen, to operate their own small-scale business enterprises. JA companies are organized each fall and liquidated in the spring toward the end of the school year. This was the ninth annual contest for the best report.

Mr. Funston told the four young corporation officials:

"You cannot be commended too highly for the work you've accomplished. In coming to grips with all phases of running a business—from selling stock in an enterprise to marketing the finished product—you are gaining knowledge and experience which will prove invaluable."

With Coughlin Co.

(Special to THE FINANCIAL CHRONICLE)

DENVER, Colo. — Robert F. Gerwin, Jr. has become affiliated with Coughlin and Company, Security Building.

Honnold Adds To Staff

(Special to THE FINANCIAL CHRONICLE)

DENVER, Colo. — Richard H. Osborn, Sr. is now with Honnold and Company, Inc., 524 Seventeenth Street.

Conference Board Forum Economists Mostly Optimistic

Majority of participants in Forum see activity rising throughout 1956, but at lower rate in last six months. Specialists discuss outlook in their respective fields.

A further expansion in business activity throughout 1956 is seen by a majority of distinguished economists participating in the latest session of the Economic Forum held under the auspices of the National Industrial Conference Board. The consensus of the Forum is that despite increasing signs of strain and stress, 1956 will yield the highest economic activity, the largest national output and the greatest volume of industrial production this nation has ever known.

John S. Sinclair

The Economic Forum viewing 1956 prospects was under the Chairmanship of John S. Sinclair, President, The Conference Board. Mr. Sinclair, in commenting on the session, stated that this was the tenth year that NICB has sponsored Forum discussions. He noted that the Forum's record on appraising the future trend of business has been impressive, but stressed that forecasting remains even in the hands of skilled technicians—an art rather than a science yielding precise results.

Guests participating in the Forum's Business Outlook session included:

Richard P. Doherty, President, Television Radio Management Corporation

Nathan M. Koffsky, Chief, Farm Income Branch, Agricultural Marketing Service, U. S. Department of Agriculture

Edwin G. Nourse, Economic Consultant

Louis J. Paradiso, Assistant Director-Chief Statistician, Office of Business Economics, U. S. Department of Commerce

Morgan Reid, Assistant Vice-President — Retail, Simpsons-Sears Limited, Toronto

George B. Roberts, Vice-President, First National City Bank

Helen Slade, Managing - Editor, "The Analysts Journal"

George C. Smith, Economist, F. W. Dodge Corporation

Forum Members participating included:

Jules Backman, Professor of Economics, School of Commerce, Accounts and Finance, New York University

Ira T. Ellis, Economist, E. I. du Pont de Nemours & Company

Solomon Fabricant, Director of Research, National Bureau of Economic Research, Inc.

Martin R. Gainsbrugh, Chief Economist, National Industrial Conference Board

Edwin B. George, Economist, Dun & Bradstreet, Inc.

George P. Hitchings, Manager, Economic Analysis Department, Ford Motor Company

A. D. H. Kaplan, The Brookings Institution

Malcolm P. McNair, Professor of Marketing, Graduate School of Business Administration, Harvard University

O. Glenn Saxon, Professor of Economics, Yale University

Bradford B. Smith, Economist, United States Steel Corporation

The following are highlights of the remarks made by participants:

MR. NOURSE

Underlying Strength, but a Number of Strains

(There are) four favorable conditions underlying the boom. The boom is based on very solid foundations in terms of strong national resources. . . . It is based on improved economic institutions. Among businessmen the level of executive training unquestionably has advanced. . . . The prolonged period of prosperity has revealed the regenerative qualities of an actively-managed, resourceful and well - bottomed economy.

Edwin G. Nourse

. . . The seriousness and persistence of the maladjustments that have accumulated in the agricultural sector of the economy have not been generally realized. . . . We have had an overdose of stimulants to construction, and I question that taking off the small credit restraints that have recently been imposed will restore the level of activity in this area. . . . I am not ready to dismiss the hypothesis that automobile companies have oversold 1955 by say one million cars and that averaging 1956 down to a sustainable trend line of growth would therefore subtract two million units from present rosy forecasts.

MR. McNAIR

Foresees Strong Retail Trade in The First Half

Total retail sales will be higher by 5% in the first half of 1956, as compared with the first half of this year, and conceivably they might do a little better than break even in the second half. . . . Department store sales should show approximately the same relationship between the first and second halves, being definitely stronger in the first than in the second half. . . . Expenditures for consumer durables, particularly automobiles, will be lower in 1956. . . . I expect consumer expenditures on services to continue to increase . . . as in 1955. Expenditures for food, on the other hand, might be slightly lower, but only because of the price factor. I do not expect that soft goods expenditures will increase absolutely to any extent, but they will be proportionately higher because of the decline in durable goods expenditures. . . . There will be some retail price advance in items other than foodstuffs. . . . I would expect savings before the end of the year to go back above $20 billion (annual rate).

Prof. M. P. McNair

MR. HITCHINGS

Anticipates Decline in Automobile Production

In view of the sharply increased car buying in 1955, it is evident that we can support a higher average volume than that achieved during 1949-1954. On the other hand, it is unlikely that a volume 40% higher than 1949-1954 can be sustained for another full year. . . . The tremendous demand in the 1955 model year occurred because people were willing and able to upgrade their car ownership all along the line. . . . I would regard the 1955 developments more in the nature of attainment of ownership levels consistent with present adult population and buying power, rather than borrowing from the future.

Geo. P. Hitchings

. . . I would expect a domestic market for 1956 nearer 6.5 million than the 7.4 million reached in 1955. . . . Such a volume would still exceed any year prior to 1955. . . . The direct impact on the economy of lower car production in 1956 would be a maximum of $3 billion if domestic sales should drop to the 6.5 million level and dealer stocks show no net change. Any change in exports from the current quarter-million rate would have little impact.

MR. ELLIS

On Textiles

I think the first half of 1956 will be at about the present level. . . . That will be a little above the first half of 1955, perhaps 2%. The second half of 1956 may be 5% lower than the first half and, also, 5% below the present level. One point that will turn the textile cycle down in the second half of 1956 is a build-up of inventory in the first half. There is little evidence of a dangerous build-up of textile inventories yet, but they are rising.

Ira T. Ellis

. . . The Federal Reserve Board Index (of nondurables production) may rise from 125 this year to perhaps 127 next year. . . . The pattern for general nondurable goods may be a rise in the first half, and some decline in the second half, again based on expected excess of inventory accumulation in the first half. . . . I think the trend at the end of 1956 would be at best steady. It may be falling.

MR. PARADISO

Expects High Capital Investment, Reflecting Pressure on Capacity

The maintenance of a high rate of capital investment throughout 1956 can be expected. . . . The demand for goods and services has fully kept pace with the rising capacity. . . . The recent upsurge in demand has resulted in strong pressure being placed on existing capacity.

Louis J. Paradiso

. . . Businessmen expect plant and equipment expenditures to continue to rise in the first quarter of 1956. The seasonally adjusted total is estimated at $32 billion in the first quarter, compared with $31 billion in the fourth quarter of this year. . . . Increases over fourth - quarter rates are indicated by manufacturing firms, particularly the durables—iron and steel, machinery and automobiles, and by railroads. Other industries, commercial, public utilities, mining and nonrail transportation, have indicated little or no change. . . . However, the first quarter of 1956, on the basis of our survey (Department of Commerce), shows a slowing down in the rate of increase experienced in the last nine to 12 months.

MR. BRADFORD SMITH

117 Million Tons of Steel, But A Change of Pace at Mid-Year

We shall probably turn out this year something like 117 million tons of steel, and next year the outlook is likely to be in that same neighborhood. . . . I would say the demand during the early part of the year would be quite strong and close to capacity. . . . It might average out 95% to 100% of capacity during the first half, and somewhere near 85% in the second half.

Bradford B. Smith

. . . The Federal Reserve Board Index, now at 142, has come up some 16 points, or around 13% in the year; the increase from the low in August, 1954, is nearer 15%. . . . There is no estimate of long - term growth which approaches that rate of increase. It is apparent that we are going to have a change of pace, and it may be that we are in it at the moment. . . . This recovery which we have enjoyed over the past year has all the earmarks of one of our historic inflationary credit booms. . . . We have never brought ourselves up to a peak of full employment and credit inflation on the basis of rapidly expanding credit and not suffered some kind of readjustment.

MR. GEORGE SMITH

Sees Drop in Homebuilding, But Rise in Nonresidential Construction

In 1956 the number of housing starts, nationwide, will be down about 10% below 1955. . . . Houses will continue to become larger and more expensive. . . . In floor area — that is, physical volume of construction—the drop will be only about 8%, and in dollars . . . the drop will be only about 6%. . . . The basic demand for houses is extremely strong. The question is one of financing. We are forming nonfarm households at a rate of 800,000 or so a year, and the disappearance of housing units from the market is running around 300,000 or 400,000 a year. . . . (One) important factor is the upgrading of people's incomes, which makes them want to buy better houses. . . . Another is the very definite tendency toward style - consciousness in housing.

Dr. George C. Smith

The physical volume of . . . commercial building . . . will be up about 6%. . . Manufacturing building will show an upsurge, again in floor area, of about 12% above 1955. In school building we have to have an increase, but whether it will come next year or not is a good question. (The) forecasts add up to a physical volume increase in nonresidential building of about 8%.

MR. GEORGE

Federal Government Expenditures Up Slightly; Tax Cuts Probable

I . . . assume the maintenance of defense outlays around the third quarter of the 1955 level throughout the remainder of the fiscal year. I wouldn't be surprised if they increased slightly in the first half of 1956. . . . Rising costs for equipment are bound to raise outlays. . . . Scientists are urging more intensive and extensive research. . . .

Edwin B. George

. . . Total Federal GNP outlays (should be about) $46 billion during the first two quarters of 1956 . . . it is conservative to assume persistence of outlays at that rate throughout the rest of the year. It is not unreasonable to expect the conventional budget to be almost in balance, and the cash budget to show a surplus of somewhere between $1.5 billion and $2 billion. . . . My guess is that we shall have a package of cuts in the personal and corporate income tax and in the elimination or reduction in certain of the excise taxes, sufficient to reduce yields . . . between $3 billion and $3.5 billion. As to state and local expenditures, I do not look for much deviation from current trend. . . . It is most unlikely . . . that many of the big Federally assisted programs will take hold quickly enough to affect 1956.

MR. KAPLAN

On Attitudes, Inventory, and the General Outlook

Leading companies have been . . . ready to make public commitments for large outlays, in definite dollar terms. . . . The consumer appears to be going along serenely with heavy buying and confidence in his income prospects. There is lacking, however, the evidence of upsurge that was shown earlier in the Year (1955). . . . There will be no great rush to increase inventories beyond a comfortable hand-to-mouth pace, as the evidence that shortages are easing continues to accumulate. My net expectation is that there will be a creeping up . . . of inventories in 1956.

A. D. H. Kaplan

. . . The year 1956 should carry through the first half substantially above the first half of 1955, to a record annual GNP rate of around $405 billion. There should be an easing in the second half; but powerful political forces will probably . . . keep the second-half GNP from getting below $400 billion. The year as a whole

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NEWS ABOUT BANKS AND BANKERS

CONSOLIDATIONS
NEW BRANCHES
NEW OFFICERS, ETC.
REVISED
CAPITALIZATIONS

Irving Trust Company of New York announces the promotion of six members of its staff. John W. Pross was named an Assistant Vice-President and Hamilton Adams, David B. Bolton, Fred E. Borchert, Jr., Allister A. Etzel and Richard G. Higley were made Assistant Secretaries. Mr. Pross is associated with the bank's consumer finance division while Mr. Bolton and Mr. Etzel are with the 42nd Street branch office. Mr. Adams is at the bank's Empire State office, Mr. Borchert at the 21st Street office and Mr. Higley with the 46th Street branch office. All are engaged in loaning and customer contact activities.

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John B. Bridgwood and Charles Cain, Jr. have been appointed Executive Vice-Presidents of the **Chase Manhattan Bank, of New York,** J. Stewart Baker, President, announced on Jan. 6. Mr. Bridgwood, formerly a Senior Vice-President, is head of the trust department. Mr. Cain, also a former Senior Vice-President, is in charge of the bank's international department.

Further changes in the senior administrative organization of **The Chase Manhattan Bank** were announced on Jan. 9, by J. Stewart Baker, President. Henry J. MacTavish, Vice-President and formerly Comptroller, has been appointed to the newly-created post of Loan Review Officer. At the same time Charles A. Agemian, Vice-President and formerly Deputy Comptroller, was appointed to succeed Mr. MacTavish as Comptroller.

THE CHASE MANHATTAN BANK, NEW YORK

	Dec. 31,'55 $	Sept. 30,'55 $
Total resources	7,509,247,604	7,060,591,615
Deposits	6,780,358,289	6,353,830,125
Cash and due from banks	1,943,005,835	1,700,348,708
U. S. Govt. security hold'gs	1,230,522,456	1,239,990,658
Loans & discts.	3,510,002,838	3,230,918,343
Undivid. profits	76,433,552	72,294,079

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C. J. G. Dodge, Kenneth F. Foster, Sylvester F. Majestic, Robert W. Ostermeyer, Willis R. Phillips, Walter C. Sundberg and Ellsworth B. Woodland have been elected Assistant Vice-Presidents **of Chemical Corn Exchange Bank of New York,** it was announced on Jan. 11 by N. Baxter Jackson, Chairman. Mr. Jackson also announced the following appointments: Herman M. Metz and Fred G. Pfeiffer, Trust Officers; Henry F. Forsstrom and Alan B. Purdy, Assistant Treasurers; Torleaf H. Benestad, Leslie J. Christensen, Albert Friedlander, Ernest M. Gilmour, Clyde W. Hiseler, Arthur P. Taylor, Frederick W. Turner and Elizabeth R. Wemple, Assistant Secretaries, and T. Frothingham III, Kenneth M. Mueller, E. M. Townsend, Steven R. Cook and Carl Palmer, Assistant Managers.

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Irwin W. Smith has been elected Vice-President of **Bankers Trust Company of New York,** it was announced on Jan. 10 by S. Sloan Colt, President. Mr. Smith will assume charge of the bank's Empire State Office succeeding Lauriston C. Lake, Vice-President, who will move to the Fifth Avenue branch to assist William H. Kyle, Vice-President, in the management of that office. Mr. Smith, went with the Bankers Trust after its merger with **Title Guarantee & Trust Co.** in 1950. He served in various capacities until he became Branch Credit Man and Branch Assistant Manager before joining Bankers Trust as an Assistant Treasurer. He was named Assistant Vice-President in 1952. Mr. Lake, formerly Vice-President of the **Commercial National Bank,** joined Bankers Trust Company in that capacity at the time of the merger of the two institutions in 1951. He has been in charge of the Empire State Office since 1953.

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UNDERWRITERS TRUST CO., NEW YORK

	Dec. 30,'55	Sept. 30,'55
Total resources	$42,644,444	$40,936,598
Deposits	38,966,600	36,832,379
Cash and due from banks	7,642,583	7,129,163
U. S. Govt. security holdings	18,439,267	17,666,876
Loans & discounts	13,907,042	12,750,275
Undivided profits	1,400,916	1,384,765

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John T. Madden, President of the **Emigrant Industrial Savings Bank of New York,** has announced the appointment of Carl S. Falk of the Grand Central Office and John W. Love of the 31st Street Office as Assistant Secretaries. Both have been associated with the Emigrant Savings Bank for many years.

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The appointment of Peter E. Bennett as a member of the Advisory Board of the **Brooklyn Trust Office** (177 Montague Street, Brooklyn) of **Manufacturers Trust Company of New York** is announced by Horace C. Flanigan, President. Mr. Bennett recently retired from Manufacturers Trust Company where he was a Vice-President for the past 14 years. He had been President of the Mortgage Corporation of New York at the time it merged with Manufacturers Trust Company in 1941. Mr. Bennett is a Trustee of the Brevoort Savings Bank.

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At their annual meeting on Jan. 11 the stockholders of **The New York Trust Company** elected to the Board of Directors to serve until 1959, Edward C. Brewster and Willis McDonald, both of New York. Re-elected to the Board for the same term were Adrian M. Massie, Chairman of the Board and Hulbert S. Aldrich, President of the company and B. Brewster Jennings, Chairman of the Board of Socony Mobil Oil Co., Inc. and William F. Cutler, New York. Mr. Brewster, a former Vice-President of Stone & Webster Inc., was for some years prior to the second World War, associated with The New York Trust Company in the Trust Investment Division. Mr. McDonald, who has been associated with The New York Trust Company since November, 1922, has been a Vice-President since September, 1941, and is in charge of the Banking Division of the Company.

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KINGS COUNTY TRUST COMPANY, BROOKLYN, N. Y.

	Dec. 30,'55	June 30,'55
Total resources	$65,948,658	$68,818,492
Deposits	56,200,298	59,217,583
Cash and due from banks	9,355,091	10,183,638
U. S. Govt. security holdings	11,805,040	13,229,513
Loans & discounts	16,244,557	14,781,694
Undivided profits	1,133,422	975,335

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Walter L. Tindle, Vice-President of the **Long Island Trust Company, of Garden City, L. I.,** and former manager of the Company's **Great Neck** office, was transferred to the main office in **Garden City** effective Monday, January 9, it is announced by Frederick Hainfeld, Jr., President of the Long Island Trust Company. Mr. Tindle will be in charge of developing new business in the commercial and industrial fields for the Garden City Office, East Garden City Office, Great Neck office, and the Trust Company's newest Stewart Manor office which will open officially on Feb. 7. Mr. Tindle has been associated with the Trust Company for the past three years. For 11 years prior to that he served as an officer of the **Sterling National Bank and Trust Company** of New York. William F. Erdman, Assistant Secretary of the Long Island Trust Company, is now in charge of the Trust Company's Great Neck office, effective Jan. 9. Mr. Erdman has been associated with the Company for the past 10 years.

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Shareholders of the **Security National Bank of Huntington, Long Island, N. Y.,** will vote on a proposal at their annual meeting on Jan. 10, to split the bank's stock two-for-one, George A. Heaney, President has announced. If approved, par value of the stock will be reduced to $5 from $10 and the number of shares outstanding will be increased to 463,886 from 231,943, Mr. Heaney said.

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Suffolk County's newest bank, **The Eastern National Bank of Smithtown, Long Island, N. Y.,** will open on Jan. 13, it was announced on Jan. 3 by the bank's President, William J. Boyle. Eastern, it is announced, is the first National bank to be chartered in Suffolk County in more than 35 years. The bank, with a capitalization of $1,000,000, is located at 8 Miller Place, at Jericho Turnpike. The opening will be celebrated by a two-day "open house" starting Friday morning, Jan. 13. Interest of 2½% compounded quarterly will be paid on savings accounts, President Boyle announced and 2½% he states will also be paid on corporate time certificates. The bank will likewise accommodate safe deposit vaults, business and personal checking accounts, Christmas Club accounts, home loans, business loans, etc. Cashier of the new bank is Walter F. Thomas, Major U.S.A.R. In 1945, after four years in the army, he joined **The Peoples State Bank of Baldwin** and was Vice-President of that bank when he left in March of 1955.

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The Merchants National Bank & Trust Company of Syracuse, N. Y. increased its capital as of Dec. 12 from $1,200,000 to $1,500,000 by the sale of $300,000 of new stock.

* * *

The Lincoln National Bank of Buffalo, N. Y., which on Nov. 29 enlarged its capital from $220,000 to $275,000, has further increased its capital to $300,000, as of Dec. 19, by the sale of $25,000 of new stock. The earlier increase was noted in our issue of Dec. 8, page 2430.

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The Board of Directors of the **First National Bank of Herkimer, N. Y.,** voted on Jan. 9, to recommend favorably to the stockholders the exchange of their stock for shares of common stock of **Marine Midland Corporation, of Buffalo, N. Y.,** according to an announcement made jointly by George J. Sluyster, President of the Herkimer Bank and Baldwin Maull, President of Marine Midland Corporation. The proposed basis of exchange is six and a half shares of Marine Midland common stock for each share of First National. The last named was established in 1884 and currently has deposits approximating $10 million. Its capital stock consists of 10,000 shares with a par value of $33 per share and it also carries a preferred stock issue of $70,000 redeemable at $140,000 Surplus and undivided profits approximate $400,000.

COUNTY BANK AND TRUST COMPANY, PATERSON, PASSAIC AND LITTLE FALLS, NEW JERSEY

	Dec. 31,'55	June 30,'55
Total resources	$111,352,997	$95,704,660
Deposits	100,804,141	86,748,627
Cash and due from banks	16,901,426	11,271,418
U. S. Govt. security holdings	19,608,456	19,331,225
Loans & discounts	23,009,942	18,520,845
Undivided profits	1,918,207	2,307,517

* * *

The Board of Directors of **The Bryn Mawr Trust Co. of Bryn Mawr, Pa.** on Jan. 5 declared an extra dividend of 25 cents per share and the regular semi-annual dividend of 75 cents per share on the capital stock, both payable on March 1, to stockholders of record at the close of business Feb. 10, 1956. The Bryn Mawr Trust Company paid regular semi-annual dividends of 75 cents in March and September last year. DeHaven Develin, President, announced on Jan. 5 that the directors also authorized an increase in the bank's $5 par value capital stock by 18,400 shares. The additional 18,400 shares would be offered for subscription to present stockholders

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THE MARKET ... AND YOU

By WALLACE STREETE

The stock market has been refusing with determination to give any great comfort to the bullish enthusiasm of the new year and found no reason to do otherwise this week. In fact, one day's fall was the roughest the list has had to endure since the September-October upset ran its course about three months ago.

* * *

One line of questionable validity was pierced in the process, the 477 level that was the bottom of the trading range through November and December after the list had tried for a new peak. A considerable body of opinion had come, rightly or wrongly, to take this as a support level, so selling through it brought on a bit of further liquidation. It was a somewhat arbitrary figure, however, since the industrial average had dipped to nearly 440 in the October fiasco.

The Stalled Motors

Motors continued their downhill flutter and the words of caution from Henry Ford that enthusiasm over his own stock was somewhat excessive wasn't much of a prop to the auto issues generally. General Motors dipped into new low ground for a specific dour note. But none of it apparently cut into the large demand for the Ford stock to be offered next week.

* * *

Steels, which generally have been selling at better yields than the other quality issues, were swept along on the downdrift despite the fact that the mills are humming to the tune of new output records. Also ignored are the many forecasts that they will have all the business they want not only for the first half of the year but for the second half as well, which is a period about which the yearend economic forecasts have been definitely cautious.

* * *

Oils were also dragged along with the market even though a host of followers regard many of them as oversold. Amerada, for instance, not only failed to join in the bullish swing of last year but even lost better than 20 points. The stock is only about that distance above its 1953 close, indicating that it has been well bypassed. It is noteworthy, however, that while Amerada has lost its long-time standing as the No. 1 holding of the investment companies, Lehman Corp. is clinging resolutely to its large bundle.

A Stock With a New Following

Another issue that has been accumulating followers with every new decline is Westinghouse Electric, beset by strike troubles for long that have kept the issue subdued. Here again, this stock was a new commitment of Lehman Corp. during the final quarter of last year. Westinghouse was also lower by 20 points at the end of last year than when the year dawned, so that it fits neatly into the needs of that school of thought that still wants quality issues but not at their all-time peak prices. Chrysler was in similar demand when its troubles had carried it into the 50s from where it subsequently rebounded to across the 100 line.

Bargain Hunters' Favorite

Carrier Corp., long laggard marketwise, was also among the bargain hunters' favorites, particularly since it has rounded out its product line with a heating division. Most of the air conditioning firms weren't among last year's pet stocks, largely because of price troubles during the summer that built up inventories and narrowed profit margins. Carrier sales have jumped over 700% in less than a decade and earnings improved sufficiently so that the stock was put on a new $2.40 dividend basis after last November's boost in the payment.

* * *

Most of the market letters have been wary of the rails, having long since tired of culling out promising situations only to have the laggard rail market exhaust their patience. But occasionally some attention is paid to Chesapeake & Ohio which is something of a former blue chip currently in the doldrums. The 6½% yield offered by the issue in a year when it reports the highest earnings in history makes it something of a market wonder. The improvement in the road's fortunes has enabled a return to the $3.50 dividend rate that prevailed from 1941 to 1944 when the road was highly regarded in investment circles. That rate was last achieved in 1946 after which it fell to $1.50 before the rebound began.

* * *

Curtis Publishing was in good form despite the ragged markets. A good bit of the attention was paid to the issue revolving around its paper mills and large woodland holdings, and the possibility of a deal in view of the fact that newsprint particularly and paper generally is in short supply. The stock held in a tight range of less than four points all year and has been hovering around the low recently.

Another Issue Coming to Life

Another issue that had had little market life and spent all of last year in a less-than-five point range is Collins & Aikman which has started off the new year well both because of the interest being paid the relatively inactive issues of last year as well as because of merger rumors centering on it. Bolstering the issue are expectations of a good earnings rebound to solid black ink after a couple of red-ink years. It is one of those issues, somewhat common a few years back but rather rare now, that sells at around its current asset value. Total equity per share is somewhere around double the market price. The stock last paid a dividend in 1950 and its peak price has been between 20 and 24 ever since.

An Improving Steel Stock

A steel situation where earnings improvement seems assured is National Steel which ran into trouble with some of its operations and spent most of last year straightening the situation out. Estimates of last year's earnings would indicate that the per-share figure will probably be boosted by better than 50%, which is given additional credence by the fact that the dividend rate was raised late last year. National has been a definite laggard in the steel group for some time now.

* * *

Aircrafts, despite their rather sour initial performance to start off the year, have enough followers to keep them rather buoyant, particularly those companies that will benefit directly by the large-scale switch to commercial jet transportation. This swing will be a prop for two, three or more years under even the present schedules. The periods when aircrafts were popular for other than their defense work are decidedly rare in stock market history.

[The views expressed in this article do not necessarily at any time coincide with those of the "Chronicle." They are presented as those of the author only.]

Bache Predicts Increased Stock Ownership

Expects shareholding population to increase approximately 4 million by 1960. Urges all people to help meet the tremendous need for venture capital estimated as more than $500 billion in the next decade.

BEVERLY HILLS, Cal., Jan. 9 — "With the American people coming to realize in increasing numbers their inherent rights to own a share of American industry, as they understand what shareownership really means, the number of securities holders in the United States can be expected to climb to around 12,000,000 by 1960," Harold L. Bache, Senior Partner of Bache & Co., a leading investment firm, predicted today.

Harold L. Bache

"This would mean a net addition of more than 4,000,000 people to the shareowning population within the next four to five years," Mr. Bache said. "Of course," he went on, "this would represent a tremendous gain but I believe, that when all the facts are lined up, a total of 12,000,000 does not seem quite so large as it does at first glance."

Mr. Bache made the prediction at the official opening of his firm's new West Coast office, which occupies the entire ground floor of the new City National Bank building annex at 445 N. Roxbury Drive in Beverly Hills. Bache's new branch offers the latest and most efficient equipment and facilities to provide Southern California, as well as the entire West Coast, with fast, accurate market information from world wide investment centers.

"Industry is requiring increasingly larger amounts of capital in order to satisfy the nation's needs and its luxuries," Mr. Bache said. "This spending is not only for today but for tomorrow, as well, and inevitably the rate of capital consumption must increase," he added. "It may well be that the rate of capital consumption will increase at a rate that will make present estimates look highly conservative." he asserted.

Mr. Bache reported that even today there is a shortage of venture capital and this shortage may become even more acute in the future. "We in the securities industry must fully recognize our responsibility — the responsibility of creating investment opportunities, the responsibility of channeling the savings of more people into production, the responsibility of encouraging intelligent investment," he declared.

"In these efforts," he stated, "California has been among the leaders in getting across to the public the importance of investment for the individual and to the nation." He then cited such educational projects as "Invest in America Week," the close cooperation between West Coast stock exchanges and local and national industries, and the rapid expansion and public acceptance of adult investment classes under the sponsorship of member firms of the New York Stock Exchange.

"As a result of these broad programs, the American people are learning that owning a part of American industry is not one of the prerogatives of a wealthy class of privileged individuals," Mr. Bache said. He went on: "The right of private ownership is inherent in our political system, and it may be exercised by buying one share or one hundred shares in any of our thousands of industrial enterprises. People are learning more about that right all the time —because more people are getting to understand what shareownership really means. After all, when you are buying a share of American industry, you are buying a share in the future and all the rewards — and the risks — which that purchase involves."

As an illustration of the change in the public's attitude toward investment, Mr. Bache pointed to the growth of employee stock purchase plans. "The owners of American Telephone & Telegraph Company, for example, number more than 1,300,000 people, of which about 500,000 are employees of the company. These employees are showing their faith in the future growth of the company and their feelings that they will share in the rewards of that growth, by putting aside a part of their income to participate in the company's future," he declared.

"A gigantic task confronts us, the task of telling the public the facts about shareownership," Mr. Bache stated. "This job cannot be accomplished overnight, but it must be done no matter how long it takes, as we simply do not have any other choice," he asserted.

"Ours is not a static economy— and it never will be—unless under some form of mass hypnosis we try to will ourselves into stagnation," he averred. "By pulling together in the raising of an estimated total capital requirement of more than $500 billion over the next decade, it is conceivable that the most recent figure of 7,500,000 persons owning securities, as estimated by the New York Stock Exchange, could soar to the 12,000,000 mark by 1960," Mr. Bache concluded.

Chicago Investm't Women To Hear Address

CHICAGO, Ill.—N. Hall Layman, Vice-President of the Northern Trust Company, will address the members of the Investment Women of Chicago at a luncheon meeting Jan. 18 to be held at Stouffer's Madison Street Restaurant. The subject of his talk will be "Commodity Financing in Chicago."

Mrs. Kenneth A. Kitchen, Illinois Agricultural Association, President of the group, will preside.

LETTER TO THE EDITOR:

Asks Emulation of Former Treasurers Cited by Burgess

Frederick G. Shull, New Haven monetary economist, writes "Chronicle" advocating the practice of Washington's advice: not to please the people by offering what we ourselves disapprove. Adds John Sherman, Andrew W. Mellon, Daniel Webster, and Theodore Roosevelt to Under-Secretary of Treasury Burgess' list of Alexander Hamilton, Carter Glass and Ogden Mills, and suggests they be emulated by similar espousal of the gold standard.

Editor, Commercial and Financial Chronicle:

Addressing the American Farm Bureau Federation, in Chicago, on Dec. 14, 1955—as reported in your issue of Dec. 22, 1955 — Mr. W. Randolph Burgess, Under-Secretary of the Treasury, in an effort to prove that this nation is on a sound monetary basis, indulged in platitudes hardly worthy of one occupying so high a station in the Treasury Department of the United States. Let's examine some of Mr. Burgess' statements—step by step—and see whether they conform with the facts as to what actually constitutes Sound Money.

Frederick G. Shull

Choosing the grand old hymn, "How Firm A Foundation," as the title of his talk, Mr. Burgess proceeds as follows: "A nation, like a family, has to be built on a sound foundation. . . . It includes the moral qualities of integrity, diligence, and understanding. But a sound foundation also requires economic solvency. It is the special responsibility of the Treasury to see that our country is solvent. . . ."

Those are excellent principles, but they have not been put into practice by the Treasury of the United States since the New Deal took us off the Gold Standard in 1933; and the American dollar will continue to lack a "sound foundation" until it is again restored to a basis whereby paper money, or other token currency, shall be *redeemable in gold*, on demand, at the face value of the currency.

And since "a sound foundation also requires economic solvency," let's see how we stand in that respect: Our national debt now approximates $280 billion; and here is what Senator Byrd had to say on that score, in an address which he delivered before the Chamber of Commerce of the United States, in Washington, on May 4, 1955: "Our debt is equivalent to the full value of all the buildings, all the mines, all the machinery, all the livestock—everything of tangible value in the United States." If that represents a true picture of "solvency," how much deeper in debt can the United States go before being regarded as *insolvent?* In answering that question we should keep in mind Mr. Burgess' correct premise that "A nation, like a family, has to be built on a sound foundation"; and that a family whose liabilities exceed its assets, is *insolvent.*

Mr. Burgess says that our Government must "examine and strengthen our foundations. . . . We must diagnose the trouble and seek to cure it at the source." Those are noble sentiments; but to implement them requires a lot more than mere expressions of thankfulness "for the great traditions of this nation"; more than the mere calling to attention of the "Portraits of former Secretaries of the Treasury" that adorn the walls of Mr. Burgess' office—it requires a sound-money policy by the Treasury of the United States and the Federal Reserve System, and which this nation has not had since the New Deal took us off the Gold Standard in 1933!

Getting back to the "portraits," those named by Mr. Burgess as adorning his walls are "Alexander Hamilton, Carter Glass, and Ogden Mills." Among the missing, at least not mentioned, is John Sherman, author of the "Resumption Act of 1875," which restored the doller to a true gold standard in 1879; and Andrew W. Mellon, who, in his "Taxation: The People's Business" (published in 1924), declared it to be the policy of his government to "maintain the Gold Standard unimpaired." But since the three named were also strong advocates of Sound Money, one wonders why Mr. Burgess doesn't emulate their financial policies, rather than confining himself to the thrills of their portraits. Hamilton, of course, was as much a Gold-Standard man as he could possibly be in 1792, when this new nation had comparatively little gold, by insisting that the newly created dollar be specie-backed with both gold and silver; Carter Glass, as co-author of the Federal Reserve Act of 1913, was a thoroughly Gold-Standard man, for in that initial setup, all Federal Reserve Notes were made "redeemable" in gold; and Ogden Mills, both as Under-Secretary and later Secretary of the Treasury, was a Gold-Standard man operating in a Gold-Standard Administration. Again I say, Why doesn't Mr. Burgess "emulate" these great Secretaries of the Treasury, instead of merely being thrilled by their portraits?

Mr. Burgess does say: "It was under these leaders that we developed the great financial traditions which have shaped the course of our history as surely as have the Declaration of Independence and the Constitution." But, under no "financial traditions" established by Alexander Hamilton, nor by any followed by his great successors in the Treasury Department, can we justify "irredeemable" paper money, such as we have been using for the past 22 years—and still with us; and it's an insult to Alexander Hamilton, John Sherman, Carter Glass, Andrew Mellon, Ogden Mills, and the rest, to try to connect our present-day type of paper money with any "financial traditions" originated and practiced by those great leaders. For those leaders believed that paper money can, and should, be maintained *as good as gold!*

All that Mr. Burgess says about "Hamilton's bold plan for establishing the nation's credit," and his "courageous step . . . to establish confidence in the new Government's integrity," is very much to be admired. But, with such high respect for that great predecessor, why doesn't Mr. Burgess come out for a return to the Gold Standard, instead of continuing to try to make us believe that printing press paper money is *real* money? Daniel Webster had the correct answer more than 120 years ago. Addressing the U. S. Senate, in 1834, Webster said: "I know, indeed, that all paper ought to circulate on a specie basis; that all bank notes, to be safe, must be convertible into gold and silver at the will of the holder"; and he went on to say that, "any attempt to give value to any paper of any bank, one single moment longer than such paper is redeemable on demand in gold and silver" is a "miserable, abominable, and fraudulent policy." This bit of "financial tradition," so strongly urged by Daniel Webster, and so consistently practiced by this nation, with minor exceptions, from 1972 right down to 1933, is highly recommended to President Eisenhower, Secretary Humphrey, and Under-Secretary Burgess as the best means of correcting the dishonesty of the New Deal, and getting the American dollar restored to a basis of *integrity!*

And it might not be amiss to throw in, here, what another great American had to say as to what constitutes "honest currency." In an address at Logansport, Indiana, on Sept. 23, 1903, President Theodore Roosevelt voiced the following Sound Money principles:

"An honest currency is the strongest symbol and expression of honest business life. The business world must exist largely on credit, and to credit, confidence is essential. Any tampering with the currency, no matter with what purpose, if fraught with the suspicion of dishonesty, in result is fatal in its effects on business prosperity. Very ignorant and primitive communities are continually obliged to learn the elementary truth that the repudiation of debts is in the end ruinous to the debtors as a class. And when communities have moved somewhat higher up the scale of civilization, they also learn that anything in the nature of a debased currency works similar damage. A permanent system of assured honesty is the first essential." (Ref.: Roosevelt's State Papers, Vol. 1,"*Review of Reviews,*" 1904, page 190).

Since we have not had an "honest currency" since the New Deal took over in 1933—proof of which premise is clearly established by the quoted statements from the works of Daniel Webster and Theodore Roosevelt, just presented herein—I raise this question: Is the present Administration, or is it not, going to restore the American dollar to a basis of *honesty*, with its value firmly fixed at $35 a fine ounce of gold, and the privilege of *redeemability, on demand* restored? The answer to that question is of far greater importance to the American people than whether Ike can, will, or won't, be a candidate in 1956.

Getting back to Mr. Burgess' talk to the farmers, he said: "These policies of Alexander Hamilton, supported by the great moral force of George Washington, were adopted by a reluctant Congress and carried out under great difficulties. The result was that the foundations were laid for making the dollar the best money in the world." Truer words were never spoken! But, today, we are a long way from the type of dollar approved by Washington and Hamilton. And to say that we have "the best money in the world" is no high compliment; for hardly a nation in the world, today, is on a Sound Money basis. But we, with our nearly 22,000 tons of gold, could easily be on a Sound Money basis. All we need to do is to get back to the principles established by Washington and Hamilton, restore our currency to a sound, specie-backed basis, and we shall thereby have rendered a service not only to ourselves but to the entire world. And as George Washington once said (as quoted in the final paragraph of Mr. Burgess' speech):

"If, to please the people, we offer what we ourselves disapprove, how can we afterwards defend our work? Let us raise a standard to which the wise and honest can repair. The event is in the hands of God."

FREDERICK G. SHULL

2009 Chapel Street,
New Haven 15, Conn.,
Dec. 29, 1955.

Railroad Securities

By GERALD D. McKEEVER

Kansas City Southern Ry.

Although the payment of an extra of 50 cents per share in the final quarter of last year has effected another increase in dividend of Kansas City Southern common, this issue is still classed as a "rich man's" investment. At the current market price of about 77, the indicated yield of the total $3.50 payment for 1955 is only 4½% and Kansas City Southern common therefore has greater appeal for those who are more interested in capital gains potential than at the best rate of return currently.

The capital gains aspects of Kansas City Southern are somewhat more evident than is ordinarily the case. In the first place, it is one of the leading growth rails, serving a territory that enjoyed a surge of industrialization by the location there of numerous plants identified with the war and defense effort and the expansion of others already located there. With the ending of the war there was no problem of keeping these new low cost plants busy, notably in the oil, chemical, sulphur and synthetic rubber fields, and the territory has continued to thrive.

Manufacturers and miscellaneous traffic represented the high proportion of 65% of 1954 freight revenues, and being so closely with the level of industrial output, revenues of the Kansas City Southern Lines—that is, the Kansas City Southern proper and its wholly-owned Louisiana & Arkansas—reacted to the 1954 letdown a little more than the average, either for Class I or for the Southwestern district. Nevertheless, the showing for Kansas City Southern Lines was still way out in front as shown by the following table of revenue indices based on the 1947-49 average as 100:

	Kansas City So.*	So'west Dist.	Class I
1954	116	105	104
1953	137	120	119
1952	129	121	118

*Kansas City Southern and Louisiana & Arkansas combined.

Based on the 1955 estimate of $74 million for the combined revenues, the index jumps back to the 1952 level of 129, but the Class I index moves up to only 113 based on estimated revenues of $10.5 billion.

The larger potential source of latent value is in the Louisiana & Arkansas from which the parent Kansas City Southern has taken no dividends since 1948. The Kansas City Southern owns the entire outstanding amount of the three classes of stock of the Louisiana & Arkansas, namely 60,000 shares of 6% cumulative prior preferred, 40,000 shares of non-cumulative 6% preferred and 160,000 shares of common, and there is an unpaid dividend accumulation of $1,260,000 on the 6% prior preferred which is of $50 par value.

Consolidation could ultimately be the means of obtaining the full flow-through of Louisiana & Arkansas earnings, but this possibility is beclouded for the present because all of the L&A stock is pledged as collateral as part of the security of the $50 million Kansas City Southern first 3¼s, the only bond issue of the system. In the meantime, however, the restoration of dividends on the two Louisiana & Arkansas preferred stocks, together with the payment of the arrears on the prior preferred and the establishment of an appropriate dividend on the L&A common, could be the basis of a dividend rate on Kansas City Southern common more in line with combined earnings estimated at $11 per share on Kansas City Southern common for 1955, of which the parent road contributed just about half.

The Louisiana & Arkansas is proving to be the tail wagging the dog as far as growth and productivity are concerned. While the Kansas City Southern proper, extending some 790 miles from Kansas City, Mo., to Port Arthur, Tex., produces about 60% of the combined revenues of the system, the 750-mile Louisiana & Arkansas producing the lesser share of revenues nevertheless contributed 50% of 1955 net. This road extends southeast from Hope, Ark., through Shreveport, Alexandria and Baton Rouge, to New Orleans, and a branch extends from Shreveport to Farmersville, Tex., at the Dallas gateway. The exceptional growth factor of the Louisiana & Arkansas is shown by the following table of indices which also is based on the 1947-49 average as 100:

	REVENUES			TON MILES		
	Lines (1)	KC So. (2)	L & A	Lines (1)	KC So. (2)	L & A
1954	116	105	135	95	84	123
1953	137	123	162	103	93	131
1952	129	122	140	105	98	123
1951	119	113	129	106	101	121
1950	106	101	113	96	90	108

The relatively greater growth of the Louisiana & Arkansas is also seen in the 39% increase in its freight traffic density from 1946 through 1954, whereas the Kansas City Southern proper showed a small decline.

While various payments were on Kansas City Southern preferred from 1931 through 1945, regular dividends were not resumed until 1946 and common dividends suspended beginning 1932 were not resumed until 1948. The effect of having plowed back the greater part of its cash income into additions and betterments for 20 years or more is seen in the road's high state of operating efficiency. Between 1943 and 1954 gross ton miles moved per freight train hour increased 85% and the Kansas City Southern is one of the lowest cost operations in the rail field, its transportation ratio being at the low end and maintenance cost ratios have been traditionally low.

With its fortunes so largely dependent upon industrial output, the outlook for 1956 earnings of the Kansas City Southern is more than for most southwestern roads a matter of the maintenance of the level of business generally. The 1954 letdown, for instance, led to a drop of over 15% in the combined Kansas City Lines revenues, a little less for the Kansas City Southern proper, and a little more for the Louisiana & Arkansas, but net income was fairly well sustained, partly due to tax credits. The greater part of the latter, amounting to about $1 per share, was occasioned by the writeoff of the unamortized premium on the bond issues refunded by the 1954 refinancing, and this is probably a never-to-recur item. The road's tax deferral due to accelerated amortization is a relatively small matter.

Continued from page 10

The Challenge of Technology

monds, General Electric applied extreme pressures and temperatures to a carbon material, similar to what probably occurs when nature's forces mold diamonds. The carbonaceous matter was subjected to a pressure 54,000 atmopheres, or about 800,000 pounds per square inch.

The development of an inexpensive way to produce artificial diamonds, I'm sure you agree, could be a boom to industry. It would make industrial diamonds available to virtually all manufacturers for faster speeds, greater accuracy, and improved appearance of certain tooled items.

Important developments also are occurring in the field of ceramic coatings. At Armour Research Foundation, for example, we have developed two unique processes which make it easier to apply ceramic coatings. One is known as "Solution Ceramics"; the other as "Flame Spray Ceramics."

In Solution Ceramics the ceramic material is in a chemical solution and can be applied to any solid surface heated to a few hundred degrees Fahrenheit.

These coatings are highly resistant to heat, can be stamped when applied to sheet metals, are resistant to chemical attack, can be applied inexpensively, are extremely thin, and are not brittle like porcelain enamel. Possible uses include insulation of transformer laminates, offset printing, and insulation for wire.

Flame Spray Ceramics coatings differ from Solution Ceramics and similar coatings in that they do not require the heating of surfaces, and are applied by the feeding of powdered ceramic materials through a simple flame gun.

These coatings are highly superior, in many instances, to those produced by the metallizing processes because of their greater resistance to heat and their chemical stability. And they appear to be effective in such uses as protecting metals against high temperature erosion in rocket nozzels and against erosion and abrasion in pump impellers and housings and in fan blades and turbines.

While discussing coatings, I would like to mention a radically new technique for rapid drying of coatings and paints which has been developed at the Foundation. The process is called "Chem-Dry," and is capable of shortening the drying time on coated products from 24 hours to from 2 to 20 seconds. There also is a considerable saving in floor space. An experimental Chem-Dry installation at Acme Steel Company occupies approximately 200% less floor area than originally required.

The Chem-Dry process is particularly adaptable to protective coatings of inks, paints, and varnishes. It is based on a chemical reaction between the applied coatings and sulfur dichloride vapor instead of the slower polymerization or oxidation process.

By combining improved quality with reduced cost, Chem-Dry offers substantial production savings for those in the fields of printing, wood finishing, paper and fabric coating, metal decorating, and wire coating.

Of all the products of research and development none offers a greater potential than the unleashing of new sources of energy. The two most promising new energy sources are the nucleus and the sun.

For centuries man has depended largely upon fossil fuel and water power to keep him warm and to turn the wheels of commerce and industry. It has been apparent for some time, however, that the reserves of fossil fuels—gas, oil, and coal — are inadequate and that water power is too limited to serve the needs of the world beyond the next 25 to 50 years.

Because of this bleak outlook, increased attention has been directed at the development of nuclear power plants — considered by many to be the answer to our fuel needs. It is easy to understand the importance of such plants when you realize that one pound of uranium fuel is equal to 1,300 tons of coal in energy value, and gives as much power as 270,000 gallons of gasoline or 2,500,000 kwh. of electricity. And when we can control the energy release of the H-bomb, the fuel costs will be practically zero and the supply almost unlimited.

It has been estimated that nuclear power plants will account for from 10 to 20% of the electric capacity installed between 1960 and 1970. As production costs go down, nuclear plants can be expected to take an increasing share of the power generation market.

Nuclear energy, itself, rapidly is becoming America's biggest industry. It has grown from a $6,000 government appropriation in 1940 to a $12 billion giant—surpassing even the steel and automobile industries. More than 800 companies now are using atomic energy by-products in some 1,100 plants.

The heart of a nuclear power plant is the "nuclear reactor"—a device in which uranium undergoes fission at a controlled rate. There are two types of reactors—those that are used primarily for power and those designed to be utilized as research tools. It is this latter type that Armour Research Foundation is installing in Chicago for operation starting this spring. It will be completely declassified and available to industry.

The nuclear reactor has many applications as a research tool. A nuclear reactor, for example, recently made it possible for Foundation scientists — working with the University of Illinois Medical School—to develop a new technique which will be of assistance in muscular dystrophy cases.

One of the factors involved in muscular dystrophy is an imbalance of sodium and potassium in the muscle tissue. Specialists believe that it would be helpful in understanding the causes of muscular dystrophy if the amount of sodium and potassium in the tissue could be measured and analyzed periodically.

Until now, it has been necessary to remove a gram of the muscle tissue to make the analysis. This causes extreme pain and quite a drain on the persons' resources, thereby limiting such measurements.

The Foundation was asked to develop a more suitable measurement technique. As a result, a neutron activation technique was proposed which will make it possible to remove only one-thousandth of the tissue formerly needed, and which will permit weekly measurements.

One of the most important uses of the reactor is the production of radioisotopes (radioactive elements) which can be used in wear and friction studies, trace element determinations, tracer studies, sterilization, and numerous other ways.

The availability of a declassified reactor in Chicago will make it possible for Midwest industry to utilize radioisotopes on a routine basis for the first time. As you may know, about two-thirds of all radioisotopes have half-lives of less than two days, thereby making their procurement from distant government laboratories impractical.

As a last illustration, I would like to just mention another largely untapped source of energy—sunlight. The size of this reserve is tremendous. This is indicated by the fact that the amount of solar energy reaching the earth's surface each year is 32,000 greater than all energy produced by other means today.

The principal problem in the utilization of solar energy is how to collect and store the energy. But progress is being made. Bell Laboratories, as you may know, recently announced a solar battery which converts sunlight into electricity. Solar energy also is being used to heat to high temperatures certain materials whose contamination must be prevented. I see no reason why continued research eventually cannot succeed in harnessing the sun in other respects.

I have tried in this brief talk to give an over-all picture of the role and importance of technology in our economy. I hope I have succeeded, for the challenge is great. Much has been accomplished, but much more remains for those who are adventureous enough to accept the challenge.

Federal Oil Common Stock at $3 a Share

Public offering of 99,900 shares of Federal Oil Company common stock was made yesterday (Jan. 11) by S. D. Fuller & Co. The stock is priced at $3 per share.

The company, a retail fuel oil and wholesale gasoline distributor, will apply the proceeds of the sale toward the purchase price of Economy Service, Inc. Federal, after the acquisition of Economy Service, Inc., in early January, will be the largest independent fuel oil distributor in the Essex and Union Counties area of New Jersey.

Federal now sells approximately 10,000,000 gallons of fuel oil to 3,000 homes and business establishments in Essex and Union Counties and it is also sole independent licensee in Essex County for the wholesale distribution of AMOCO gasoline and motor oil to numerous service stations and large industrial consumers.

The company's present fuel oil business will be doubled, its storage capacity increased ten-fold, and tidewater docking facilities will be acquired through Federal's purchase of the net assets and property of Economy Service.

For the nine months ended Sept. 30, 1955, Federal reported net sales of $2,025,820 and net income of $35,245.

New S. F. Exch. Member

SAN FRANCISCO, Calif—The election of William V. Farrell to membership in the San Francisco Stock Exchange was announced by Ronald E. Kaehler, Exchange President.

Mr. Farrell is a general partner of Irving Lundborg & Co.

Irving Lundborg & Co. have been members of the Exchange for a number of years. George Otto, a general partner of the firm, is also a member of the Exchange.

R. H. Davider Opens

(Special to THE FINANCIAL CHRONICLE)

CLEVELAND, Ohio—Robert H. Davider is engaging in a securities business from offices in the Union Commerce Building under the name of R. H. Davider & Co.

Dempsey-Tegeler Branch in Denver

DENVER, Colo. — The opening of a new office in Denver, Colo. by Dempsey-Tegeler & Co., has been announced by Jerome F. Tegeler, senior partner of the investment securities firm.

Gerald B. Ryan

The new office, located in the Midland Savings Bank Building, will be under the management of Gerald B. Ryan. Mr. Ryan has been in the brokerage business since 1926, and has recently been with Peters, Writer & Christensen, Inc.

The new office brings to 18 the number of offices operated by Dempsey-Tegeler & Company in seven cities.

The firm holds membership in the New York, Los Angeles, Midwest and American Stock Exchanges.

Securities Salesman's Corner

By JOHN DUTTON

There Must Be a Reason: WHY!

The other day I was talking with one of my best friends who is an outstanding radiolo^ist and a fine Doctor, and he said to me, "It is strange you so rarely see a medicai paper that tells why the writer failed, they always tell about their successful accomplishments. How seldom do you hear a man tell you that he failed and why and what he thought caused that failure? How much more helpful it would be if we could obtain case histories of things that went wrong and the procedures that were used—then we might learn more about what we shouldn't do that we are now wrongfully doing over and over again." This thought has stuck in my own mind and I think it applies to almost every human activity that requires a degree of skill.

Why do some men succeed where others fail as salesmen? Why do some men work twice as hard as others yet accomplish half as much? Why can some men pick up a telephone and in a few minutes they have turned an otherwise cold reception into one of interest, concurrence and action, where another man will be the recipient of a polite, "I'll let you know?" Why do some men keep customers for years and years and others are always faced with the necessity of rebuilding? There are answers to these successes and these failures, with securities men, with Doctors, with all of us in all walks of life.

A Specific Case

Among my memories there is a man who had a series of failures and who finally learned from his mistakes and became one of the most able retail, securities salesmen, I ever knew. He had one fault that was carried over into his adult life from childhood. He could not think logically. He never learned how to find the ONE CENTRAL REASON WHY anyone should do something. He could not project an idea because he could not form a series of reasons why something should be done. He had never learned how to "ABC" anything in his own mind before he tried to obtain another person's agreement.

He would make calls on qualified prospects, he was likeable, he could talk well about almost any subject, he was personable, and one of the most strikingly handsome men with the physical qualifications which you would say should have been enough for any man to make a success in public relations, or any field of selling he might undertake. But he never rose above a very ordinary income until he learned how to **set up his sales targets.** Instead of taking orders which came to him through his friendships and his contacts, he finally acquired the ability to CREATE OPPORTUNITIES FOR DOING BUSINESS. When he discovered that in order to achieve the ability to lead other people and stimulate their thinking into "action," that it was necessary for him to think logically about their needs and what would best benefit them, HE ALSO FOUND OUT THAT HE COULD BRIEFLY AND LOGICALLY CONVEY HIS THOUGHTS TO OTHERS AND OBTAIN AGREEMENT.

Positive Thinking Creates Agreement

Before you attempt a sale think about the reasons why your customer will benefit from the purchase. If you are attempting a trade, or a "switch," go over all the reasons why the "switch" is a good one. If the pros don't outweigh the cons, don't suggest it. Test it out by saying, "Why should he do it?" If you want to sell a new issue, go over all the reasons why you think it should be a good investment. What are the highlights, the strong reasons for expecting growth, increasing income, a solid investment? When you use the telephone, know your man. Does he like formality, a word with a smile, a bit more levity? What are his interests? Safety of principal above all else —income—capital gains—speculation—a flyer—excitement—many details—few details—come to the point—what does he like? Then give him want he wants. Project your thinking. Think about your customer not about yourself. Always, it is what is good about this for my customer—if it qualifies—IF THE PROS OUTWEIGH THE CONS—then, and then only, give him your story.

This kind of thinking will create an orderly approach to any sales presentation. It will develop a clear, concise manner. It will create sales because NO SALE WAS EVER MADE UNTIL IT WAS ORIGINATED IN THE MIND OF THE SELLER. Orders also are called sales, but real sales that build goodwill and clients are CREATED.

The Steps to Logical Selling That Creates Clients

(1) Know your man—his personal likes—his needs investment-wise.

(2) Study your securities, know their qualifications investment-wise.

(3) Think of the reasons why your customer will benefit from a purchase, a sale, or "switch."

(4) After you are **convinced** the PROS outweigh the CONS, present your suggestions.

(5) After you have done this you will find that the reasons for taking favorable action will logically fall into three or four minor reasons, and ONE CENTRAL AND IMPORTANT ONE, and you will lead up to this clearly, briefly, and concisely. Then stick to that one central and compelling reason for taking "action" and you will obtain agreement much more often than otherwise.

Chairmen of Sections Of Red Cross Fund

Donald Erickson, partner in charge of the Chicago office of Arthur Anderson and Co., and Paul W. Fairchild, Assistant Vice-President, First Boston Corp., will head the Business Services and Finance Sections, respectively, during the 1956 Chicago Chapter Red Cross Fund Campaign in March, General Chairman George A. Poole announced today.

Mr. Erickson, a graduate of the University of Wisconsin, has been with Arthur Anderson and Co. 19 years. He is a member of the Executives Club and Economic Club.

Mr. Fairchild, who has been with First Boston 26 years, will head up solicitations to be conducted within 1,800 banks, finance and insurance companies, and brokerage real estate firms. Fairchild is a graduate of Northwestern University. He is Secretary-Treasurer of the Central States Group of the Investment Bankers Association of America, and a member of the Attic, Mid-Day, Chicago Golf, and Bond Clubs of Chicago.

Bank and Insurance Stocks

By ARTHUR B. WALLACE

This Week—Insurance Stocks

Persons who would not for a moment think of their homes, personal effects and cars not being covered by insurance against various hazards, have done just that with their health. Health and ability to earn are among a man's principal assets, and hence it is becoming increasingly important for him to insure against the risk of ill health and accident. It is becoming increasingly clear that these disability lines are among the most important for the average individual. Without fire insurance coverage on his possessions, but with health and ability to earn, he at least stands a chance to make good his loss; but without health or ability to earn his way he is lost indeed.

There are two general types of coverage under accident and health insurance: protection against loss of income in the event of incapacitation, and medical benefits and hospitalization.

With the broadening of interest in health and accident coverage they are taking their place among the most rapidly growing lines in the casualty field. Of the two divisions, group accident and health is the larger by a wide margin. This is to be expected as many corporations, and employers generally, are covering employees as a so-called fringe benefit. But the line is also written in considerable volume by many of the life insurance companies.

It is not generally realized that there are in this country over a thousand life writers, and a large proportion of these write accident and health in greater or less volume. Among the casualty units, as recently as 1945 premium volume of accident and health by the stock companies totaled about $303,000,000. By 1954 writings had increased about 50% to $457,000,000. When it is borne in mind that the contributions of the life carriers add considerably to this, as do the mutuals, it is evident that the line is developing into one of the more important ones in the insurance business.

What is perhaps more to the point so far as the stocks of companies in the line are concerned, it has been a consistent money maker, having developed into one of the most profitable lines in the industry. One would have to go back a number of years to uncover an underwriting loss in an accident and health specialist company such as Continental Casualty, more than half of whose total volume is in accident, accident and health, hospital and medical and group accident and health.

The year 1955 saw a further increase in the line, with about a half billion of premiums being written by the stock casualty (and fire, to the extent that these units write the coverage) companies.

The Federal Trade Commission charged a number of companies writing accident and health insurance with misleading advertising. At this stage it seems probable that the matter will be worked out satisfactorily. Correction of the wording in advertising is easily achieved.

Meanwhile, the carriers of this line of insurance continue to benefit to an important degree from the country's business boom that is bringing more employers and individuals under accident and health policies. It does seem advisable that the investor, going into insurance stocks, ought to buy representation in a company that is active in this profitable growing line.

Buck New Partner of Putnam Management

BOSTON, Mass. — Richard A. Buck has been made a partner of The Putnam Management Company, 50 State Street, Manager of The George Putnam Fund of Boston, balanced mutual investment fund. He has been associated with Putnam Fund Distributors, Inc. for the past two years in the capacity of Executive Vice-President and has been connected with the mutual fund industry since 1952.

Mr. Buck is a graduate of Yale University, 1932. Prior to World War II, he was connected with the Travelers Insurance Company first as Salesman, and later as a Sales Manager. Following service as a U. S. Army Officer, in 1946, he became an Assistant Vice-President of The Pepsi Cola Company specializing on Distributor Relations.

W. W. Hibberd Joins Marine Trust Co.

The Marine Trust Company of Western New York has announced that William W. Hibberd has joined its municipal securities department in the New York office, 120 Broadway.

Mr. Hibberd has been associated with C. J. Devine & Co. since 1953 and prior to that time was with the Mercantile Trust Company in St. Louis and New York.

Kirchner, Ormsbee & Wiesner Formed

DENVER, Colo. — Kirchner, Ormsbee & Wiesner, Inc., has been formed with offices in the First National Bank Building to act as participating distributors and dealers in Western municipal bonds. Officers are Robert M. Kirchner, President; Fred Wiesner, Vice-President; and Jack E. Ormsbee, Secretary and Treasurer. All were previously with Carroll, Kirchner & Jaquith, Inc.

Charles U. Bay

Charles U. Bay, partner in A. M. Kidder & Co., passed away Dec. 31.

Eisenhower's State of The Union Message

President sees economy approaching the $400 billion mark with prospect of balanced budget in fiscal years 1956 and 1957, but rules out excise and corporation tax cuts until April, 1957. Warns against attempt to avoid fiscal bankruptcy by money and supply inflation, holding that the inevitable results of such a course must be a resultant depreciation of purchasing power and people's savings. Favors swift advances in technology and machinery obsolescence under our competitive system and says we can foster a strong, expanding, free economy by: (1) providing 35,000 public housing units; (2) embarking on a $25 billion highway program; (3) disaster assistance; (4) new and modernized post office buildings; (5) backward area development; (6) aid to education, and (7) furtherance of small business opportunities. President dedicates policy and actions to achieving peace but notes added complexity in conflict between international communism and freedom. Strives for military program to meet today's needs.

President Eisenhower's "State of the Union Message" was read by clerks before a joint session of the Senate and House of Representatives on Jan. 5, the document having been forwarded from Key West, Fla., where the Chief Executive was then continuing his convalescence from the heart attack which he suffered last September. Mr. Eisenhower is now actively conducting the affairs of the nation from his office in Washington.

Pres. Eisenhower

The President's Message included a wealth of recommendations and plans which, he said, would ensure continued domestic prosperity and provide the necessary defense establishment for the preservation of peace. In the fiscal area, the President anticipates a balanced Federal Budget for fiscal years 1956 and 1957 and recommended that debt reduction take precedence over tax reductions should surpluses materialize.

The President's Message in full text follows:

TO THE CONGRESS OF THE UNITED STATES:

The opening of this new year must arouse in us all grateful thanks to a kind Providence whose protection has been ever present and whose bounty has been manifold and abundant. The State of the Union today demonstrates what can be accomplished under God by a free people; by their vision, their understanding of national problems, their initiative, their self-reliance, their capacity for work — and by their willingness to sacrifice whenever sacrifice is needed.

In the past three years, responding to what our people want their Government to do, the Congress and the Executive have done much in building a stronger, better America. There has been broad progress in fostering the energies of our people, in providing greater opportunity for the satisfaction of their needs, and in fulfilling their demands for the strength and security of the Republic.

Our country is at peace. Our security posture commands respect. A spiritual vigor marks our national life. Our economy, approaching the $400 billion mark, is at an unparalleled level of prosperity. The national income is more widely and fairly distributed than ever before. The number of Americans at work has reached an all-time high. As a people, we are achieving ever higher standards of living—earning more, producing more, consuming more, building more and investing more than ever before.

Virtually all sectors of our society are sharing in these good times. Our farm families, if we act wisely, imaginatively and promptly to strengthen our present farm programs, can also look forward to sharing equitably in the prosperity they have helped to create.

War in Korea ended two and a half years ago. The collective security system has been powerfully strengthened. Our defenses have been reinforced at sharply reduced costs. Programs to expand world trade and to harness the atom for the betterment of mankind have been carried forward. Our economy has been freed from governmental wage and price controls. Inflation has been halted; the cost of living stabilized.

Government spending has been cut by more than $10 billion. Nearly 300,000 positions have been eliminated from the Federal payroll. Taxes have been substantially reduced. A balanced budget is in prospect. Social security has been extended to 10 million more Americans and unemployment insurance to 4 million more. Unprecedented advances in civil rights have been made. The long-standing and deep-seated problems of agriculture have been forthrightly attacked.

This record of progress has been accomplished with a self-imposed caution against unnecessary and unwise interference in the private affairs of our people, of their communities and of the several States.

If we of the Executive and Legislative Branches, keeping this caution ever in mind, address ourselves to the business of the year before us—and to the unfinished business of last year—with resolution, the outlook is bright with promise.

Many measures of great national importance recommended last year to the Congress still demand immediate attention — legislation for school and highway construction; health and immigration legislation; water resources legislation; legislation to complete the implementation of our foreign economic policy; such labor legislation as amendments of the Labor-Management Relations Act, extension of the Fair Labor Standards Act to additional groups not now covered, and occupational safety legislation; and legislation for construction of an atomic-powered exhibit vessel.

Many new items of business likewise require our attention—measures that will further promote the release of the energies of our people; that will broaden opportunity for all of them; that will advance the Republic in its leadership toward a just peace; measures, in short, that are essential to the building of an ever-stronger, ever-better America.

Every political and economic guide supports a valid confidence that wise effort will be rewarded by an even more plentiful harvest of human benefit than we now enjoy. Our resources are too many, our principles too dynamic, our purposes too worthy and the issues at stake too immense for us to entertain doubt or fear. But our responsibilities require that we approach this year's business with a sober humility.

A heedless pride in our present strength and position would blind us to the facts of the past, to the pitfalls of the future. We must walk ever in the knowledge that we are enriched by a heritage earned in the labor and sacrifice of our forebears; that, for our children's children, we are trustees of a great Republic and a time-tested political system; that we prosper as a cooperating member of the family of nations.

In this light, the Administration has continued work on its program for the Republic, begun three years ago. Because the vast spread of national and human interests is involved within it, I shall not in this Message attempt its detailed delineation. Instead, from time to time during this Session, there will be submitted to the Congress specific recommendations within specific fields. In the comprehensive survey required for their preparation, the Administration is guided by enduring objectives. The first is:

The Discharge of Our World Responsibility

Our world policy and our actions are dedicated to the achievement of peace with justice for all nations.

With this purpose, we move in a wide variety of ways and through many agencies to remove the pall of fear; to strengthen the ties with our partners and to improve the cooperative cohesion of the free world; to reduce the burden of armaments, and to stimulate and inspire action among all nations for a world of justice and prosperity and peace. These national objectives are fully supported by both our political parties.

In the past year, our search for a more stable and just peace has taken varied forms. Among the most important were the two conferences at Geneva, in July and in the Fall of last year. We explored the possibilities of agreement on critical issues that jeopardize the peace.

The July meeting of Heads of Government held out promise to the world of moderation in the bitterness, of word and action, which tends to generate conflict and war. All were in agreement that a nuclear war would be an intolerable disaster which must not be permitted to occur. But in October, when the Foreign Ministers met again, the results demonstrated conclusively that the Soviet leaders are not willing to create the indispensable conditions for a secure and lasting peace.

Nevertheless, it is clear that the conflict between international communism and freedom has taken on a new complexion.

We know the Communist leaders have often practiced the tactics of retreat and zigzag. We know that Soviet and Chinese communism still poses a serious threat to the free world. And in the Middle East recent Soviet moves are hardly compatible with the reduction of international tension.

Yet Communist tactics against the free nations have shifted in emphasis from reliance on violence and the threat of violence to reliance on division, enticement and duplicity. We must be well prepared to meet the current tactics which pose a dangerous though less obvious threat. At the same time, our policy must be dynamic as well as flexible, designed primarily to forward the achievement of our own objectives rather than to meet each shift and change on the Communist front. We must act in the firm assurance that the fruits of freedom are more attractive and desirable to mankind in the pursuit of happiness than the record of Communism.

In the face of Communist military power, we must, of course, continue to maintain an effective system of collective security. This involves two things — a system which gives clear warning that armed aggression will be met by joint action of the free nations, and deterrent military power to make that warning effective. Moreover, the awesome power of the atom must be made to serve as a guardian of the free community and of the peace.

In the last year, the free world has seen major gains for the system of collective security: the accession to the North Atlantic Treaty Organization and Western European Union of the sovereign Federal German Republic; the developing cooperation under the Southeast Asia Collective Defense Treaty; and the formation in the Middle East of the Baghdad Pact among Turkey, Iraq, Iran, Pakistan and the United Kingdom. In our own hemisphere, the inter-American system has continued to show its vitality in maintaining peace and a common approach to world problems. We now have security pacts with more than 40 other nations.

In the pursuit of our national purposes, we have been steadfast in our support of the United Nations, now entering its second decade with a wider membership and ever-increasing influence and usefulness. In the release of our 15 fliers from Communist China, an essential prelude was the world opinion mobilized by the General Assembly which condemned their imprisonment and demanded their liberation. The successful Atomic Energy Conference held in Geneva under United Nations auspices and our Atoms for Peace program have been practical steps toward the world-wide use of this new energy source. Our sponsorship of such use has benefited our relations with other countries. Active negotiations are now in progress to create an International Agency to foster peaceful uses of atomic energy.

During the past year the crucial problem of disarmament has moved to the forefront of practical political endeavor. At Geneva, I declared the readiness of the United States to exchange blueprints of the military establishments of our nation and the USSR, to be confirmed by reciprocal aerial reconnaissance. By this means, I felt mutual suspicions could be allayed and an atmosphere developed in which negotiations looking toward limitation of arms would have improved chances of success.

In the United Nations Subcommittee on Disarmament last fall, this proposal was explored and the United States also declared itself willing to include reciprocal ground inspection of key points. By the overwhelming vote of 56 to 7, the United Nations on Dec. 16 endorsed these proposals and gave them a top priority. Thereby, the issue is placed squarely before the bar of world opinion. We shall persevere in seeking a general reduction of armaments under effective inspection and control which are essential safeguards to ensure reciprocity and protect the security of all.

In the coming year much remains to be done.

While maintaining our military deterrent, we must intensify our efforts to achieve a just peace. In Asia we shall continue to give help to nations struggling to maintain their freedom against the threat of Communist coercion or subversion. In Europe, we shall endeavor to increase not only the military strength of the North Atlantic Alliance but also its political cohesion and unity of purpose. We shall give such assistance as is feasible to the recently renewed effort of Western European nations to achieve a greater measure of integration, such as in the field of peaceful uses of atomic energy.

In the Near East we shall spare no effort in seeking to promote a fair solution of the tragic dispute between the Arab States and Israel, all of whom we want as our friends. The United States is ready to do its part to assure enduring peace in that area. We hope that both sides will make the contributions necessary to achieve that purpose. In Latin America, we shall continue to cooperate vigorously in trade and other measures designed to assist economic progress in the area.

Strong economic ties are an essential element in our free world partnership. Increasing trade and investment help all of us prosper together. Gratifying progress has been made in this direction, most recently by the three-year extension of our trade agreements legislation.

I most earnestly request that the Congress approve our membership in the Organization for Trade Cooperation which would assist the carrying out of the General Agreement on Tariffs and Trade to which we have been a party since 1948. Our membership in the OTC will provide the most effective and expeditious means for removing discriminations and restrictions against American exports and in making our trade agreements truly reciprocal. United States membership in the Organization will evidence our continuing desire to cooperate in promoting an expanded trade among the free nations. Thus the Organization, as proposed, is admirably suited to our own interests and to those of like-minded nations in working for steady expansion of trade and closer economic cooperation. Being strictly an administrative entity, the Organization for Trade Cooperation cannot, of course, alter the control by Congress of the tariff, import, and customs policies of the United States.

We need to encourage investment overseas by avoiding unfair tax duplications, and to foster foreign trade by further simplification and improvement of our customs legislation.

We must sustain and fortify our Mutual Security Program. Because the conditions of poverty and unrest in less developed areas make their people a special target of international communism, there is a need to help them achieve the economic growth and stability necessary to preserve their independence against communist threats and enticements.

In order that our friends may better achieve the gerater strength that is our common goal, they need assurance of continuity in economic assistance for development projects and programs which we approve and which require a period of years for planning and completion. Accordingly, I ask Congress to grant limited authority to make longer-term commitments for assistance to such projects, to be fulfilled from appropriations to be made in future fiscal years.

These various steps will powerfully strengthen the economic foundation of our foreign policy. Together with constructive action abroad, they will maintain the present momentum toward general economic progress and vitality of the free world.

In all things, change is the inexorable law of life. In much of the world the ferment of change is working strongly; but grave injustices are still uncorrected. We must not, by any sanction of ours, help to perpetuate these wrongs.

I have particularly in mind the oppressive division of the German people, the bondage of millions elsewhere, and the exclusion of Japan from United Nations membership.

We shall keep these injustices in the forefront of human consciousness and seek to maintain the pressure of world opinion to right these vast wrongs in the interest both of justice and secure peace.

Injustice thrives on ignorance. Because an understanding of the truth about America is one of our most powerful forces, I am recommending a substantial increase in budgetary support of the United States Information Agency.

The sum of our international effort should be this: the waging of peace, with as much resourcefulness, with as great a sense of dedication and urgency, as we have ever mustered in defense of our country in time of war. In this effort, our weapon is not force. Our weapons are the principles and ideas embodied in our historic traditions, applied with the same vigor that in the past made America a living promise of freedom for all mankind.

To accomplish these vital tasks, all of us should be concerned with the strength, effectiveness and morale of our State Department and our Foreign Service.

Another guide in the preparation of the Administration's program is:

The Constant Improvement of Our National Security

Because peace is the keystone of our national policy, our defense program emphasizes an effective flexible type of power calculated to deter or repulse any aggression and to preserve the peace. Short of war, we have never had military strength better adapted to our needs with improved readiness for emergency use. The maintenance of this strong military capability for the indefinite future will continue to call for a large share of our national budget. Our military programs must meet the needs of today. To build less would expose the nation to aggression. To build excessively, under the influence of fear, could defeat our purposes and impair or destroy the very freedom and economic system our military defenses are designed to protect.

We have improved the effectiveness and combat readiness of our forces by developing and making operational new weapons and by integrating the latest scientific developments, including new atomic weapons, into our military plans. We continue to push the production of the most modern military aircraft. The development of long-range missiles has been on an accelerated basis for some time. We are moving as rapidly as practicable towards nuclear-powered aircraft and ships. Combat capability, especially in terms of firepower, has been substantially increased. We have made the adjustments in personnel permitted by the cessation of the Korean War, the buildup of our allies and the introduction of new weapons. The services are all planning realistically on a long-term basis.

To strengthen our continental defenses the United States and Canada, in the closest cooperation, have substantially augmented early warning networks. Great progress is being made in extending surveillance of the Arctic, the Atlantic and the Pacific approaches to North America.

In the last analysis our real strength lies in the calibre of the men and women in our Armed Forces, active and Reserve. Much has been done to attract and hold capable military personnel, but more needs to be done. This year, I renew my request of last year for legislation to provide proper medical care for military dependents and a more equitable survivors' benefit program. The Administration will prepare additional recommendations designed to achieve the same objectives, including career incentives for medical and dental officers and nurses, and increases in the proportion of regular officers.

Closely related to the mission of the Defense Department is the task of the Federal Civil Defense Administration. A particular point of relationship arises from the fact that the key to civil defense is the expanded continental defense program, including the distant early warning system. Our federal civil defense authorities have made progress in their program, and now comprehensive studies are being conducted jointly by the Federal Civil Defense Administration, the States, and critical target cities to determine the best procedures that can be adopted in case of an atomic attack. We must strengthen Federal assistance to the States and cities in devising the most effective common defense.

We have a broad and diversified mobilization base. We have the facilities, materials, skills and knowledge rapidly to expand the production of things we need for our defense whenever they are required. But mobilization base requirements change with changing technology and strategy. We must maintain flexibility to meet new requirements. I am requesting, therefore, that the Congress once again extend the Defense Production Act.

Of great importance to our nation's security is a continuing alertness to internal subversive activity within or without our government. This Administration will not relax its efforts to deal forthrightly and vigorously in protection of this government and its citizens against subversion, at the same time fully protecting the constitutional rights of all citizens.

A third objective of the Administration is:

Fiscal Integrity

A public office is, indeed, a public trust. None of its aspects is more demanding than the proper management of the public finances. I refer now not only to the indispensable virtues of plain honesty and trustworthiness but also to the prudent, effective and conscientious use of tax money. I refer also to the attitude of mind that makes efficient and economical service to the people a watchword in our government.

Over the long term, a balanced budget is a sure index to thrifty management—in a home, in a business or in the Federal Government. When achievement of a balanced budget is for long put off in a business or home, bankruptcy is the result. But in similar circumstances a government resorts to inflation of the money supply. This inevitably results in depreciation of the value of the money, and an increase in the cost of living. Every investment in personal security is threatened by this process of inflation, and the real values of the people's savings whether in the form of insurance, bonds, pension and retirement funds or savings accounts are thereby shriveled.

We have made long strides these past three years in bringing our Federal finances under control. The deficit for fiscal year 1953 was almost 9½ billion dollars. Larger deficits seemed certain — deficits which would have depreciated the value of the dollar and pushed the cost of living still higher. But government waste and extravagance were searched out. Nonessential activities were dropped. Government expenses were carefully scrutinized. Total spending was cut by $14 billion below the amount planned by the previous Administration for the fiscal year 1954.

This made possible—and it was appropriate in the existing circumstances of transition to a peacetime economy — the largest tax cut in any year in our history. Almost $7½ billion were released and every taxpayer in the country benefited. Almost two-thirds of the savings went directly to individuals. This tax cut also helped to build up the economy, to make jobs in industry and to increase the production of the many things desired to improve the scale of living for the great majority of Americans.

The strong expansion of the economy, coupled with a constant care for efficiency in government operations and an alert guard against waste and duplication, has brought us to a prospective balance between income and expenditure. This is being done while we continue to strengthen our military security.

I expect the budget to be in balance during the fiscal year ending June 30, 1956.

I shall propose a balanced budget for the next fiscal year ending June 30, 1957.

But the balance we are seeking cannot be accomplished without the continuing every-day effort of the Executive and Legislative Branches to keep expenditures under control. It will also be necessary to continue all of the present excise taxes without any reduction and the corporation income taxes at their present rates for another year beyond next April 1.

It is unquestionably true that our present tax level is very burdensome and, in the interest of long-term and continuous economic growth, should be reduced when we prudently can. It is essential, in the sound management of the Government's finances, that we be mindful of our enormous national debt and of the obligation we have toward future Americans to reduce that debt whenever we can appropriately do so. Under conditions of high peacetime prosperity, such as now exist, we can never justify going further into debt to give ourselves a tax cut at the expense of our children. So, in the present state of our financial affairs, I earnestly believe that a tax cut can be deemed justifiable only when it will not unbalance the budget, a budget which makes provision for some reduction, even though modest, in our national debt. In this way we can best maintain fiscal integrity.

A fourth aim of our program is:

To Foster A Strong Economy

Our competitive enterprise system depends on the energy of free human beings, limited by prudent restraints in law, using free markets to plan, organize and distribute production, and spurred by the prospect of reward for successful effort. This system has developed our resources. It has marvelously expanded our productive capacity. Against the record of all other economic systems devised through the ages, this competitive system has proved the most creative user of human skills in the development of physical resources, and the richest rewarder of human effort.

This is still true in this era when improved living standards and rising national requirements are accompanied by swift advances in technology and rapid obsolescence in machines and methods. Typical of these are the strides made in construction of plants to produce electrical energy from atomic power and of laboratories and installations for the application of this new force in industry, agriculture and the healing arts. These developments make it imperative —to assure effective functioning of our enterprise system—that the Federal Government concern itself with certain broad areas of our economic life. Most important of these is:

Agriculture

Our farm people are not sharing as they should in the general prosperity. They alone of all major groups have seen their incomes decline rather than rise. They are caught between two millstones—rising production costs and declining prices. Such harm to a part of the national economy so vitally important to everyone is of great concern to us all. No other resource is so indispensable as the land that feeds and clothes us. No group is more fundamental to our national life than our farmers.

In successful prosecution of the war, the nation called for the utmost effort of its farmers. Their response was superb, their contribution unsurpassed. Farmers are not now to be blamed for the mountainous, price-depressing surpluses produced in response to wartime policies and laws that were too long continued. War markets are not the markets of peacetime. Failure to recognize that basic fact by a timely adjustment of wartime legislation brought its inevitable result in peacetime — surpluses, lower prices and lower incomes for our farmers.

The dimensions of government responsibility are as broad and complex as the farm problem itself. We are here concerned not only with our essential continuing supplies of food and fiber, but also with a way of life. Both are indispensable to the well-being and strength of the nation. Consideration of these matters must be above and beyond politics. Our national farm policy, so vital to the welfare of farm people and all of us, must not become a field for political warfare. Too much is at stake.

Our farm people expect of us, who have responsibility for their government, understanding of their problems and the will to help solve them. Our objective must be to help bring production into balance with existing and new markets, at prices that yield farmers a return for their work in line with what other Americans get.

To reach this goal, deep-seated problems must be subjected to a stepped-up attack. There is no single easy solution. Rather, there must be a many-sided assault on the stubborn problems of surpluses, prices, costs, and markets; and a steady, persistent, imaginative advance in the relationship between farmers and their government.

In a few days, by special message, I shall lay before the Congress my detailed recommendations for new steps that should be taken promptly to speed the transition in agriculture and thus assist our farmers to achieve their fair share of the national income.

Basic to this program will be a new attack on the surplus problem—for even the best-conceived farm program cannot work under a multi-billion dollar weight of accumulated stocks.

I shall urge authorization of a soil bank program to alleviate the problem of diverted acres and an overexpanded agricultural plant. This will include an acreage reserve to reduce current and accumulated surpluses of crops in most serious difficulty, and a conservation reserve to achieve other needed adjustments in the use of agricultural resources. I shall urge measures to strengthen our surplus disposal activities.

I shall propose measures to strengthen individual commodity programs, to remove controls where possible, to reduce carryovers, and to stop further accumulations of surpluses. I shall ask the Congress to provide substantial new funds for an expanded drive on the research front, to develop new markets, new corps, and new uses. The Rural Development Program to better the lot of low-income farm families deserves full Congressional support. The Great Plains Program must go forward vigorously. Advances on these and other fronts will pull down the price-depressing surpluses and raise farm income.

In this time of testing in agriculture, we should all together, regardless of party, carry forward resolutely with a sound and forward looking program on which farm people may confidently depend, now and for years to come.

I shall briefly mention four other subjects directly related to the well-being of the economy, preliminary to their fuller discussion in the Economic Report and later communications.

Resources Conservation

I wish to re-emphasize the critical importance of the wise use and conservation of our great natural resources of land, forests, minerals and water, and their long-range development consistent with our agricultural policy. Water in particular now plays an increasing role in industrial processes, in the irrigation of land, in electric power, as well as in domestic uses. At the same time, it has the potential of damage and disaster.

A comprehensive legislative program for water conservation will be submitted to the Congress during the Session. The development of our water resources cannot be accomplished overnight. The need is such that we must make faster progress and without delay. Therefore, I strongly recommend that action be taken at this Session on such wholly Federal projects as the Colorado River Storage Project and the Frying Pan-Arkansas Project; on the John Day partnership project, and other projects which provide for cooperative action between the Federal Government and non-Federal interests; and on legislation which makes provision for Federal participation in small projects under the primary sponsorship of agencies of State and local government.

During the past year the areas of our National Parks have been expanded, and new wildlife refuges have been created. The visits of our people to the Parks have increased much more rapidly than have the facilities to care for them. The Administration will submit recommendations to provide more adequate facilities to keep abreast of the increasing interest of our people in the great outdoors.

Disaster Assistance

A modern community is a complex combination of skills, specialized buildings, machines, communications and homes. Most importantly it involves human lives. Disaster in many forms—by flood, frost, high winds, for instance—can destroy on a massive scale in a few hours the labor of many years.

Through the past three years, the Administration has repeatedly moved into action wherever disaster struck. The extent of State participation in relief activities, however, has been far from uniform and, in many cases, has been either inadequate or non-existent. Disaster assistance legislation requires overhauling and an experimental program of flood-damage indemnities should be undertaken. The Administration will make detailed recommendations on these subjects.

Area Redevelopment

We must help deal with the pockets of chronic unemployment that here and there mar the nation's general industrial prosperity. Economic changes in recent years have been often so rapid and far-reaching that areas committed to a single local resource or industrial activity have found themselves temporarily deprived of their markets and their livelihood.

Such conditions mean severe hardship for thousands of people as the slow process of adaptation to new circumstances goes on. This process can be speeded up. Last year I authorized a major study of the problem to find additional steps to supplement existing programs for the redevelopment of areas of chronic unemployment.

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Eisenhower's State of The Union Message

Recommendations will be submitted, designed to supplement with Federal technical and loan assistance local efforts to get on with this vital job. Improving such communities must, of course, remain the primary responsibility of the people living there and of their States. But a soundly conceived Federal partnership program can be of real assistance to them in their efforts.

Highway Legislation

Legislation to provide a modern interstate highway system is even more urgent this year than last, for 12 months have now passed in which we have fallen further behind in road construction needed for the personal safety, the general prosperity, the national security of the American people. During the year, the number of motor vehicles has increased from 58 to 61 million. During the past year over 38,000 persons lost their lives in highway accidents, while the fearful toll of injuries and property damage has gone on unabated.

In my Message of Feb. 22, 1955, I urged that measures be taken to complete the vital 40,000 mile interstate system over a period of 10 years at an estimated Federal cost of approximately $25 billion. No program was adopted.

If we are ever to solve our mounting traffic problem, the whole interstate system must be authorized as one project, to be completed approximately within the specified time. Only in this way can industry efficiently gear itself to the job ahead. Only in this way can the required planning and engineering be accomplished without the confusion and waste unavoidable in a piecemeal approach. Furthermore, as I pointed out last year, the pressing nature of this problem must not lead us to solutions outside the bounds of sound fiscal management. As in the case of other pressing problems, there must be an adequate plan of financing. To continue the drastically needed improvement in other national highway systems, I recommend the continuation of the Federal Aid Highway Program.

Aside from agriculture and the four subjects specifically mentioned, an integral part of our efforts to foster a strong and expanding free economy is keeping open the door of opportunity to new and small enterprises, checking monopoly, and preserving a competitive environment. In this past year the steady improvement in the economic health of small business has reinforced the vitality of our competitive economy. We shall continue to help small business concerns to obtain access to adequate financing and to competent counsel on management, production, and marketing problems.

Through measures already taken, opportunities for small-business participation in government procurement programs, including military procurement, are greatly improved. The effectiveness of these measures will become increasingly apparent. We shall continue to make certain that small business has a fair opportunity to compete and has an economic environment in which it may prosper.

In my Message last year, I referred to the appointment of an advisory committee to appraise and report to me on the deficiencies as well as the effectiveness of existing Federal transportation policies. I have commended the fundamental purposes and objectives of the committee's report. I earnestly recommend that the Congress give prompt attention to the committee's proposals.

Essential to a prosperous economic environment for all business, small and large—for agriculture and industry and commerce — is efficiency in Government. To that end, exhaustive studies of the entire governmental structure were made by the Commission on Intergovernmental Relations and the Commission on the Organization of the Executive Branch of the Government—the reports of these Commissions are now under intensive review and already in the process of implementation in important areas.

One specific and most vital Governmental funcion merits study and action by the Congress. As part of our program of promoting efficiency in Government and getting the fiscal situation in hand, the Post Office Department in the past three years has been overhauled. Nearly 1,000 new postoffices have been provided. Financial practices have been modernized and transportation and operating methods are being constantly improved. A new wage and incentive plan for the half million postal employees has been established. Never before has the postal system handled so much mail so quickly and so economically.

The Post Office Department faces two serious problems. First, much of its physical plant—post offices and other buildings—is obsolete and inadequate. Many new buildings and the modernization of present ones are essential if we are to have improved mail service. The second problem is the Department's fiscal plight. It now faces an annual deficit of one-half billion dollars.

Recommendations on postal facilities and on additional postal revenues will be submitted to the Congress.

A final consideration in our program planning is:

The Response to Human Concerns

A fundamental belief shines forth in this Republic. We believe in the worth and dignity of the individual. We know that if we are to govern ourselves wisely—in the tradition of America — we must have the opportunity to develop our individual capacities to the utmost.

To fulfill the individual's aspirations in the American way of life, good education is fundamental. Good education is the outgrowth of good homes, good communities, good churches, and good schools. Today our schools face pressing problems — problems which will not yield to swift and easy solutions, or to any single action. They will yield only to a continuing, active, informed effort by the people toward achieving better schools.

This kind of effort has been spurred by the thousands of conferences held in recent months by half a million citizens and educators in all parts of the country, culminating in the White House Conference on Education. In that Conference, some two thousand delegates, broadly representative of the nation, studied together the problems of the nation's schools.

They concluded that the people of the United States must make a greater effort through their local, State, and Federal Governments to improve the education of our youth. This expression from the people must now be translated into action at all levels of government.

So far as the Federal share of responsibility is concerned, I urge that the Congress move promptly to enact an effective program of Federal assistance to help erase the existing deficit of school classrooms. Such a program, which should be limited to a five-year period, must operate to increase rather than decrease local and State support of schools and to give the greatest help to the States and localities with the least financial resources. Federal aid should in no way jeopardize the freedom of local school systems. There will be presented to the Congress a recommended program of Federal assistance for school construction.

Such a program should be accompanied by action to increase services to the nation's schools by the Office of Education and by legislation to provide continuation of payments to school districts where Federal activities have impaired the ability of those districts to provide adequate schools.

Under the 1954 Amendments to the old-age and survivors' insurance program, protection was extended to some 10 million additional workers and benefits were increased. The system now helps protect 9 out of 10 American workers and their families against loss of income in old age or on the death of the breadwinner. The system is sound. It must be kept so. In developing improvements in the system, we must give the most careful consideration to population and social trends, and to fiscal requirements. With these considerations in mind, the Administration will present its recommendations for further expansion of coverage and other steps which can be taken wisely at this time.

Other needs in the area of social welfare include increased child welfare services, extension of the program of aid to dependent children, intensified attack on juvenile delinquency, and special attention to the problems of mentally retarded children. The training of more skilled workers for these fields and the quest for new knowledge through research in social welfare are essential. Similarly the problems of our aged people need our attention.

The nation has made dramatic progress in conquering disease—progress of profound human significance which can be greatly accelerated by an intensified effort in medical research. A well-supported, well-balanced program of research, including basic research, can open new frontiers of knowledge, prevent and relieve suffering, and prolong life. Accordingly I shall recommend a substantial increase in Federal funds for the support of such a program. As an integral part of this effort, I shall recommend a new plan to aid construction of non-Federal medical research and teaching facilities and to help provide more adequate support for the training of medical research manpower.

Finally, we must aid in cushioning the heavy and rising costs of illness and hospitalization to individuals and families. Provision should be made, by Federal reinsurance or otherwise, to foster extension of voluntary health insurance coverage to many more persons, especially older persons and those in rural areas. Plans should be evolved to improve protection against the costs of prolonged or severe illness. These measures will help reduce the dollar barrier between many Americans and the benefits of modern medical care.

The Administration health program will be submitted to the Congress in detail.

The response of government to human concerns embraces, of course, other measures of broad public interest, and of special interest to our working men and women. The need still exists for improvement of the Labor Management Relations Act. The recommendations I submitted to the Congress last year take into account not only the interests of labor and management but also the public welfare. The needed amendments should be enacted without further delay.

We must also carry forward the job of improving the wage-hour law. Last year I requested the Congress to broaden the coverage of the minimum wage. I repeat that recommendation and I pledge the full resources of the Executive Branch to assist the Congress in finding ways to attain this goal. Moreover, as requested last year, legislation should be passed to clarify and strengthen the eight-hour laws for the benefit of workers who are subject to Federal wage standards on Federal and Federally-assisted construction and other public works.

The Administration will shortly propose legislation to assure adequate disclosure of the financial affairs of each employee pension and welfare plan and to afford substantial protection to their beneficiaries in accordance with the objectives outlined in my message of Jan. 11, 1954. Occupational safety still demands attention, as I pointed out last year, and legislation to improve the Longshoremen's and Harbor Workers' Compensation Act is still needed. The improvement of the District of Columbia Unemployment Insurance Law and legislation to provide employees in the District with nonoccupational disability insurance are no less necessary now than 12 months ago. Legislation to apply the principle of equal pay for equal work without discrimination because of sex is a matter of simple justice. I earnestly urge the Congress to move swiftly to implement these needed labor measures.

In the field of human needs, we must carry forward the housing program which is contributing so greatly to the well-being of our people and the prosperity of our economy. Home ownership is now advanced to the point where almost three of every five families in our cities, towns, and suburbs own the houses they live in.

For the housing program, most of the legislative authority already exists. However, a firm program of public housing is essential until the private building industry has found ways to provide more adequate housing for low-income families. The Administration will propose authority to contract for 35,000 additional public housing units in each of the next two fiscal years for communities which will participate in an integrated attack on slums and blight.

To meet the needs of the growing number of older people, several amendments to the National Housing Act will be proposed to assist the private homebuilding industry as well as charitable and non-profit organizations.

With so large a number of the American people desiring to modernize and improve existing dwellings, I recommend that the Title I program for permanent improvements in the home be liberalized.

I recommend increases in the general FHA mortgage insurance authority; the extension of the FHA military housing program; an increase in the authorization for Urban Planning grants; in the special assistance authority of the Federal National Mortgage Association; and continued support of the college housing program in a way that will not discourage private capital from helping to meet the needs of our colleges.

The legislation I have recommended for workers in private industry should be accompanied by a parallel effort for the welfare of government employees. We have accomplished much in this field, including a contributory life insurance program; equitable pay increases and a fringe benefits program, covering many needed personnel policy changes, from improved premium pay to meaningful incentive awards program.

Additional personnel management legislation is needed in this Session. As I stated last year, an executive pay increase is essential to efficient governmental management. Such an increase, together with needed adjustments in the pay for the top career positions, is also necessary to the equitable completion of the Federal pay program initiated last year. Other legislation will be proposed, including legislation for prepaid group health insurance for employees and their dependents and to effect major improvements in the Civil Service retirement system.

All of us share a continuing concern for those who have served this nation in the Armed Forces. The Commission on Veterans Pensions is at this time conducting a study of the entire field of veterans' benefits and will soon submit proposed improvements.

We are proud of the progress our people have made in the field of civil rights. In Executive Branch operations throughout the nation, elimination of discrimination and segregation is all but completed. Progress is also being made among contractors engaged in furnishing Government services and requirements. Every citizen now has the opportunity to fit himself for and to hold a position of responsibility in the service of his country. In the District of Columbia, through the voluntary cooperation of the people, discrimination and segregation are disappearing from hotels, theaters, restaurants and other facilities.

It is disturbing that in some localities allegations persist that Negro citizens are being deprived of their right to vote and are likewise being subjected to unwarranted economic pressures. I recommend that the substance of these charges be thoroughly examined by a Bi-partisan Commission created by the Congress. It is hoped that such a Commission will be established promptly so that it may arrive at findings which can receive early consideration.

The stature of our leadership in the free world has increased through the past three years because we have made more progress than ever before in a similar period to assure our citizens equality in justice, in opportunity and in civil rights. We must expand this effort on every front. We must strive to have every person judged and measured by what he is, rather than by his color, race or religion. There will soon be recommended to the Congress a program further to advance the efforts of the Government, within the area of Federal responsibility, to accomplish these objectives.

One particular challenge confronts us. In the Hawaiian Islands, East meets West. To the Islands, Asia and Europe and the Western Hemisphere, all the continents, have contributed their peoples and their cultures to display a unique example of a community that is a successful laboratory in human brotherhood.

Statehood, supported by the repeatedly expressed desire of the Islands' people and by our traditions, would be a shining example of the American way to the entire earth. Consequently, I urgently request this Congress to grant statehood for Hawaii. Also, in harmony with the provisions I last year communicated to the Senate and House Committees on Interior and Insular Affairs, I trust that progress toward statehood for Alaska can be made in this Session.

Progress is constant toward full integration of our Indian citizens into normal community life. During the past two years the Administration has provided school facilities for thousands of Indian children previously denied this opportunity. We must continue to meet the needs of increased numbers of Indian children. Provision should also be made for the education of adult Indians whose schooling in earlier years was neglected.

In keeping with our responsibility of world leadership and in our own self interest, I again point out to the Congress the urgent need for revision of the immigration and nationality laws. Our nation has always welcomed immigrants to our shores. The wisdom of such a policy is clearly shown by the fact that America has been built by immigrants and the descendants of immigrants. That policy must be continued realistically with present day conditions in mind.

I recommend that the number of persons admitted to this country annually be based not on the 1920 census but on the latest, the 1950 census. Provision should be made to allow for greater flexibility in the use of quotas so if one country does not use its share, the vacancies may be made available for the use of qualified individuals from other countries.

The law should be amended to permit the Secretary of State and the Attorney General to waive the requirements of fingerprinting on a reciprocal basis for persons coming to this country for temporary visits. This and other changes in the law are long overdue and should be taken care of promptly. Detailed recommendations for revision of the immigration laws will be submitted to the Congress.

I am happy to report substantial progress in the flow of immigrants under the Refugee Relief Act of 1953; however, I again request this Congress to approve without further delay the urgently needed amendments to that act which I submitted in the last Session. Because of the high prosperity in Germany and Austria, the number of emigrants from those countries will be reduced. This will make available thousands of unfilled openings which I recommend be distributed to Greece and Italy and to escapees from behind the Iron Curtain.

Once again I ask the Congress to join with me in demonstrating our belief in the right of suffrage. I renew my request that the principle of self-government be extended and the right of suffrage granted to the citizens of the District of Columbia.

To conclude: the vista before us is bright. The march of science, the expanding economy, the advance in collective security toward a just peace—in this threefold movement our people are creating new standards by which the future of the Republic may be judged.

Progress, however, will be realized only as it is more than matched by a continuing growth in the spiritual strength of the nation. Our dedication to moral values must be complete in our dealings abroad and in our relationships among ourselves. We have single-minded devotion to the common good of America. Never must we forget that this means the well-being, the prosperity, the security of all Americans in every walk of life.

To the attainment of these objectives, I pledge full energies of the Administration, as in the Session ahead, it works on a program for submission to you, the Congress of the United States.

DWIGHT D. EISENHOWER

The White House,
January 5, 1956

Orvis Bros. Branch

COLUMBUS, Ga. — Orvis Brothers & Co. have opened a branch office at 1242 First Avenue under the management of Harry Sheldon.

President's Special Farm Message In Full Text

Proposals adding to existing legislation to stem deteriorating agricultural condition include (1) withdrawal of surplus-producing land into soil-saving crops at a cost of over $1 billion in next 3 years; (2) limiting payments to individual farmers; (3) repeal of sale restrictions to foreign countries; (5) permit domestic sales at prices lower than that now permitted; (6) renewal of previous rural development program recommendation; and (7) exemption of farmers from some Federal gasoline taxes. Commodities singled out for altered treatment by the President are: corn, wheat, cotton, peanuts, rice, sugar, milk and livestock. Message recommends measures to assure credit to farmers unable to obtain private financing.

Pres. Eisenhower

President Eisenhower's special Farm Message delivered to Congress on Jan. 10, reviewed the encouraging accomplishments of past farm legislation and described the factors held responsible for the past five-year depressed state of "our basic industry" amidst the "nation's greatest prosperity." The message called upon Congress to enact into law with maximum speed his recommendations of altered and new farm legislation contained in the nine-point farm program designed to alleviate the farmers' plight and to eliminate an otherwise direct threat to the well-being of the nation.

The text of the President's special message follows:

To the Congress of the United States:

In this session no problem before the Congress demands more urgent attention than the paradox facing our farm families. Although agriculture is our basic industry, they find their prices and incomes depressed amid the nation's greatest prosperity. For five years their economy has declined. Unless corrected, these economic reversals are a direct threat to the well-being of all our people.

But more than prices and incomes are involved. In America agriculture is more than an industry; it is a way of life. Throughout our history the family farm has given strength and vitality to our entire social order. We must keep it healthy and vigorous.

Efforts toward this goal have been unremitting. Many new foundations of permanent value to all farm families have been laid in the past three years. Two years ago a new farm law was enacted, designed to gear agricultural production incentives to potential markets, thereby giving promise to our farm people of a stable and dependable future once the wartime inheritance of surpluses is removed from the farm economy. Loan programs have been substantially improved, enabling many more farmers to acquire family-sized farms and to improve their farms and homes. The benefits of Social Security protection have been extended to farm families. The return of the Farm Credit Administration to farmer control; expansion of soil conservation assistance and rural electrification and telephone programs; increased funds for research and extension work; initiation of new programs to aid low income farm families; adoption of tax provisions of benefit to farm people; increased storage facilities; upstream soil conservation programs; greatly expanded disposal activities for surplus farm products; strengthening our Department of Agriculture representation overseas in the interest of expanded markets—these and other advances have permanently reinforced the foundations of all agriculture.

Yet, beneficial though these advances are, persistent and critical farm problems require prompt Congressional action in this session.

Remedies for these problems demand a clear understanding of their principal causes. These are:

First — Production and market distortions, the result of war-time production incentives too long continued;

Second — Current record livestock production and near-record crop harvests piled on top of previously accumulated carryovers;

Third — Rising costs and high capital requirements.

In short, we have an over-supply of commodities which drives down prices as mounting costs force up from below. Thus is generated a severe price-cost squeeze from which our farm people, with the help of government, must be relieved.

We must free the farm economy from distortions rooted in wartime needs and thus enable our people in agriculture to achieve prosperity; in so doing they will help carry the nation's prosperity to still greater heights. The Administration and the Congress must move together to achieve this goal.

The requirements are clear. New means are needed to reduce surpluses and to widen markets. Costs must be cut and production must be better balanced with prospective needs.

The Main Problem — The Surplus

Of the many difficulties that aggravate the farm problem, mountainous surpluses overshadow everything else. Today's surpluses consist of commodities produced in a volume imperatively needed in wartime but unmarketable in peacetime at the same prices and in the same quantity.

The plain fact is that wartime production incentives were too long continued.

During the past three years, there has been no lack of effort to get rid of surplus stocks. Disposal efforts have been diligent and vigorous. Vast quantities have been removed — most of them given away. In the past three years we have found outlets for commodities in a value of more than $4 billion—far more than in any comparable period in recent history.

But these disposal efforts have not been able to keep pace with the problem. For each bushel-equivalent sold, one and a half have replaced it in the stockpiles. Farmers, the intended beneficiaries of the support program, today find themselves in ever-growing danger from the mounting accumulations. Were it not for the Government's bulging stocks farmers would be getting far more for their products today.

Other consequences of past farm programs have been no less damaging. Both at home and abroad markets have been lost. Foreign farm production has been increased. American exports have declined. Foreign products have been attracted to our shores.

Steadily this chain of events has lengthened. Our farmers have had to submit to drastic acreage controls that hamper efficient farm management. Even these controls have been self-defeating, because acres diverted from price-supported crops have been planted to other crops. These crops have been thrown into surplus and their prices have declined. Today, almost without regard to the livestock or crop he produces, nearly every farmer is adversely affected by our surpluses. The whole process, for instance, has contributed to the present plight of hog producers.

When three years ago this Administration assumed its responsibility in agriculture, work was begun immediately on what became the Agricultural Act of 1954. That act was developed and passed with bipartisan support, as all our agricultural legislation should be.

The 1954 law brought realism into the use of the essential tool of price supports. It applied the principle of price flexibility to help keep commodity supplies in balance with markets. That principle is sound and essential to a well-rounded farm program. For two reasons, the 1954 law has not yet been able to make its potential contribution to solving our farm troubles. First, the law began to take hold only with the harvests of 1955; it has not yet had the opportunity to be effective. Second, the operation of the new law is smothered under surpluses amassed by the old program.

The attack on the surplus must go forward in full recognition of the fact that farm products are not actually marketed when delivered to and held by the Government. A Government warehouse is not a market. Even the most storable commodities cannot be added forever to Government granaries, nor can they be indefinitely held. Ultimately the stockpiles must be used.

It is unthinkable to destroy food. Instead, we must move these stocks into domestic consumption or dispose of them abroad. Neither route under present conditions offers the results often expected. Surpluses moved domestically almost always compete directly with crops farmers are trying to sell. Moved abroad in quantities large enough to remedy present difficulties, they would shatter world prices and trade, injure our friends and undermine domestic prices as well.

To be sure, outlets for some of the surplus exist both at home and abroad. But experience has amply proved that neither the home nor foreign market can, under present conditions, readily absorb the tremendous stocks now depressing our agriculture.

Clearly new action is imperative. We must stop encouraging the production of surpluses. We must stop shifting acres from one crop to another, when such shifts result in new surpluses. Nor can crop problems be converted into millstones weighing down upon the producers of livestock.

Remedies are needed now, and it is up to the Administration and the Congress to provide them swiftly. As we seek to go forward, we must not go back to old programs that have failed utterly to protect farm families.

I recommend, therefore, the following nine-point program. I urge the Congress to pass this program with maximum speed, for delay can only aggravate and multiply the difficulties already sorely harassing millions of our rural people.

1

The Soil Bank

Our most pressing need today is to work off our surpluses so that our basic program of 1954 can succeed in gearing production to prospective markets at fair prices. A three-pronged attack is needed.

First, future production of crops in greatest surplus must be adjusted both to the accumulated stocks and to the potential markets.

Second, producers of other crops and of livestock must be relieved of excessive production from acreage diverted from surplus crops.

Third, lands poorly suited to tillage, now producing unneeded crops and subject to excessive wind and water erosion, must be retired from cultivation.

These essential adjustments can all be hastened through a soil bank program. I recommend a soil bank of two parts.

The first is designed to meet the immediate need to reduce the crops in greatest oversupply. It may be called the acreage reserve program.

The second part is a long-range attack to achieve better land use and protect farmers and ranchers from the effects of production on acres already diverted. It may be called the conservation reserve program.

A. The Acreage Reserve Program

I recommend that the Congress consider a voluntary additional reduction in the acreage of certain crops which today are in serious surplus—wheat, cotton, corn and rice.

In considering the application of this program to each of these crops, the Congress will wish to accord special attention to their distinctive problems—notably in the case of corn—as set forth later in this message.

I do not propose this program as a device to empty Government warehouses so they may be filled again. There is, therefore, a basic corollary to the acreage reserve program; in future years we must avoid, as a plague, farm programs that would encourage the building-up of new price-depressing surpluses.

What I here propose is essentially a deferred-production plan. As a necessary part of the voluntary acreage reduction, it is essential to protect the farmer's income. It would be grossly unfair to require farmers to bear the full burdens of this readjustment. Just as other readjustments from war were shouldered in considerable part by the nation as a whole, so should this.

In the case of wheat and cotton, for example, I look to a voluntary reduction equivalent to possibly one-fifth of the acreage otherwise permitted by allotments—perhaps 12,000,000 acres of wheat and 3,000,000 of cotton. It should be practical to include wheat already seeded if it is incorporated with the soil, as green manure of by other accepted practices. This would make it possible for more farmers to enter the program immediately and thereby start at once to work down the surplus.

Administrative discretion is needed to assure that the rates of reduction in different areas are related to the supply and demand conditions for different grades and classes. The farmer's cooperation in this temporary program must not impair his historic acreage allotments. Rights of tenant farmers must be protected. I should expect the reduction in wheat and cotton plantings to continue for some three or four years, during which time these huge crop carry-overs should decline to normal levels.

In return for their voluntary participation in the acreage reserve program cooperating farm-

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President's Special Farm Message In Full Text

ers will be allocated certificates for commodities whose value will be based on the normal yields of the acres withheld in this reserve. I recommend that these certificates be made available to cooperating farmers through their county agricultural stabilization committees at normal harvest time for each crop. The certificates will be negotiable so farmers can convert them to cash. They will be redeemable by the Commodity Credit Corporation in cash, or in kind at specified rates.

I further recommend that the legislation provide that each participating farmer contract to refrain from cropping or grazing any land he puts in the acreage reserve.

By so reducing crop production, commodities now in Government ownership can be used to supply market needs up to a proportionate amount. Thus the bulging Commodity Credit Corporation stocks can be correspondingly worked down without depressing current market prices.

How Plan Will Operate

The program will operate this way: A farmer, with an allotment of 100 acres of wheat, for example, may choose to plant only 80 acres and put the remaining 20 in the acreage reserve. His acreage allotment will not be affected. He will agree not to graze or harvest any crop from the 20 acres put into the reserve.

In return for this cooperation in the temporary acreage reduction program, he will receive a cashable certificate. The certificate will be equal to a percentage of the value of the crop he would have normally harvested from the 20 acres. This percentage will be set at an incentive level sufficiently high to assure success of the program.

This deferred production plan uses the surplus to reduce the surplus.

It will be financed with commodities already owned and paid for by the Government. Time and shrinkage, storage and other costs are eroding away the present value of these stocks. Consequently, the real net cost to the Government — taking these and other facts into consideration — will be substantially less than the apparent cost in payments made on certificates.

I emphasize this program is specifically intended to provide an income to farmers while the essential adjustment in stocks is being accomplished.

There are many virtues in the plan.

It will help remove the crushing burden of surpluses, the essential precondition for the successful operation of a sound farm program.

It will reduce the massive and unproductive storage costs on Government holdings—costs that are running about $1,000,000 a day.

It will provide an element of insurance since farmers are assured income from the reserve acres even in a year of crop failure.

It will ease apprehension among our friends abroad over our surplus disposal program.

It will harmonize agricultural production with peacetime markets.

B. The Conservation Reserve

The second part of the soil bank—the conservation reserve program—affects both today's surpluses and tomorrow's needs of our growing population.

Under the pressures of war and the production incentives continued in postwar years, large areas have come into cultivation which wise land use and sound conservation would have reserved to forage and trees.

In greater or lesser degree this problem exists throughout the nation. Continued cropping of these lands results, on the one hand, in wastage of soil and water resources, and on the other, in production of commodities now in surplus.

Today the nation does not need these acres in harvested crops.

We cannot accurately predict our country's food needs in the years ahead, except that they will steadily increase. We do know, however, that the sound course both for today and tomorrow is wisely to safeguard our precious heritage of food-producing resources so we may hand on an enriched legacy to future generations. The conservation reserve program will contribute materially to that end.

Further, production from the acres today diverted from surplus crops is now seriously affecting other segments of our agriculture. The acreage of feed grains, notably oats, barley and grain sorghums, has been increased. The end product of this diversion has been greatly enlarged supplies of and lower prices for hogs, cattle, and dairy and poultry products. Producers of fruit, vegetables and other crops have been adversely affected. The proposed conservation reserves can also make a major contribution to solving this problem of diverted acres.

I propose that farmers be asked to contract voluntarily with the Government to shift into forage, trees and water storage cultivated lands most needing conservation measures. Any farmer would be eligible to participate in this program regardless of the crop he produces or the area where his farm is located. I would hope that some 25,000,000 acres would be brought into the conservation reserve.

Forest lands under good management are a constant and a renewable resource. One-third of our forest area is in farm woodlands. From this source can come a large share of the lumber, pulpwood and other forest products to meet the growing needs of our expanding economy. The conservation reserve can mean productive and protective tree cover for less productive lands now used for cultivated crops.

The Government itself must encourage this transfer in order to achieve the advantages to the general welfare that will follow from improved resource use. I propose, therefore, that the Government pay a fair share of the costs of establishing the conservation use, up to a specified per acre maximum that will vary by regions. The Government's share will be sufficiently high to encourage broad participation and thus assure the success of the program. Further, as the farmer reorganizes his farm along these soil-conserving lines, I recommend that the Government provide certain annual payments for a period of years related to the length of time needed to establish the new use of the land. The Congress will need to develop the basis and procedures for determining the amount of the payments. Here, as in the acreage reserve program, I would not let the farmer's cooperation impair his historic acreage allotments.

Objectives For 1956

The farmer, in turn, will agree that the acres put into this conservation reserve will be in addition to any land that he may put into the acreage reserve, and will represent a reduction in cropland cultivated. He will agree to carry out sound soil and water conservation on these acres, and to refrain from returning them to crop production, and from grazing them for a specified period.

I urge the Congress to approve this program with the least possible delay so that a significant part of the desired 25,000,000 acres can come into the program in 1956.

My estimate is that if the Congress acts in time, some $350,000,000 will be invested in the conservation reserve during the calendar year 1956, and a total of about $1,000,000,000 over the next three years. Sums expended under this program will be in addition to the $250,000,000 provided for the agricultural conservation program for the coming fiscal year.

In return the conservation reserve program will bring these large rewards:

It will result in improved use of soil and water resources for the benefit of this and future generations.

It will increase our supply of much-needed farm-grown forest products.

It will help hold rain and snow where they fall and make possible more ponds and reservoirs on the farm.

It will reduce the undue stimulus to livestock production, and consequent low livestock prices, induced by feed-grain production on diverted acres.

It will similarly provide protection for producers of the many small-acreage crops whose markets are threatened by even a few diverted acres.

In combination with the acreage reserve program for crops in surplus, the conservation reserve program will help during the next several years to reduce the total volume of farm production and improve the balance among different farm commodities, both of which are important to a general improvement in farm prices.

2

Surplus Disposal

Production adjustments effected by the soil bank are needed to halt current additions to surpluses, and to reduce stocks on hand. But additional relief must be obtained from the price-depressing influence of these huge carry-overs. In Public Law 480 the Congress has provided basic legislation for this purpose. The problem still exists, but not for lack of vigorous efforts to deal with it.

Surplus disposals have permitted substantial reductions in Commodity Credit Corporation stocks of butter, dried milk, cottonseed oil and meal, flaxseed and linseed oil and seeds. Surplus disposals by the Commodity Credit Corporation have risen from just over half a billion dollars in fiscal 1953 to more than $1,400,000,000 in fiscal 1954, and to more than $2,100,000,000 in fiscal 1955.

In the last fiscal year sales of Government-owned price-supported commodities into the domestic market reached $403,000,000. These were made with due care for the adverse effect they might have on prices received by farmers for current sales. Domestic donations to supply food for needy persons totaled an additional $196,000,000. Overseas disposals, through barter and donations for constructive purposes, totaled $1,100,000,000. In spite of these vigorous efforts, the Commodity Credit Corporation investment in price-supported commodities increased by about $1,000,000,000 during the fiscal year.

Because the problem continues to be so serious and stubborn, the Secretary of Agriculture is appointing an Agricultural Surplus Disposal Administrator who will report directly to the Secretary. The duties of the administrator will relate to all activities of the department associated with the utilization of Commodity Credit Corporation stocks and of our current abundant production.

Expanded opportunities will be sought to barter agricultural products, which deteriorate and are costly to store, for increased quantities of nonperishable strategic materials. Additional legislation may be needed in this field.

The bulk of price-supported commodities held by the Government cannot now by law be sold into the domestic market except at prices equal to at least 105% of the support price plus carrying charges. This restriction has worked to the disadvantage of both farmers and the Government by blocking sales that would clearly have been advantageous to both. I recommend legislation to permit, under proper safeguards, sales at not less than support levels plus carrying charges.

Present provisions of surplus disposal legislation permit export dispositions of Government stocks to friendly nations only. Opportunities clearly to our interest may develop in the future to sell to countries excluded by this legislation. To enable us to realize on such opportunities I recommend repeal of section 304 of Public Law 480.

3

Strengthening Commodity Programs

Our frontal attack on the problems of surpluses, diverted acres, unbalanced production and unwise land use is carried in major part by the soil bank through the acreage reserve and the conservation reserve programs.

These proposals are wholly in keeping with the fundamental principles of sound farm policy set forth in my special agricultural message of two years ago. In keeping with these principles the Administration:

(a) Whenever possible will continue to ease or eliminate controls over farmers; and

(b) For commodities on which price supports are discretionary, will continue to support these prices at the highest levels possible without accumulating new price-depressing surpluses.

In keeping with this latter principle, I am advised by the Secretary of Agriculture that, as a direct result of operation of various parts of our present farm program, the supply and demand conditions for soybeans and flaxseed are now such as to warrant an increase in the price support levels for these crops in 1956. The higher support levels will be announced shortly.

In respect to other commodity programs I submit the following specific suggestions:

A. CORN

In recent years many farmers have chosen not to observe acreage allotments on corn. Considerably less than half of the 1955 crop was raised within acreage allotment limitations and thus eligible for price support. It is apparent that price supports alone, even at levels closely approaching the legal maximum, are an insufficient inducement for participation in a corn acreage allotment program.

I recommend, therefore, that the Congress give serious consideration to adapting the acreage reserve program to corn. One grave difficulty must be overcome. Unlike wheat and cotton, most of the corn crop is fed on the farms where it is produced. For this reason, marketing quotas such as are used on wheat and cotton are not feasible.

Thus, broad and effective participation by corn producers in an acreage allotment program is imperative for the acreage reserve program to achieve its objective of reducing the corn surplus. With broad and effective participation, in both programs, the acreage reserve program for corn would:

(a) Reduce the carryover stocks which currently depress the market,

(b) Make possible a higher level of price support than would otherwise prevail for the 1956 crop, and

(c) Reduce the incentive to farmers to produce excessive supplies of hogs and fed cattle.

If the Congress should choose not to authorize the acreage reserve program for corn, the Congress may wish to consider an alternative; to eliminate acreage allotments for corn and put price supports for corn on a discretionary basis comparable with the other feed grains. With no acreage allotments and with discretionary supports, all corn producers would be eligible for price supports at a level substantially above the market price which prevailed during the 1955 harvest.

B WHEAT

The problems of wheat are difficult and complex. The proposed soil bank, with its acreage reserve program, will make a major contribution toward their solution. This program is particularly well suited to wheat, since this crop is grown in large acreage and is now burdened under an accumulated carryover in excess of a full year's needs. The conservation reserve program and the Great Plains program, described later, will also help. Other changes are necessary also, both for current adjustments and for long-term balance between production and consumption.

(a) Legislation already has passed the Senate and is pending in the House of Representatives which would exempt from marketing quotas those producers who use for feed, food or seed on their own farms all the wheat they raise. Because of the failure to pass this legislation last year, the Department of Agriculture has been compelled by law to hail before the courts farmers whose only offense was to raise and feed wheat outside their quotas. Again the Administration urges prompt enactment of this legislation. Correction of this problem should be delayed no longer.

(b) Historically a significant proportion of the annual wheat crop has been used for livestock feed. The quantity fed in pre-World War II years ranged from 100,000,000 to 150,000,000 bushels a year, about twice the quantity fed in more recent years. This reduced consumption has aggravated the surplus burden.

I recommend that the Congress give consideration to authorizing the annual sale for feeding purposes, at the discretion of the Secretary of Agriculture, of limited quantities of Commodity Credit Corporation wheat of less desirable milling quality. The authorized sale price should reflect the feeding value of the wheat, precautions being exercised as to the effect of such sales on prices of other feed grains. There are opportunities to use more wheat for feed in feed-deficit areas distant from the corn belt.

(c) I recommend legislation to expand the noncommercial wheat area beyond the twelve states now so designated. This action would eliminate acreage and marketing controls for many farmers who characteristically feed on their own farms most of the wheat they raise, and who contribute little to commercial supplies or surplus stocks.

(d) I recommend extension for one year of legislation which exempts durum wheat from acreage and marketing controls. This type of wheat is in short supply and production should not be restricted.

We are participating in negotiations for possible renewal of the International Wheat Agreement, which will terminate July 1, 1956, unless it is renewed.

C. COTTON

As in the case of wheat, the acreage reserve program is especially well-suited to cotton. This crop as well is burdened by an accumulated carry-over in excess of a full year's requirements. Other legislative changes for cotton, in addition to the soil bank program, that require consideration are these:

(a) For all crops except cotton, price support legislation requires that parity prices shall be computed on the basis of the average grade and quality of the crop. For cotton a special provision of law designates middling seven-eights inch cotton as the standard grade for parity calculations and price support. Currently less than 5% of cotton production is of this grade or lower.

I urge an amendment to provide for cotton, as for other crops, that the average grade and quality of the crop be utilized for parity-price computations. This recommendation is, in general terms, in keeping with the intent of legislation already pending before the Senate.

(b) The shortcomings of acreage allotments as a means of controlling production on cotton are evident. In 1955, on an acreage allotment calculated to yield 10,000,000 bales of cotton, nearly 15,000,000 were harvested. Rapidly advancing technology is resulting in production far out-running expectations based on acreage alone. This is especially true when prices are supported at wartime production incentive levels.

When production controls must be applied as a result of supply and market conditions, it is imperative to have controls that are effective. As surpluses are reduced through the proposed acreage reserve program of the soil bank and through other means, new accumulations of surplus must definitely be avoided.

For these reasons the Congress should consider replacing acreage allotments on cotton with quantity allotments, beginning with the crop of 1957. The Congress could well consider similar action for other crops under marketing quotas.

D. RICE

Under the law, accumulated supplies of rice have required a 40% reduction in acreage for 1956 compared with 1954, and a decline in the support level to 75% of parity.

Rice production in this country is the most efficient in the world. However, our rice is rapidly being priced out of world markets and is being diverted into Government warehouses and even into the feed markets.

There are two alternative courses of action to which the Congress should give consideration:

1. Inclusion of rice in the acreage reserve program. This will require continuation of production controls and marketing quotas.

2. Elimination of existing production and marketing controls on rice. Prices could then be supported on a discretionary basis at levels which would permit rice producers to improve their competitive market position.

If the Congress considers the latter course to serve the long-term best interest of rice producers, it may wish to consider use of the acreage reserve program to make the transition.

E. PEANUTS

The peanut price-stabilization program has experienced serious difficulties stemming in part from a fixed national minimum peanut acreage. With improving technology this minimum acreage will normally produce more peanuts than the markets will absorb at the support price. Consequently, I recommend elimination of provisions for the minimum national acreage allotment.

F. SUGAR

The legislation to renew the Sugar Act of 1948, as amended, should promptly be completed. The Congress is aware of the need to give producers, as well as foreign suppliers and the entire sugar industry, as much advance notice as possible in planning their operations.

G. SPECIAL SCHOOL MILK PROGRAM

The second school milk program provided for in the Agricultural Act of 1954 has met with gratifying success. Approximately 9,000,000 children had the health benefits of this program last year, including children in some 7,000 schools in which milk was not previously served. Consumption was increased by over 450,000,000 half pints of milk. This is a good example of constructive use of a surplus product to meet a present need. We thus contribute to better health habits and at the same time promote an enlarged market for the future. Several thousand additional schools are participating in the program in the current school year.

I have been advised that, in some states, milk program funds are nearing depletion. We must see to it that the program is carried forward intact through this fiscal year.

I recommend that the program be extended for two years beyond June 30, 1956, with authorization to use Commodity Credit Corporation funds increased from $50,000,000 a year to $75,000,000.

H. LIVESTOCK

For livestock producers many parts of the program I have already discussed have special significance.

Establishment of the soil bank will alleviate the undue stimulus to livestock production and the resulting downward pressure on livestock prices which arise from using for feed-grain production much of the acreage already diverted from wheat and cotton. Restrictions against grazing the soil bank acres will safeguard the interests of beef producers and dairymen.

Periodically livestock markets become glutted and prices disrupted. In such periods, where assistance will be constructive, timely and vigorous Government purchase and diversion programs are essential to bolster prices and help producers adjust to market demands. Such programs have been undertaken by this Administration. The pork purchase program now in progress will shortly be stepped up to supply new and expanded outlets now being developed. Sales promotion and the development of better merchandising methods cooperatively with the livestock trade are part of this effort to meet the impact of heavy marketing.

Special programs of an emergency nature will be provided to help livestock producers as needed. For example, emergency credit and low-cost feed in the event of drought will be available whenever disaster strikes.

Increased research on nutrition, disease control, better breeding, more profitable use of by-products and improved marketing will help lower production costs and facilitate the smooth flow of livestock products into consumption.

4

Dollar Limit on Price Supports

The average size of farms in American agriculture, as measured by capital or by acres, has rapidly increased. To the degree that this trend is associated with the development of more economic and more efficient farm units it is in the interest of farm families and of the nation. To the degree, however, that it has resulted in the removal of risk for large farm businesses by reason of price supports, it is much less wholesome and constitutes a threat to the traditional family farm.

Under the price-support machinery as it has been functioning, price-support loans of tremendous size have occasionally occurred. It is not sound Government policy to underwrite at public expense such formidable competition with family-operated farms, which are the bulwark of our agriculture.

I ask the Congress to consider placing a dollar limit on the size of price-support loans to any one individual or farming unit. The limit should be sufficiently high to give full protection to efficiently operated family farms.

5

Rural Development Program

In my message of Jan. 11, 1954, I pointed out that the chief beneficiaries of our farm program have been the 2,000,000 larger more productive farm units. Production of nearly 3,000,000 other farms is so limited that the families thereon benefit only in small degree from the types of programs that heretofore have dominated our activities.

On April 26, 1955, I transmitted to the Congress recommendations of the Secretary of Agriculture for attacking the problems of low-income farm families. The Congress has met only in part these recommendations for legislation and appropriations. Despite the resultant handicaps, the interest in this program has been so great that pilot work is already under way in well over thirty counties widely spread throughout the United States. There is activity now in more than one-half of the states.

Four departments of the Federal Government — Commerce, Labor, Health, Education and Welfare, and Agriculture — are actively at work on this program with state and local leadership to aid low-income farm families.

Not only the welfare of these families, but also of the people as a whole require that this program go forward. Once again, therefore, I urge the Congress to enact the full program recommended in my message of April 26, 1955.

6

The Great Plains Program

Between the prairies of the Central West and the Rocky Mountains is a vast area embracing all or part of 10 states, in which erratic climate, wind and water erosion, and special problems of land use constitute a continuing hazard. For more than a year intensive new studies of conditions and problems peculiar to this Great Plains region have been in progress. The work has been carried on cooperatively between the leadership of the 10 states involved, the Department of Agriculture and the Great Plains Council, which includes technical people from the states of the region. This study will help to define the respective responsibilities of individual and local, State and Federal agencies.

The proposed soil bank, with its acreage reserve program to reduce promptly production of crops in surplus and with its conservation reserve program to take less productive lands out of crops, will meet in part some of the conditions especially serious in the Great Plains. Other desirable modifications of existing legislation include:

(1) Provision for long-time cost-sharing commitments under the agricultural conservation program, and

(2) Relaxation of planting requirements to maintain base acreage for wheat allotments.

Shortly I will transmit to the Congress a report containing certain recommendations for providing a more stable agriculture in this important regiogn.

7

Research

Scientific research has been the means of fundamentally important developments both in agriculture and industry. It has resulted in improved quality, new and better techniques, new products, new markets, new high levels of material well-being for our people, and new horizons for our future. Most individual farmers are not in a position to carry on scientific investigations. Government has special responsibility in this area —and particularly is this the case since the benefits of research related to agriculture are widely shared by all the people.

Not only can research provide for the material needs of future generations, but it also can contribute in many ways to the fuller utilization of our present abundance.

We must look for *new uses* of agricultural products that can contribute to human welfare, such as livestock by-products for medicinal purposes or such as coarse fibers for construction materials already have contributed.

We must find *new markets*, as we have for tallow in industry or as have followed upon the development of frozen and powdered juice concentrates.

We must find *new crops* offering such new opportunities and benefits as are exemplified by soybeans and sorghums.

We must further improve our marketing mechanism, as already has been done through refrigeration and new processing techniques, so that the benefits of our abundance may be still more widely distributed. Marketing margins have continued to increase, even while farm prices have been declining. Thus the farmer's share of the retail food dollar has shrunk appreciably. Retail prices have changed little, thereby impeding desired increases in consumption. We must find ways to lower costs of food distribution. Research is an effective way to help attain that important goal. The Secretary of Agriculture is actively engaged in an expanded inquiry directed toward reducing the costs of distribution.

Our basic scientific knowledge from which all practical applications of science are made is vitally important and must be expanded. This knowledge is essential also to continue the attack on the ravages of plant and animal pests and diseases. We cannot use or reap benefits from what we do not know. A major frontier of agriculture lies in our laboratories and experimental fields.

In the budget message, I will request the maximum increase in agricultural research funds that can be effectively used next year with the technical manpower and facilities available. This will be an increase of one-fourth, to a total of $103,000,000.

8

Credit

In making the transition from war to peace, and similarly in making the investment adjustments associated with a dynamic agriculture, farmers are experiencing increased need for credit. This is especially true for young men, particularly veterans, who have started farming in recent years.

Private financial institutions, individuals, and Government agencies are furnishing credit for agriculture. Administrative budgetary and legislative changes now being developed in Government all point toward assuring adequate and sympathetic coverage of agricultural credit requirements, which cannot be met by private financial institutions.

Loans made by the Farmers Home Administration have increased gradually during the past four years from $212,000,000 to well over $300,000,000, and can increase further as the new provisions for insured loans become more widely used.

The Farm Credit Administration has been reorganized to give farmers a greater voice in its operation. Further legislation will be proposed to combine the Production Credit Corporations and the Federal Intermediate Credit Banks. Federal Land Bank loans made by the Farm Credit Administration have increased from $237,000,000 four years ago to more than $400,000,000 last year.

The Administration is determined to see to it that an adequate supply of credit remains readily available to our farmers at all times.

9

Gasoline Tax

One of the farmers' operating costs is the Federal tax on gasoline. About one-half of the gasoline bought by farmers is used on the farm. I recommend that legislation be passed to relieve the farmer of the Federal tax on purchases of gasoline so used.

* * *

Historically, agricultural policy in this country has sought to foster family-sized owner-operated farms. This has been a sound and wise policy—not only in the development of an efficient agriculture which has become the envy of the world, but also in fostering a sturdy, resourceful, self-reliant citizenry.

Farm organization and farming operations are undergoing profound change as science and technology rapidly alter the structure of agriculture. Great care must be exercised that these changes do not result in huge corporation farms on the one hand or in unrewarding subsistence units on the other. The time-proven commercial family farm must continue as the basic social and economic unit of agriculture. Accordingly farm policy must encourage such farms, sufficiently large and productive to provide satisfactions in farm living equal to those enjoyed by other Americans.

In so far as the problems of agriculture can best be solved by Government action, Government should accept the responsibility.

The proper role of Government, however, is that of partner with the farmer—never his master. By every possible means we must develop and promote that partnership—to the end that agriculture may continue to be a sound, enduring foundation for our economy and that farm living may be a profitable and satisfying experience.

Assisted by experienced farm people, both in and out of Government, I have been earnestly

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President's Special Farm Message

studying this problem for many months. I believe that the nine-point program, set forth in this message, building on our present program, meets the urgent needs of our farmers today and does so in a way consistent with our basic traditions. It offers no nostrums or panaceas. Our farm folk expect better of us than to deal in that kind of specious practice.

Farmers expect programs that are forward-looking, economically sound and fair.

This program offers a workable approach to reducing the surpluses, bringing production and markets into balance at fair prices, and so raising the income and advancing the security of our farm families.

Should this program be enacted, its degree of success will be dependent upon the degree of farmer participation and upon a common determination to work together in ridding ourselves of burdensome surpluses. With such a spirit, this program will speed the transition to a stable, prosperous and free peacetime agriculture with a bright future.

Again I urge upon the Congress the need for swift legislative action on these recommendations, in the interest of our farm people, in the interest of every American citizen.

DWIGHT D. EISENHOWER.
The White House,
Jan. 9, 1956.

F. H. Crerie Offers Jai Alai Stock

F. H. Crerie and Co., Inc. is offering 1,250,000 shares of Puerto Rican Jai Alai, Inc. to the public at a price of $1.50 per share.

The company intends to use the proceeds of the sale of this stock for the purpose of constructing and operating a sports stadium known as a fronton, designed for the playing and public performance of the game of jai alai. Betting by use of pari-mutuel machines with totalizers will be permitted.

Jai alai is the national ball game played extensively throughout Spain and other Spanish speaking countries.

The company, in accordance with its franchise is required to construct a fronton at a cost of approximately $1,500,000, including land, buildings, equipment and shall include seating accommodations for approximately 3,500 persons, facilities for playing indoor sports plus other activities such as fashion shows, concerts, meetings, a large first class restaurant and cocktail lounge and ample parking space.

Forms E. B. Arnett Co.

SEATTLE, Wash. — Edgar B. Arnett is engaging in a securities business from offices at 2412 Magnolia Boulevard, under the firm name of E. B. Arnett Company.

With Hamilton Managem't

(Special to THE FINANCIAL CHRONICLE)

BOSTON, Mass.—Thornton E. Barr, Louis J. Covino, J. Arthur Hickerson, William P. Lally, Jr., and Delmar I. McCracken, have joined the staff of Hamilton Management Corporation, 127 Fremont Street.

With Kidder, Peabody

(Special to THE FINANCIAL CHRONICLE)

BOSTON, Mass. — William O. Matthews and Arthur C. Milot have joined the staff of Kidder, Peabody & Co., 75 Federal Street.

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Conference Board Forum Economists Mostly Optimistic

should wind up, in dollar figures at least, somewhat above the present year.

MR. SAXON

Discusses Foreign Trade And The General Outlook

Total (U. S.) exports in 1956 will increase only nominally (to) $15.5 billion—about three times the average for the 1920's and six times that of the 1930's. Unaided exports in 1956 (will) not exceed $13 billion.

Dr. O. Glenn Saxon

. . . There has been a substantial lessening of restraints on dollar exchange and trade. . . . Convertibility on gold, even in the sterling area, is fast being recognized as the major factor necessary for a healthy and expanding international trade. I don't think I am unduly optimistic in forecasting a return to gold by all major nations of the Western World within three years, provided the "cold" war remains "cold."

. . . I believe that 1956 will be the best year in our history—with new records in gross national product, personal income, disposable income, industrial production, and consumer spending. . . . I do not expect the second half year to differ from the first half (after seasonal adjustments). In fact, I expect the last quarter of 1956 to be the best quarter of the year.

MR. REID

On the Canadian Outlook

The current expansion . . . in Canada is more balanced than anything we have experienced since 1946. . . . A new wave of expansion in the capacity of the manufacturing and processing industries is now under way. Oil and natural gas developments in 1956 will be higher than this year. . . . There is a good chance that there will be some further increase in the Canadian gross national product in 1956, both in value and volume. . . . 1956 should be slightly better than the exceptionally good year, 1955.

Morgan Reid

. . . In the government sector, outlays are likely to rise in response to the growing need for more schools, better roads and the requirements of . . . new residential areas. . . . Outlays for machinery and equipment should improve slightly next year. . . I would not think that in 1956, on balance, there would be much further increase, if any, in housing construction. . . . Consumer expenditures should show some further growth.

If economic activity in the United States continues at the current high levels, we . . . expect some further rise in our exports to (the U. S.). . . . The nature of the capital investment program would indicate a further rise in (Canadian) imports of producers goods from the United States.

MR. ROBERTS

Slower Growth in Business Loans, and a Responsive Federal Reserve

With a continuation of the boom symptoms, rising commodity prices, speculation and rising prices in the stock market. . . . I would expect a further advance in Federal Reserve discount rates, accompanied by further advances in the open market rates. . . . (But) if business begins to slide off in 1956, I don't think that anybody . . . would doubt that we would have a quick reversal of Federal Reserve policy and a return to easy-money conditions. . . . My own projection of the over-all business pattern is for a leveling off. But with the momentum business has acquired as it goes into the new year, it could be that interest rates will go higher before they go lower.

George B. Roberts

. . . I expect the rise in business loans to continue next year, though at a more temperate rate. . . . Both consumer credit and mortgage credit seem likely to increase less rapidly in 1956. Corporate demands for funds for capital expansion will apparently be large, judging by announcements of planned expenditures, but much of this demand will be financed internally.

. . . Financing problems will not play a material role in limiting . . . building programs for roads and schools. . . . We may, however, find a more discriminating market with respect to toll-road bonds, as a result of disappointing experience in certain of these issues.

MISS SLADE

Expects a Year of Fluctuations in the Stock Market

This year . . . prices have reached so high a level that there is hardly any assurance of a substantial . . . upward movement for the market of 1956. The year promises to be one of wide fluctuations, with some groups of industries doing much better than others. Bargains are no longer plentiful in the highest-grade shares. . . . The cautious investor for 1956 will do well to hold growth securities and keep some reserves for contingencies.

Helen Slade

. . . High on the asset side of market influences are the holdings of pension trusts and investment funds. . . . The modern manner of personal investment is biased in favor of holding sound shares for the long-term. This method of buying brings to stock prices an underlying strength. It would under almost any circumstances, short of war, prevent a panicky condition such as occurred in 1929.

. Consumer spending on labor-saving devices, precooked foods, and amusement possibilities will assure the success of manufacturing concerns specializing in such soft goods. Office equipment will be sought by cost-conscious executives. Public attention is likely to be drawn to all kinds of articles manufactured for comfortable living and conveniences. In addition to this, these shares are well behind the market.

MR. DOHERTY

Wage Settlements at 18 Cents in Early 1956; No Change in Unemployment

During the first part of the year (1956), we may anticipate labor demands, i.e., over-all package demands, of 15 to 25 cents an hour, with settlements at approximately 18 cents an hour, of which in the neighborhood of 12 cents an hour will be in a wage rate and the other six cents in fringes.

Richard P. Doherty

. . . Many unions which themselves are not particularly concerned with guaranteed employment and/or compensation plans . . . will nevertheless seek to achieve in cash and fringes the theoretically equivalent benefits of such GAW or SUC programs. . . . In 1956 we shall find increasing emphasis in negotiations raising the differential between skilled, semi-skilled and unskilled labor.

. . . There will be no changes in the Taft-Hartley Act.

. . . I don't believe that unemployment is likely to change to any particular degree. . . . If there is a slackening in the pace of business activity during the latter part of the year, it will be reflected chiefly in a reduction of the work week.

MR. KOFFSKY

Foresees Another Reduction in Farm Income

In the first half of 1956 (I expect) stability in average farm prices, and perhaps some improvement from the present low levels. . . . For the second half of the year, the most important element in the price picture is the change in price support levels for major crops that are implied in present legislation. . . . If the present law remains operative, a lower level of prices received by farmers will likely prevail in the second half of the year. . . . I do not expect prices paid by farmers will vary much over the next year. . . . I do not expect improvement in the parity ratio next year.

Nathan M. Koffsky

. . . For 1956, given present conditions, there will be some further reduction in farm income. Prices are expected to be somewhat lower. In addition, there are further acreage restrictions on cotton, rice, and tobacco. . . . It is probably unreasonable to expect again, the very high yields of cotton and tobacco that occurred in 1955. These add up . . . to a reduction of something like 2%-3% in gross income next year. . . . Net income may be down perhaps by 5%.

MR. BACKMAN

No Inflation, But Scattered Price Increases

I am not concerned about inflation. As we customarily measure inflation, there is little evidence that we are experiencing that phenomenon today. What we have been experiencing is a change in the structure of price rather than a change in the level of prices. As I see 1956, we will have a continuation of . . . diverse movements. . . . Farm products will continue under some pressure. . . . There will be relative stability in retail food prices (holding) any rise in the total Consumer Price Index for retail prices within modest limits.

Jules Backman

. . . The general level of economic activity in 1956 will not experience the exuberance shown in 1955. I am concerned about the possibility of a reduced level of activity in the automobile industry, and the possibility of a setback in housing. . . . There is a strong possibility that the pressure for price rises in the areas where they have been most significant, will be coming to an end. . . . Further scattered price increases undoubtedly will take place. (But) there is a strong probability that the extreme movements (in 1955) of spot prices will not be quite so great in 1956.

MR. FABRICANT

Strains, Price Increases, and a Probable Readjustment

There are signs of strains developing in our economy. . . . This is visible not only in price series, and in interest-rates series, but . . . also in the fact that since about the middle of the year, the physical volume series have not been rising as rapidly as they were before.

Dr. S. Fabricant

. . . Nineteen fifty-six could be a year in which output rises at a very modest rate, you might say, bumping along under the ceiling which, of course, has a tilt represented by the secular increase in national product. If that is the case, I should imagine that prices will show a more rapid rate of rise, or at least a continuation of the rapid rate of rise that we have been experiencing during the past few months.

The efforts that undoubtedly will be made to steer us along the very narrow path between the dangers of contraction and inflation probably will not succeed in achieving the immediate goal of avoiding a readjustment, either in 1956, or, possibly, in 1957.

MR. GAINSBRUGH

In Summary: The Biggest Year Yet

For aggregate GNP, the Forum anticipates a first-half total of $400 billion-$405 billion. The consensus is for a further mild increase in the second half, to $405-$408 billion. Our **sector-account** totals would yield about $405 billion in the first half and nearly $410 billion in the latter half.


M. R. Gainsbrugh

Our consensus is for virtually full employment throughout 1956. The Forum anticipates only about 2.5 million unemployed in the first half, and perhaps a slightly lower level of unemployment in the second half, say 2.3 or 2.4 million.

On price trends in 1956 . . . the all-commodity wholesale price index was indicated in the consensus to be up 1.5 points. The Forum believes the consumer price index will remain virtually where it is, moving up perhaps only a half point during the course of the year.

The year 1956 as a whole will yield the highest economic activity, the largest national output, and the greatest volume of industrial production this nation has ever known. However, the direction of many of the significant and sensitive economic indicators may be either neutral or down toward the close of 1956.

Elements of strength as we enter 1956 include: the hard core for expansion namely the upsurge in private investment; further accumulation of inventories; the pressures of population, resulting in an increase in state and local spending of $400 million or $500 million per quarter; and the possibility of tax relief.

Emphasis was laid upon the fact that this boom is maturing; that by mid-1956 it will be at least two years old and there are increasing signs of strain and stress; and that the second half will require close and careful watching.

W. L. Lyons Co. to Admit J. W. Chandler

LOUISVILLE, Ky.—W. L. Lyons & Co., 235 South Fifth Street, members of the New York and Midwest Stock Exchanges, on Jan. 19, will admit James W. Chandler to partnership in the firm. Mr. Chandler is Manager of the firm's Municipal Department.

J. E. Meyer Joins Burnham & Company

John E. Meyer has joined Burnham and Company, 15 Broad St., New York City, members of the New York Stock Exchange, as Executive Director of the foreign department. He had for many years been with Kuhn, Loeb & Company, mostly as Manager of the foreign department. Mr. Meyer had his banking training abroad where for several years he was associated with Gordon Leith & Company in London and other firms.

Walter Stillman

Walter N. Stillman, senior partner in Stillman, Maynard & Co., New York City, passed away Jan. 6 at the age of 72.

Schwabacher Admits Heller & Schurman

SAN FRANCISCO, Calif.—Schwabacher & Co., 100 Montgomery Street, members of the New York and San Francisco



Clarence E. Heller Jacob G. Schurman

Stock Exchanges, have announced the admission of Clarence E. Heller and Jacob Gould Schurman as general partners in the firm.

Mr. Heller, the firm's syndicate manager and analyst, joined the firm in 1952 after a year in New York with Dominick & Dominick. Following Army service in the Pacific Theater during World War II, Mr. Heller returned to the University of California and graduated in 1950. He is a director of Pacific Coast Aggregates and Van Horn Butane Service and is a member of the Security Analysts, Sierra Club, Commonwealth Club, the Street Club, California Tennis Club and Menlo Circus Club. He is a Vice-President of the San Francisco Symphony Foundation. Mr. Heller is a member of one of California's pioneer families. His grandfather, I. W. Hellman, was founder of Farmers & Merchants National Bank of Los Angeles and a former President of the Wells Fargo Bank. Mr. Heller makes his home in Atherton.

Mr. Schurman, Manager of Schwabacher & Co.'s Analytical Department, graduated from Stanford in 1938. He was a Phi Beta Kappa. He joined Schwabacher & Co. in 1951, coming from the American Trust Company where he had served for five years in an official capacity. Mr. Schurman is a graduate of the University of California law school and a member of the California State Bar. He served as a Lt.-Commander in the U. S. Navy during World War II from December, 1941 to January, 1946. Most of his service was in the South Pacific area. He is a director of Van Horn Butane Service and holds memberships in the Pacific Union Club, Burlingame Club, Bond Club and Security Analysts. He is Treasurer the the San Francisco Center for the Blind.

Mr. Schurman is a third generation San Franciscan. His grandfather, Jacob Gould Schurman, was formerly President of Cornell University and was American Ambassador to Germany under Presidents Coolidge and Hoover. He is married and the father of a son and daughter. The family home is in San Francisco.

With L. F. Rothschild

L. F. Rothschild & Co., members of the New York Stock Exchange, announced that George Szyk is now associated with the firm at its Savoy Plaza Hotel office, New York City. Martin L. Gillman and Benjamin K. Landeck, formerly in the firm's main office, will also be located at the Savoy Plaza office.

Goodbody Opens Branch Office in Orlando, Fla.

ORLANDO, Fla.—Goodbody & Co. has opened a branch office at 205 North Main Street under the management of A. M. Seaber.

Our Reporter on Governments

By JOHN T. CHIPPENDALE, JR.

Because of opinions that are based upon the belief that there is not going to be any change in monetary policy, the market for Treasury obligations is not dissimilar to what it has been in the past. There has been, however, a fair amount of demand for selected issues from those that have the usual first-of-the-year money to put to work. This has tended to make the most distant Government issues more active and buoyant at times.

The short-term Treasury obligations continue to be well taken, because funds seeking investment in the most liquid issues still appear to be available. There are also indications that money which would generally be used in other investment channels is being put to work, for the time being, in Treasury bills.

The business pattern is being watched very closely by most money market specialists, because any soft spots which might develop in the economy would have a marked effect upon monetary policy.

Money Stringency to Continue

The Government market appears to be moving back into much the same channels it was in during the greater part of last year. To be sure, a limited amount of ease has been in evidence since the year-end because of the return flow of currency from circulation and the repayment of loans. However, it seems to be the opinion of not a few money market specialists that the period of ease will be rather short-lived if it has not already ended. The commercial banks in the large money centers, according to advices, do not have any important amounts of surplus funds which could be used for loans or investments. It has been evident that there would not be any important changes in monetary policy as long as the business pattern was on the strong side. Up to the present time, the economic picture is still as rugged as ever, even though certain segments of it are being watched very closely in an effort to detect whether or not there has been or will be a change in this trend.

No Shortage of Short-Term Money

The short-term money market is still being dominated by the purchases which are being made by corporations. It is indicated that these buyers of Treasury bills, mainly, are not going to alter their policies very much in 1956, unless there should be changes in the over-all monetary program. Another significant buyer of short-term Government securities is the private pension fund, and it is reported that they are becoming more important with the passing of time. It is indicated that some of the funds which would ordinarily be going into common stocks are now being put to work in short, liquid Treasury obligations. If there should, however, be a sizable correction in the equity market, it is evident that this money would again be invested in common stocks.

Intermediate Maturities in Demand

The intermediate-term Government obligations are still being switched by institutions that are taking into consideration the 1956 tax picture. It may be somewhat early to be looking at what will happen in the coming year but there are, nonetheless, swops being made with this purpose in mind. It seems as though the set maturity issues in the middle maturity group are getting an increasing amount of attention at the expense of those obligations with optional call dates.

Continued Demand for Long Bonds

The most distant Government bonds continue to make what is termed a satisfactory showing, with the 3s of 1995 still the best acting issue in this sector of the market. It is the public pension funds that are the principal buyers of these obligations as they have been for some time in the past. The supply of money seeking long-term investment in Treasury bonds does not appear to be diminished at all and some of it now seems to be finding its way into the 2½% bonds.

Rise in Discount Rate a Possibility

The future trend of the money market is beyond any question tied up with the future course of business. With the economic trend the same as it has been, there is not expected to be any change in the major monetary pattern. (Any deterioration in certain of the forces that make the business picture so strong would most likely bring about an immediate change in monetary policy.) With the Central Banks expected to keep the money markets tight, poses the question as to what is going to happen to the prime bank rate. There seems to be not too much agreement on this subject at this time, even though it still seems to be too early to predict the future course of this important loaning rate. At the same time, it is indicated that quite a few money market specialists would not be greatly surprised if the discount rate were hiked another one-quarter of 1%.

Omer M. Fulton Opens

PHILADELPHIA, Pa. — Omer M. Fulton has opened offices in the Western Savings Fund Building to engage in a securities business.

Goodbody Branch

ROYAL OAK, Mich. — Goodbody & Co. has opened a branch office at 3101 North Woodward Avenue under the management of Raymond J. Laude.

Scott Will Not Seek Re-election

Harold W. Scott, Chairman of the Board of the New York Stock Exchange since May, 1954, and a Governor of the Exchange for the past seven years, has announced that he would not be available for re-election as Chairman. Mr. Scott, whose second successive term as Chairman ends May 21, made his decision known in a letter to the Nominating Committee. This Committee is charged with the responsibility of naming 10 nominees for incoming members of the Board and a Chairman, to be voted on by the membership at the annual election May 14.

Mr. Scott is a partner in the Stock Exchange and investment banking firm of Dean Witter & Co. He has been a member of the Exchange since 1929. During World War II Mr. Scott served first as a Captain and then as a Lt. Colonel in the Air Corps.

Beyond his Chairmanship of the Exchange, Mr. Scott's most distinguished service to the community was as Chairman of the Advisory Committee on Public Relations, during the year preceding the appointment in September, 1951, of Keith Funston as President. Mr. Scott's Committee initiated the expanded work of the Exchange in the public relations field today—activities aimed at increasing public confidence in the integrity of the Exchange and public awareness of the risks and rewards of share ownership.

Oil & Gas Co. Opens

MADISON, N. J.—The Oil and Gas Company has been formed with offices at 55 Green Village Road to engage in a securities business. Partners are Clinton Davidson, Sr., Clinton Davidson, Jr., and Raymond E. Hartz, general partners, and Charles S. Dewey, Jr., Kenneth L. Allen, Donald F. Hyde, Allen B. Grady and Cummins Catherwood, limited partners.

Jacob Rosen Opens

PHILADELPHIA, Pa. — Jacob Rosen is conducting a securities business from offices at 4532 North Tenth Street.

L. N. Rosenbaum

Lewis N. Rosenbaum passed away Jan. 9 at the age of 75. Mr. Rosenbaum was very active in real estate operations.

Continued from first page

Branch Banking and Banking Facilities

is required than that furnished by merely comparing the three main sectors.

Included in the number of banking units in the Comptroller's analysis are the mutual savings banks and their branches, and the population figures used are those of the decennial census prior to the dates covered in the study, namely June 30, 1924, and Dec. 31, 1934, 1944, and 1954. In commenting on the analysis we propose to exclude the mutual savings banks, to use population estimates which are more consistent with the dates selected for study, namely Dec. 31, 1946 and Dec. 31, 1954, and to indulge in a little more detailed analysis than that furnished by the Comptroller.

It avails little to go back to 1924 when only 18 States permitted branch banking, 12 on a statewide and six on a limited area basis. Of the 36 States (including the District of Columbia) which now permit some form of branch offices through statutes passed sporadically from 1908 to 1954, 25 previously had no legislation, but branch banking was on the whole suspect, and the remainder had by statutes expressly forbidden it.

Of the 13 States which never did permit branching, nine have confirmed the policy by prohibitive statutes, three have not now and never did have any legislation on the matter, and Texas determined the question by constitutional provision. During the period which we select there were some changes in branch banking legislation in 1947 in Delaware (Ch. 251), Indiana (Ch. 276), Oregon (Ch. 38) and Pennsylvania (Act 376); in 1951 in Pennsylvania (Act 163), Tennessee (Ch. 97), and Utah (H. B. 193); in 1952 in New Jersey (Chs. 179, 220) and Virginia (Ch. 75); in 1953 in Alabama (Acts 16, 387, 485, 606, 617), Delaware (Ch. 127), New Jersey (Ch. 17), North Carolina (Ch. 1209), South Carolina (Act 371), Utah (Ch. 8) and Wisconsin (Ch. 128). But only in Kentucky was there a fundamental change. In the spring of 1954 that State authorized county wide branch banking (Ch. 182).[3] Consequently the dates I have selected are highly comparable.

The exclusion of the mutual savings banks may be questioned. But they are specialized institutions that do not perform general banking functions. They supplement (in some instances) the basic type of banking represented by the commercial banks, and though both are competitive in some fields, the mutual banks can never replace the commercial banks. In New Hampshire, for example, where they have attained their greatest relative strength, we find that on June 30, 1955, of 51 communities ranging in population from 83,000 in Manchester to 350 in Derry, 30 were accommodated with both types of banking, 20 had commercial banking facilities only, and but one community served by a mutual savings bank was devoid of the facilities of a local commercial bank.[4] It is definitely evident that the mutuals, important though they are, are wholly supplementary in this State. The same is true of the other States in which they operate.

It appears, therefore, that comparisons of the number of banking units in relation to population in different States are more valid if we consider commercial banks only. However, it should be pointed out that it is only in those States where the number of mutual savings banks and branches constitute a fairly important percentage of all banking units that their exclusion leads to an appreciable modification of the Comptroller's figures. Those states are as follows as of Dec. 31, 1946 and 1954:[5]

States	December 31, 1946 — All Banking Units	December 31, 1946 — Commercial Banking Units Only	December 31, 1954 — All Banking Units	December 31, 1954 — Commercial Banking Units Only
Connecticut	207	135	284	193
Maine	166	132	184	151
Maryland	287	264	339	308
Massachusetts	560	336	660	410
New Hampshire	109	66	113	78
New York	1,567	1,364	1,766	1,511
Rhode Island	78	67	96	73
Vermont	98	81	94	78

In comparing New York City and Chicago, the Comptroller, using the 1950 census figures, showed that on Dec. 31, 1954, New York had one banking office to serve each 10,825 of its population whereas Chicago had only one for each 48,931 of its population. Included in the 729 banking units in New York were 142 mutual offices. Although the exclusion of those offices would not appear to affect seriously the conclusion of the Comptroller that "more convenient banking services are available to residents of New York because of the larger number of banking offices made available by branches,"[6] there are, as we shall see, other factors to be considered. All we are now concerned with is to indicate that State by State comparisons can be seriously affected by the exclusion of mutual institutions. For example, the Comptroller's figures show one banking unit for each 4,700 population in New Hampshire and one for each 4,900 in Wisconsin on Dec. 31, 1954. Excluding the mutual savings banks (important in New Hampshire and almost negligible in Wisconsin) we find that, on the basis of the population figures used by the Comptroller, the figures are one for 6,820 population in New Hampshire and one for 4,880 in Wisconsin. And again, the Comptroller's figures for Massachusetts and Pennsylvania were one for 7,100 and one for 8,200 population respectively, but excluding the mutuals we get one for 11,440 population in Massachusetts and one for 8,370 in Pennsylvania where the mutuals accounted for only 36 of a total of 1,291 offices.

Furthermore, if mutual savings banks are included with the commercial banks in comparing population per banking unit under various conditions of branching there seems no real justification for excluding the rapidly growing savings and loan institutions, or perhaps credit unions. Consistency, it is urged, will give more comparable results.

The population figures used in the calculations are those of the Bureau of the Census for July 1, 1946[7] and the estimates of Editor and Publisher's "Market Guide" for Jan. 1, 1955.[8] The latter estimates appear very accurate in the light of those of the Census Bureau for July 1, 1955. The only States in which noticeable discrepancies appear are California, Texas and Virginia. For those States we use the estimates of the Bureau.[9] The data for banks and branches are taken from the Annual Reports of the Federal Deposit Insurance Corporation for 1947 and 1954,[10] but the number of facilities for New York State for 1954 is adjusted to eliminate 13 branches of two New York City banks in Panama Canal Zone and Puerto Rico and two branches of a New York bank in Massachusetts and Pennsylvania.

In Table I we present our data showing population per banking unit for the selected years in the States where statewide branch banking is allowed, in the limited area branch banking States, and in the States prohibiting branch banking. In addition, we give the Comptroller's figures for 1954.

In States permitting statewide branching, the number of banking units ranged in 1954 from 1 to 4,810 population in Vermont to 1 for 11,770 in Rhode Island. The Comptroller's range was from 1 to 4,000 in Vermont to 1 for 9,500 population in South Carolina. For Rhode Island (with 23 mutual savings banks and branches) his figure was 1 for 8,300 and our figure is 1 for 9,820 in South Carolina. In the limited area branch banking States, the Comptroller's range was from 1 to 3,000 population in South Dakota to 1 for 11,500 in Alabama. Our range is from 1 to 2,810 in South Dakota, where the Market Guide estimate shows a slight decline in population since 1950, to 1 for 12,130 population in Massachusetts (where mutual savings banks are important). Our figure for Alabama is 1 for 11,400 population which is practically identical with that of the Comptroller. In States

3 *Annual Reports of the Federal Deposit Insurance Corporation (Part Four)* for the years in question. For changes in branch banking powers from 1910 to 1939 see *Federal Reserve Bulletin,* October 1939 and J. S. Chapman, *Branch Banking,* p. 129.

4 Rand McNally, *Banking Directory,* 1955. Final edition.

5 *Annual Reports of the Federal Deposit Insurance Corporation, 1947.* Table 102, pp. 100-107; 1954, Table 102, pp. 110-117.

6 *Op. cit.,* pp. 12-13.

7 As reported by the National Industrial Conference Board, *Economic Almanac,* 1948, p. 8.

8 *Market Guide, 1955* (The Editor & Publisher Co., Inc., New York).

9 *New York Times,* October 24, 1955.

10 Table 102 in each year.

TABLE I
POPULATION PER COMMERCIAL BANKING UNIT UNDER VARIOUS CONDITIONS OF BRANCHING

States Permitting Statewide Branch Banking

	Dec. 31, 1946 — Number of Banks	Number of Branches	Total Banking Units	Population per Banking Unit	Dec. 31, 1954 — Number of Banks	Number of Branches	Total Banking Units	Population per Banking Unit	1954 Comptroller's Figures
Arizona	12	35	47	12,980	13	84	97	10,050	8,100
California	201	878	1,079	8,660	171	1,121	1,292	9,680	8,400
Connecticut*	115	20	135	14,440	105	88	193	11,920	7,100
Delaware*	39	14	53	5,390	34	33	67	5,590	4,500
Idaho	47	42	89	5,280	38	65	103	5,820	5,800
Maine*	64	68	132	6,620	61	90	151	5,930	5,000
Maryland*	170	94	264	7,990	152	156	308	8,620	7,100
Nevada	8	18	26	5,150	8	24	32	7,030	5,300
North Carolina	227	161	388	9,210	224	304	528	8,210	7,700
Oregon*	70	76	146	9,240	47	138	185	9,320	8,200
Rhode Island*	23	44	67	10,970	10	63	73	11,770	8,300
South Carolina	149	30	179	10,520	151	78	229	9,820	9,500
Vermont*	72	9	81	4,360	65	13	78	4,810	4,000
Washington*	122	118	240	9,030	107	186	293	9,040	8,100
	1,319	1,607	2,926	8,870	1.186	2.443	3,629	9,010	----

States Permitting Limited Area Branch Banking

	Dec. 31, 1946 — Number of Banks	Number of Branches	Total Banking Units	Population per Banking Unit	Dec. 31, 1954 — Number of Banks	Number of Branches	Total Banking Units	Population per Banking Unit	1954 Comptroller's Figures
Alabama	219	23	242	11,460	234	37	271	11,440	11,500
Arkansas	229	20	249	7,540	231	23	254	7,200	7,500
Georgia	375	31	406	7,600	401	59	460	7,930	7,900
Indiana*	489	83	572	6,550	474	153	627	6,860	6,300
Iowa	659	161	820	3,100	665	162	827	3,140	3,200
Kentucky	390	35	425	6,350	371	66	437	6,810	6,800
Louisiana	155	62	217	11,380	172	102	274	10,350	9,900
Massachusetts*	191	145	336	13,500	177	233	410	12,130	7,100
Michigan	448	198	646	9,440	429	337	766	9,400	8,300
Mississippi	203	52	255	8,160	197	86	283	7,510	7,800
Montana	110	---	110	4,340	110	---	110	5,690	5,400
New Jersey*	346	134	480	8,790	307	231	538	10,130	8,500
New Mexico	44	6	50	10,380	52	26	78	10,260	9,200
New York*	671	693	1,364	10,040	560	951	1,511	10,260	8,400
North Dakota	151	25	176	3,050	154	23	177	3,600	3,500
Ohio*	674	176	850	8,820	634	333	967	9,050	8,100
Pennsylvania*	1,015	126	1,141	8,770	859	396	1,255	8,530	8,200
South Dakota	169	44	213	2,570	170	52	220	2,810	3,000
Tennessee	298	68	366	8,160	297	128	425	7,820	7,900
Utah	59	12	71	8,780	54	38	92	8,420	7,900
Virginia	315	86	401	7,200	316	157	473	7,530	7,200
	7,210	2,180	9,390	8,080	6,864	3,593	10,457	8,260	----

States Prohibiting Branch Banking

	Dec. 31, 1946 — Number of Banks	Number of Branches	Total Banking Units	Population per Banking Unit	Dec. 31, 1954 — Number of Banks	Number of Branches	Total Banking Units	Population per Banking Unit	1954 Comptroller's Figures
Colorado	151	1	152	7,260	161	5	166	9,040	8,200
Florida	182	3	185	12,160	226	12	238	14,920	12,200
Illinois	876	3	879	9,040	910	3	913	10,190	9,600
Kansas	614	1	615	2,980	602	3	605	3,330	3,200
Minnesota*	677	6	683	4,110	679	6	685	4,530	4,300
Missouri	596	---	596	6,320	600	1	601	6,820	6,600
Nebraska	417	2	419	3,030	419	1	420	3,210	3,200
New Hampshire*	64	2	66	7,770	76	2	78	6,690	4,700
Oklahoma	385	1	386	5,730	384	2	386	5,670	5,800
Texas	873	4	877	7,760	925	17	942	9,000	8,400
West Virginia	180	---	180	10,030	183	---	183	10,230	11,000
Wisconsin*	554	146	700	4,520	554	150	704	5,190	4,900
Wyoming	56	---	56	4,640	53	1	54	5,520	5,500
	5,625	169	5,794	6,170	5,772	203	5,975	7,020	----

District Wide Branch Banking

	Dec. 31, 1946 — Number of Banks	Number of Branches	Total Banking Units	Population per Banking Unit	Dec. 31, 1954 — Number of Banks	Number of Branches	Total Banking Units	Population per Banking Unit	1954 Comptroller's Figures
District of Columbia	20	35	55	14,810	17	54	71	12,250	12,200
Continental United States	14,174	3,991	18,165	7,620	13,839	6,293	20,132	8,040	----

*Denotes States with mutual savings banks. Of a total of 835 mutual savings banks and branches on Dec. 31, 1954, 206 were in statewide branch banking States, 589 in the limited area States and 40 in the remaining States. Of the 589 in the limited area States, 250 were in Massachusetts and [illegible] in New York.

prohibiting branch banking, the Comptroller's figures ranged from one banking office for 3,200 population in both Kansas and Nebraska to 1 for 12,200 population in Florida. Our figures are 1 for 3,300 in Kansas, 1 for 3,210 in Nebraska and 1 for 14,920 population in Florida. The discrepancy in the case of Florida is due to the fact that the population figure used by the Comptroller was 2,771,000 (1950 Census), whereas the Market Guide estimate which we use is 3,650,000, which corresponds very closely with the Census Bureau estimate of 3,606,000 for July 1, 1954.

At the risk of what might appear to be needless repetition, but in the interest of clarity, we list in Table 2 the States in which the greatest discrepancies appear at the end of 1954.

In Arizona, California, Nevada, Oregon, Michigan, New Mexico, Ohio, Florida and Texas the discrepancy is due entirely or predominantly to the higher population estimates which we used. In Connecticut, Maine, Rhode Island, Vermont and New Hampshire it is due predominantly to the exclusion of the mutual savings banks. In the remaining States in the Table, Delaware, Maryland, Washington, Massachusetts, New Jersey and New York, both factors were influential (but with varying degrees of force) in causing the differences.

The Comptroller's conclusion, based on aggregates for the sectors, needs further examination in view of the fact that branch banking States like Idaho, Delaware, Maine and Vermont have a relatively small population per banking unit, whereas States like Florida, Illinois, Texas and West Virginia which prohibit branch banking, appear to be badly served. Generalizations are too apt to be misleading, we need to be more specific and to consider factors which are of serious import in relating the number of banking offices to population. One of those, which the Comptroller's analysis failed to indicate, is the population density of the State and the diffusion of the population within the State. We shall come to this when we complete a broad analysis of Table 1.

II

A study of Table 1 leads to some interesting, though, as we shall see, not too fruitful conclusions. In each sector in the aggregate population per banking unit increased over the period, but the increase was more pronounced in the States prohibiting branch banking. This is exactly what we should expect since the establishment of branches, though they might be unprofitable for a number of years, can still be justified in many communities where the supervisory authorities would be reluctant to approve an application for a new charter. Branches rather than unit banks can serve as the pioneers of progress, or at least as a concomitant.

We find that in the statewide branch banking States, banking facilities measured in terms of population per banking office improved considerably in Arizona, Connecticut, Maryland, Nevada, North Carolina, and South Carolina. But the causes of the improvement varied. In Arizona, Maryland and Nevada the improvement was achieved in the face of rapid population growth, whereas in Connecticut and North and South Carolina population growth was relatively slow. In Rhode Island and California the situation deteriorated. In both States the number of facilities increased, considerably in California and to a slight degree in Rhode Island, but they did not keep pace with the rate of population growth.

In the limited area branch banking States the only States which showed a marked degree of improvement were Louisiana, Massachusetts and Mississippi, but in Louisiana and Massachusetts population increased whereas in Mississippi it declined slightly. The increase in the number of branches was particularly striking in Louisiana. On the other hand, the number of banking units deteriorated from 1 to 8,790 to 1 to 10,130 population in New Jersey in spite of an increase in the number of facilities from 480 to 538.

In the States prohibiting branch banking the number of facilities remained practically unchanged in most cases so that the deterioration indicated in the Table was primarily due to population increases. In Colorado, Florida in a marked degree, and Illinois, however, the number of facilities increased substantially but lagged behind population growth. In Florida the number of facilities increased by 29% but population increased by 58%.

III

We have already referred to the need for examining the influence of population density in relating the number of banking units to population. In attempting to explore the problem we indicate in Table III for the extreme cases — States permitting statewide and States prohibiting branch banking—the relationship of population density to population per banking unit. The Table will indicate very clearly the necessity for carrying the analysis even further.

In statewide branch banking States, Arizona with a population density of 8.6 per square mile had one banking unit per 10,050 population. This was only slightly smaller than that of Connecticut with a population density of 469.5 and of Rhode Island with a population density of 812.9 per square mile. Maine, with a population density of 28.8 had a population per banking unit not much higher than that of Delaware with a population density of 189.6. Vermont and Washington with approximately the same population density deviated very considerably in population per banking unit, 4,810 and 9,040 respectively. In none of those States, however, was population per banking unit as low as in Kansas and Nebraska, non-branching banking States.

In the States prohibiting branch banking, Illinois had a population density of 166.3 per square mile, while that of West Virginia was 77.8, but both had the same population per banking unit. Colorado and Texas had almost exactly the same population per banking unit but differed considerably in population density per square mile.

Oregon with a statewide branch banking system, and Colorado, a non-branch banking State, had almost the same population per banking unit and did not differ appreciably in population density. On the other hand, Maryland, a branch-banking State, and Texas, where branching is prohibited, showed approximately the same population per banking unit though Maryland had a population density of 268.7 per square mile, while that of Texas was 32.2.

Is it true then that in the United States we have a national banking structure which defies any reconciliation on grounds of geography, density of population or regional banking requirements? The answer is definitely no, and abundant evidence in support of the answer can be found in memoranda submitted to the Subcommittee on General Credit Control and Debt Management of the Joint Committee on the Economic Report in 1952 by representatives of the 12 Federal Reserve districts.[11] The memoranda were in reply to the question: "Will you please submit a memorandum discussing the adequacy of banking facilities in your district. For this purpose, take as your standard of adequacy the ideal of bringing banking facilities within convenient reach of all persons having need of them."[12] All the answers affirmed adequacy, but the important fact for our purpose was the definite conclusion from the details submitted that State by State comparisons relating banking unit to population are invalid for any practical purpose. Neither Maine nor Vermont, branch banking States, is comparable with New York or New Jersey, limited-area branch banking States, or with Illinois which prohibits branch banking. Only under the unfounded assumption that all three sectors were highly comparable from the standpoint of topography, population density, distribtuion of population within the States, degree of economic development, income and its distribution, would it be possible to present a conclusive answer to the question of the degree of superiority of branching systems over unit banking in the provision of banking facilities, or *vice versa*.

The memoranda pointed conclusively to the fact that regardless of the system of banking that prevails, the physical accessibility of banking facilities is predominantly a matter of population density in areas or localities, and that areas and localities within the States show very marked degrees of difference from this standpoint. New York State furnishes an outstanding example of the wide variations in the average number of square miles covered by each banking office and furnishes incontrovertible proof in the fact that a low population per banking office is quite consistent with relative inaccessibility of banking facilities. Taking extreme cases in New York, we find that New York County had a population density of 89,096 per square mile in 1950, 288 banking offices, and a population of 6,806 per office, whereas Hamilton County, with a population of two per square mile, had one banking office serving 4,105 population. Was Hamilton County better provided with banking facilities? The fact is that in New York County the average number of square miles served by each banking office was 0.07 and in Hamilton County it was 1,747.[13] Population per banking unit may be no indication whatever of adequacy of banking facilities.

In Table IV we set out for several counties in New York State, including those with large metropolitan centers and those in which population density is very low, relevant data on the number of banking offices, population per office, population per square mile, and average square miles served by each office. The counties comprising New York City are presented separately and the nature of the economic activity in the counties is also given.

A cursory examination of the Table indicates the striking similarity between population per office, population per square mile, and average square miles served by each office in the following pairs of counties: (a) Albany and Onondaga, (b) Monroe and Schenectady, (c) Warren and Washington, and (d) Bronx and Kings. It will also be noticed that the paired counties have precisely the same economic characteristcs.

In the Ney Jersey counties adjoining New York City, we find that Hudson County (including Jersey City), with a population density of 10,800 per square mile, had one banking unit for each square mile, and that Essex County (including Newark) and Union City (including Elizabeth), with population densities of 6,900 and 3,800 per square mile respectively had one office for each two and three square miles respectively.[14]

This summary should indicate very clearly that State figures indicating population per banking office are merely a statistical convenience and that inferences based on these figures concerning the degree of superiority of branch over unit banking in providing banking services should be treated with considerable caution.

One further illustration drives home very clearly the need for caution in discussing the question of availability of banking facilities under any system of

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11 Joint Committee on the Economic Report, *Monetary Policy and the Management of the Public Debt.* Joint Committee Print, 82nd Congress, 2nd Session, Part 2, pp. 737-787.

12 See also replies of State Superintendents, *ibid.*, pp. 984-989.

13 Joint Committee in the Economic Report, *ibid.*, memorandum submitted by Allan Sproul for the Second Federal Reserve district, pp. 744-745. Population density based on 1950 census. Banking offices as of October 1951.

14 Joint Committee on the Economic Report, *ibid.*, p. 745.

TABLE II

Population per Banking Unit, Dec. 31, 1954. Selected States. Comptroller's Figures and Author's Restatement.

State	Comptroller	Restatement
States Permitting Statewide Branch Banking		
Arizona	8,100	10,050
California	8,400	9,680
Connecticut	7,100	11,920
Delaware	4,500	5,590
Maine	5,000	5,930
Maryland	7,100	8,620
Nevada	5,300	7,030
Oregon	8,200	9,320
Rhode Island	8,300	11,770
Vermont	4,000	4,810
Washington	8,100	9,040
States with Limited Area Branch Banking		
Massachusetts	7,100	12,130
Michigan	8,300	9,400
New Jersey	8,500	10,130
New Mexico	9,200	10,260
New York	8,400	10,260
Ohio	8,100	9,050
States Prohibiting Banking		
Florida	12,200	14,920
New Hampshire	4,700	6,690
Texas	8,400	9,000

TABLE III

Population Density and Population Per Banking Unit. Statewide Branch Banking States and States Prohibiting Branch Banking, December 31, 1954

Statewide Branch Banking States	Population per square mile*	Population per banking unit	Branch Banking Prohibited	Population per square mile*	Population per banking unit
Arizona	8.6	10,050	Colorado	14.4	9,040
California	80.0	9,680	Florida	66.2	14,920
Connecticut	469.5	11,920	Illinois	166.3	10,190
Delaware	189.6	5,590	Kansas	24.5	3,330
Idaho	7.3	5,820	Minnesota	38.7	4,530
Maine	28.8	5,930	Missouri	59.2	6,820
Maryland	268.7	8,620	Nebraska	17.6	3,210
Nevada	2.0	7,030	New Hampshire	57.9	6,690
North Carolina	88.3	8,210	Oklahoma	31.9	5,670
Oregon	17.9	9,320	Texas	32.2	9,000
Rhode Island	812.9	11,770	West Virginia	77.8	10,230
South Carolina	74.2	9,820	Wisconsin	66.8	5,190
Vermont	40.4	4,810	Wyoming	3.0	5,520
Washington	39.7	9,040			

*Based on "Market Guide" estimates for population and Bureau of Census for area.

TABLE IV

New York State, Selected Counties, Banking Offices in Relation to Nature of Economic Activity, Population and Area

County	Nature of County	Number of Banking Offices	Population Per Office	Population Per Square Mile	Average Square Miles Served by Each Office
Albany:	Mixed industries — governmental & industrial	22	10,881	451	24
Erie (including Buffalo):	Industrial	104	8,647	853	10
Essex:	Resort and agricultural	6	5,848	19	304
Lewis:	Mining	7	3,217	17	185
Hamilton:	Forestry	1	4,105	2	1,747
Monroe (incl. Rochester):	Industrial	40	12,191	725	17
Onondaga (incl. Syracuse):	Industrial	33	10,335	431	24
Schenectady:	Locomotive and electrical industries	11	12,991	684	19
Warren:	Resort and agricultural	8	4,901	44	110
Washington:	Resort and agricultural	8	5,893	56	105
Westchester:	Residential	65	9,628	1,439	7
Bronx:	Residential and industrial	66	21,989	35,397	0.62
Kings:	Residential and industrial	108	25,353	38,566	0.65
New York:	Financial and industrial	288	6,806	89,096	0.07
Queens:	Residential	87	17,826	14,360	1.00
Richmond:	Residential and industrial	12	15,963	3,361	5.00

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Branch Banking and Banking Facilities

banking. On June 30, 1955, in Montana, with 110 unit banks, there were four counties out of 56 which had no banking facilities, namely Garfield, Golden Valley, Mineral and Petroleum, with population (1950 census) of 1,337, 2,172, 2,081 and 1,026, respectively. On the other hand, Treasure County (population 1,402) and Wibaux County (population 1,907) had one bank each. The latter counties were more densely populated. In Nevada, where statewide branch banking is permitted, two out of 17 counties, namely Esmeralda, with a population of 614 and Storey, with a population of 671, were devoid of banking facilities, but Eureka County (population 896) was served by a branch of the First National Bank of Nevada and Landen County (population 1,850) had two branches of the Nevada Bank of Commerce.[15] These facts would seem to favor a branching system until it is pointed out that Eureka and Landen Counties are somewhat more economically developed than the bankless counties in Montana.[16] In the larger cities in Montana, namely Anaconda (11,254), Billings (31,834), Butte (33,251), Great Falls (39,214), Helena (17,581), and Missoula (27,485) banking facilities ranged from one for 8,300 in Butte to one for 11,200 population in Missoula. In Nevada, Reno had one facility for each 11,000 population and Las Vegas had one for each 12,000 population.

We may summarize our conclusions as follows: (1) the inclusion of mutual savings banks in the Comptroller's analysis is questionable, particularly since 14 of the 17 states in which the mutuals operate have branch banking systems, eight on a statewide basis and six on a limited area basis; (2) the analysis fails to take into consideration many factors which are germane to his conclusion; (3) State by State comparisons of the relation of population to banking units are invalid in discussing the relative importance of branch and unit banking systems in the provision of banking facilities; (4) the only valid test of the adequacy of facilities is the number of square miles served by each banking unit but this is predominantly a local matter, and it is not easy to determine to what degree a branching system would result in more facilities in areas of sparse population where the average square miles served by unit banks is unusually high; (5) had the Comptroller excluded the mutual savings banks, highly concentrated in the branch banking States, his conclusion to the effect that "people residing in States where branch banking is prohibited . . . have proportionately more banking units to serve their needs" would have been more emphatic. But the conclusion is dubious in any case.

15 Rand McNally, *Banking Directory*, 1955. Final edition.

16 See J. Walter Thompson, *Population and Its Distribution*. 7th edition, 1951, pp. 189-193 and 201-202.

Two With C. J. Murphy

(Special to The Financial Chronicle)

PORTLAND, Maine — Maynard R. Young, Jr. and Lester L. Glazier are now with Clifford J. Murphy Co., 443 Congress Street.

H. M. Payson Adds

(Special to The Financial Chronicle)

PORTLAND, Maine—Adrian L. Asherman has been added to the staff of H. M. Payson & Co., 93 Exchange Street, members of the Boston Stock Exchange.

LETTER TO THE EDITOR:

Reader Urges Abolition Of All Market Supports

Richard Spitz calls for abolition of "fair trade" legislation and price supports and a return to the self-discipline of free enterprise. Advocates the use of gold as a monetary unit in the market place.

Editor, Commercial and Financial Chronicle:

The return of General Electric to free enterprise supply and demand markets in the sale of it's goods is a repudiation of socialistic pricing via the edict of "fair trade" legislation that should never have been passed. This action leaves abundant proof that price fixing by edict is unworkable.

Day by day the American farmer is being taught the hard way that subsidies and parity prices by governmental edict cannot coordinate the general price structure or guarantee an operating profit.

The American farmer has much to learn and much to consider from General Electric's return to free enterprise supply and demand markets. Free supply and demand markets with gold as a monetary unit will bring coordination, instead of chaos, into the market place and to the general price structure, for free enterprise has a self disciplining action that is indeed absent from "fair trade," subsidy and parity edict.

Congress would better consider the repeal of socialistic price legislation, instead of considering flexible or inflexible farm supports, for the going price in the market place will again ignore governmental edict, as the experience of General Electric has amply demonstrated. Could it be plainer that individual freedom is best served in free enterprise supply and demand markets?

RICHARD SPITZ

Fortune's Rocks
Biddleford, Maine
Jan. 6, 1956

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Looking Ahead to 1965

probable trends in the size of the labor force, in hours of the work, and in output per manhour. Alternative possibilities result if we simply substitute other reasonable figures for those used by the Joint Committee staff. For example, the Joint Committee staff assumed a rate of increase in private output per manhour of about 2.5% per annum, a rate somewhat below the rate apparently experienced in recent years, but above the long-term trend. As the Joint Committee staff itself mentions, 3% per annum is also a possibility. If it is substituted for the 2.5%, then—projections of hours, labor force, etc., unchanged — Gross National Product in 1965 would be calculated at about $565 billion.

The other alternative would be obtained if we assumed a rate of increase in private product per manhour which approximates the long-term trend, namely 2% per annum. In this case, again other variables projected as before, Gross National Product in 1965 would be estimated at about $500 billion.

Here, by a simple choice of alternative values for just one variable we have a range of figures that differs by some $60 billion. If, in addition we should inquire into the projections of the other variables, we might widen the range. For example, the Joint Committee staff indicates that Gross National Product in 1965 would be higher by $40 or $50 billion if hours, rather than falling off at the long-term rate of .8% per annum, were to remain at present levels — just as they have, on net balance, since prewar days. It would seem reasonable to suppose that the higher the rate of increase in productivity the higher the rate of fall in hours. But our experience does not lead us to believe that the offset would be complete, even over the long run; it is especially doubtful for a specific decade.

It may be sufficient, then, if quantitative estimates of Gross National Product in 1965 are desired, to speak of figures of the order of $500 to $600 billion. I should emphasize that the bulk of figures within this range implies a rate of growth in real income per capita of about the same order of magnitude as the rate we have experienced over the past three-quarters of a century. The Joint Committee staff does not seem to be worried about the American economy being mature. I think they are right.

Rather than present a range, we might simply interpolate past long-term trends in all the variables and see what they added up to. It might be thought that this would provide the most probable single value and would not be misleading. But our past experience is not fully utilized if we ignore the considerable variety of decade trends in real income per capita revealed by history. The rate of growth has fluctuated from one decade to another; the long-term rate is merely an average of these diverse rates. When we look forward, we must keep this diversity in mind. It would be a salutary exercise to place oneself at some point in the past and, in imagination, look forward ten years; a comparison of the expectations with the actual changes would prove illuminating.

Narrowing the Range of Probabilities

If, as some economists suspect, there is some order in this variation in decade trends—perhaps a long cycle associated with population and related changes—and we can grasp its pattern and meaning, we may be able to narrow the range of future possibilities. At the moment, however, it would be wise to keep a fairly wide range of possibilities in mind when we peer into the future. This is especially necessary when we calculate the burden of long-term commitments—for example, those implied in our social security system—for the burden will be bigger if productivity should rise at a rate lying in the lower portion of the range of possibilities suggested by history.

Up to this point we have been viewing 1965 as a year of good business sitting astride the decade trend. For the Joint Committee staff projections assume something like a 4% unemployment rate (about equal to the average of 1953 and 1954) and so, implicitly, do the several alternative projections mentioned. Of course, no one would seriously ask about the precise state of unemployment in any particular year a decade or so hence. To speak of the economic situation in 1965 is really to speak of the trend value of production and employment at about that time—that is, the average for several years centered at 1965. Naturally, this average would be influenced by the character of the cyclical fluctuations experienced in the years between now and 1965; indeed, it is impossible to think about the decade trend without also thinking about the cyclical fluctuations that may appear during the decade.

Will There Be a Depression?

This brings us to the next of our main questions. Will the coming decade see any serious depression?

We are all familiar with the many changes in our economy that bear on this question. Significant improvements have been made in our financial institutions and regulations; we have developed an elaborate governmental machinery to ease the burden of city and farm depression; the rise in incomes and prices and other developments, including the Cold War, have put the bulk of incomes into the tax brackets and thus have made government a more than proportionate sharer of reductions as well as of increases in most incomes; the scale of government, not entirely because of the Cold War, has grown to the point where its actions, directly or indirectly, have far greater influence than in any preceding period except wartime; and it has become the avowed responsibility of government to lessen the hazards of unemployment and business depression. Do these changes in our economy suggest that the business cycle has been eliminated?

At this time of year it is customary for people to get together to discuss the outlook for the following year, if not also for the following decade, and you and I have attended one or more meetings of this sort, or at least communed with ourselves. I do not think that any of us have met anyone at these meetings, even when it was a meeting of one, who was certain of the prospect. It is clear that very few, if any, of us believe that all fluctuations will be eliminated.

It is in fact in the nature of a progressive economy to exhibit instability. The millions of persons whose individual efforts to improve their economic status constitute the fundamental source of our progress make their plans in an uncoordinated manner. This, along with other attributes of our economy, is bound to lead to a more or less erratic course for the economy at large. It is hardly likely—indeed, inconceivable in an enterprise economy — that those in authority could so accurately gauge events, and so quickly bring appropriate and coordinated policy to bear, as to iron out completely the course of general business; or that any "automatic" machinery could be devised to accomplish this task. Nothing we know of the nature of our governmental machinery or of the extent of our economic knowledge and intelligence would lead to the conclusion that fluctuations of modest amplitude are out of the picture. Nor would any experience we have had during the postwar decade. What we may properly ask of our governmental and monetary authorities is that their actions be sufficient to contain within limits the fluctuations that our economy may be expected to generate.

It is possible that economic conditions could deteriorate with extreme rapidity. In the ensuing scramble, especially if — indeed, because—the preceding boom had been characterized by considerable and widespread speculation, values might tumble rapidly and drag down production and employment. Should events move so rapidly, and confidence in future prices, if not volume, be severely shaken, automatic or administrative action might not be sufficiently powerful or rapid to prevent a rather severe contraction. I believe that improvements in our economic system and in its administration have made such a severe contraction less likely than before. And I expect that if our people are modest in their particular demands on government, its probability could be still more lessened. But it is not entirely out of the cards. We have still much to learn of the nature of our economy; we have much to improve in our sources and interpretation of current information; and governmental authorities must be able and willing to take appropriate corrective action to prevent excessive speculation.

If such a contraction occurred, however, I doubt that it would be protracted. After the shake-up in speculative values, the powerful underlying forces and machinery —and new machinery adopted for the emergency — would make their influence evident before production and employment fell to catastrophic levels. (Of course, if the contraction proceeded at a slower pace, the problem would be easier.) The contraction would be arrested.

I would suggest, therefore, that the chance of a deep and protracted depression is slight; that the chance of a sharp though brief contraction is smaller than before, but not negligible so long as there are some doubts about our knowledge and self-discipline; that cycles of moderate expansion and contraction will not be avoided. The boat will be kept from shipping much water in a blow, but that it will be kept on an absolutely even keel seems out of the question.

Let me remind you at this point that I am speculating. We have had only ten years of mild fluctuation about a high and rising level of prosperity. Our ability to withstand real depression is still to be tested. The next ten years may provide that crucial test.

While we may reasonably expect that protracted depression will be avoided, it is less certain that we will be able to avoid also some measure of inflation. Certainly it would be foolish to ignore the possibility. For it is not at all unlikely that a degree of inflation will be one of the prices we shall have to pay for our ignorance, on the one hand, and lack of discipline, on the other, in keeping the economy on an even keel.

I would not suppose any serious probability of galloping inflation, or that prices would rise in every year. The kind of inflation we may experience would most likely take the form of a stepwise upward movement in price levels, with the rate of increase averaging out to a relatively modest annual figure.

Our experience of the past ten years has, of course, included the Korean episode and therefore cannot be accepted as an unqualified indication of what we may be in for. It would be risky also to assume that the past few years' experience is sufficient to allay any fears there may be of serious inflation. We have to speculate largely on the basis of general considerations, not experience, and these do not preclude the possibility—the danger—of serious inflation. But while I suspect that we do not yet know enough and are not yet willing enough to avoid some inflation, I believe that we do know enough and— when the issue actually arises— will be willing enough to avoid severe inflation. But this, too, remains to be seen. The next decade will teach us a great deal about our national character as well as the limits of our knowledge.

I may add a word about our expectations concerning the several major price levels. As in the past, we may expect that wage rates will rise more than the cost of living. The difference—the rise in the real wage rate—will largely reflect the increase in national productivity of which we have already spoken. We may expect further that the cost of living will rise more than wholesale prices. These expectations of differential price movements, it should be noted, do not hinge on whether we have a measure of inflation or not.

Savings

We turn now to the question of savings.

Not many years ago it seemed reasonable to many to assume that increased income would bring with it more than a proportionate increase in savings. This drew attention to the danger that investment outlets might be insufficient to absorb the savings that high incomes generate. You will recall the talk in the 1930's of a tendency for savings to exceed investment, or—what is virtually the same thing—for production to exceed consumption, with resultant depressing effects on the actual level of production and employment.

There are several reasons why the theorizing of the 1930's is undergoing revision. Largely on the basis of the hard work of people like Simon Kuznets and Raymond Goldsmith, it appears that the secular increase in real income per capita in this country—and in other countries as well—has not brought an increase in the average proportion of income saved. Indeed, the records hint that savings in relation to national income may even have fallen a bit. At any rate, we are sure that no long-term rise has occurred. This important piece of empirical evidence—along with other basic facts—is not easy to fit into the earlier theorizing without substantially altering it and revising the implications drawn from it.

We have also added something to our knowledge of the factors affecting savings. The savings "function" no longer seems to be as stubborn as it seemed before the war. And some new factors are appearing on the scene which may cause further shifts in savings habits. These may, indeed, add force to the factors tending to reduce the volume of savings at given levels of income. For example, the uncertainty of employment and income is surely a major reason why people put money aside for a rainy day. Consider, therefore, the possible implications, for savings, of another 10 years of high and fairly stable employment, and along with this experience penetration into the consciousness of the mass of the people of the contribution of social insurance and other government programs to the promotion of personal security. When we ask what savings may be in 1965, we are asking how people will be viewing the future at that time.

It is not unreasonable to suppose, therefore, continuation of present levels, if not a slightly declining trend, in the personal savings-income ratio. The staff of the Joint Committee on the Economic Report, when making their projections, in fact assumed a decline in the personal savings-income ratio, from the recent years' average of close to 8% to one of about 6%. This implies a volume of personal saving in 1965 of $23 billion, some $7 billion more than the current rate of $16 billion, and some $5 billion more than the average of the past five years.

What will happen to the nation's rate of total saving will depend not only on personal savings—and on corporate savings, which I cannot take the time to discuss—but also on government saving. Historical estimates of government savings have been prepared, but current statistics are lacking and we must make shift with the balance on government's current account — that is, governmental receipts (less transfer payments) minus governmental expenditures on all types of goods and services. If this difference should prove to be a deficit—and the Joint Committee staff, for example, assumes for 1965 a modest deficit of $2 billion on state and local government account, with the Federal budget in balance—it will absorb some of the savings of the private sectors of the economy. The government component of national savings could easily turn into a much more important item, however. If our speculations concerning the chance of inflation have any merit, that possibility may not safely be omitted from our calculations of the future.

National saving exceeds national domestic investment when capital is exported. In recent years, capital has been moving into this country; our modest capital exports have been overbalanced by foreign acquisitions of assets here. This inflow may come to a halt eventually, and the net balance swing in the other direction. By 1965, to cite a specific projection, the Joint Committee staff assumes a capital export of $2 billion a year—much less than the fraction of national savings sent abroad during the 1920's. It seems doubtful that, in the world of today, when governments put all sorts of obstacles in the way of capital import, much more can be expected. Even countries which have been major outlets for our foreign investment might conceivably decide to interpose obstacles, on grounds already familiar to us.

But I do not wish to imply a dearth of domestic opportunities for investment. Indeed, I have been tacitly assuming that savings would find uses either in the private sector or in the public. As I have already indicated, the fear of stagnation is not troubling us as it did before the war. Events since then have greatly changed the climate of opinion, and the fears of the 1930's seem left behind. There may, instead, be some danger that opinion is swinging too far toward fanciful expectations about new outlets for investment.

Whatever happens to total investment, within reason, we can be sure that our economic progress will bring shifts in the direction of investment. New products, new processes, new materials — these will mean, in the future as in the past, great changes in the regional and industrial composition of investment.

In addition, shifts in the direction of investment will be caused by population changes. I have time to refer to just one such effect. The rate of new family formation in the next 10 years will be greatly influenced by the birth-rates of the 1930's and early 1940's. During the next few years, the Bureau of the Census has estimated, the average annual increase in number of families will be lower than the annual increase during the recent past. The bottom in new family formation may in fact come towards the close of the next decade, for the number of persons of age 20 to 34, who constitute the group most likely to marry, will reach a low point then. This will undoubtedly have some effect on the volume of new housing demanded and thus on the volume of mortgage lending. But I hasten to add that the rate of new family formation is not the sole determinant of housing demand. I started out by talking about migration within this country; and there are other factors.

A final word. Looking ahead is something we all have to do, uncomfortable speculation though it be. However, as Robert Frost remarked recently, everything ever done of importance was done with insufficient knowledge. Frost hastened to add that this is no excuse for being content with less knowledge than we can acquire. He is a wise man.

Continued from first page

As We See It

in the home, in business or in the Federal Government. When achievement of a balanced budget is for long put off in a business or home bankruptcy is the result. But in similar circumstances a government resorts to inflation of the money supply. This inevitably results in depreciation of the value of the money and an increase in the cost of living. Every investment in personal security is threatened by this process of inflation, and the real values of the people's savings, whether in the form of insurance, bonds, pension and retirement funds or savings accounts, are thereby shriveled. . . .

"I expect the budget to be in balance during the fiscal year ending June 30, 1956.

"I shall propose a balanced budget for the next fiscal year ending June 30, 1957. . . .

"Under conditions of high peacetime prosperity, such as now exist, we can never justify going further into debt to give ourselves a tax cut at the expense of our children."

If this were all that the President had to say, or if the remainder of his message did not in any way imply that what he is saying here needs to be taken in a Pickwickian sense, we should be the first to applaud—and we feel certain that we should have a great deal of company in so doing.

Heavy Proposed Outlays

But unfortunately there are other passages which can not be ignored. First, in regard the international situation, he says:

"In order that our friends may better achieve the greater strength that is our common goal, they need assurance of continuity in economic assistance for development projects and programs which we approve and which require a period of years for planning and completion. Accordingly, I ask Congress to grant limited authority to make longer term commitments for assistance to such projects, to be fulfilled from appropriations to be made in future fiscal years."

And then for the benefit of the farmer: "I shall urge authorization of a soil bank program to alleviate the problem of diverted acres and an overexpanded agricultural plant. This will include an acreage reserve to reduce current and accumulated surpluses of crops in most serious difficulty, and a conservation reserve to achieve other needed adjustments in the use of agricultural resources. I shall urge measures to strengthen our surplus disposal activities. . . . I shall ask the Congress to provide substantial new funds for an expanded drive on the research front, to develop new markets, new crops and new uses. The Rural Development Program to better the lot of low-income farm families deserves full Congressional support. The Great Plains Program must go forward vigorously.

"Area Development" also requires funds. Says the President: "We must help deal with the pockets of chronic unemployment that here and there mar the nation's general industrial prosperity. . . . Recommendations will be submitted, designed to supplement with Federal technical and loan assistance local efforts to get on with this vital job."

Roads, too, are urgently needed. "In my message of Feb. 22, 1955," says the President, "I urged that measures be taken to complete the vital 40,000 mile interstate system over a period of 10 years at an estimated Federal cost of approximately $25,000,000,000. No program was adopted. If we are ever to solve our mounting traffic problem, the whole interstate system must be authorized as one project, to be completed approximately within the specified time."

Another source of demand for funds in large amounts is what is termed "human concerns." "I urge that the Congress move promptly," says the President, "to enact an effective program of Federal assistance to help erase the existing deficit of school class rooms." And another implicit if not outright demand for funds: "Other needs in the area of social welfare include increased child welfare services, extension of the program of aid to dependent children, intensified attack on juvenile delinquency, and special attention to the problems of mentally retarded children. . . . The nation has made dramatic progress in conquering disease — progress of profound human significance which can be greatly accelerated by an intensified effort in medical research. A well supported, well balanced program of research, including basic research, can open new frontiers of knowledge, prevent and relieve suffering, and prolong life. Accordingly, I shall recommend a substantial increase in Federal funds for the support of such a program. As an integral part of this effort, I shall recommend a new plan to aid construction of non-federal medical research and teaching facilities and to help provide more adequate support for the training of medical research manpower. . . . We must aid in cushioning the heavy and rising costs of illness and hospitalization to individuals and families. Provision should be made, by Federal reinsurance or otherwise, to foster extension of voluntary health insurance coverage to many more persons, especially older persons and those in rural areas. Plans should be evolved to improve protection against the costs of prolonged or severe illness."

There are other passages which might be cited to show that the President is bent upon very substantially expanding Federal outlays. Enough have been listed to make it plain that, whatever care the Administration may be taking to inject prudence into the financial affairs of the National Government, it has no intention of withholding funds from many New Dealish projects. His program is strongly reminiscent of those of Franklin Roosevelt—and it is accompanied by voluble lip service to sound fiscal policy.

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No Reason for Federal Control of Consumer Credit

extended on instalment buying, or on instalment loans, the first indication we have is that they begin falling behind in their payments. They are delinquent 30 days, then the delinquency increases to 60 days, and then up to 90 days. After 90 days delinquency, the loan or debt is considered a loss, and is wiped off the books. Delinquency rates on consumer credit are the first symptom of disorder. They flash a danger sign to the whole finance and banking industry. What are delinquency rates today?

Delinquency Rates

The American Bankers Association obtains monthly reports from its member banks all over the country. These reports cover many things, but among those things are the delinquency rates on several types of instalment paper held by banks. They show what per cent of the loans are delinquent. These delinquency rates cover instalment loans made by banks for various purposes: personal loans, home modernization loans, home appliance loans, automobile loans, etc. Automobile loans constitute about 50% of these consumer instalment loans. For the sake of simplicity, we might consider those in detail. What does the American Bankers Association have to report on delinquency rates on its automobile instalment loans?

The latest monthly figures published by the American Bankers Association on direct automobile instalment loans, are dated Oct. 31, 1955. Here are the delinquency rates for the last five months on direct-to-the-consumer automobile loans. I compare these with the figures for the same five months of 1954:

Direct Automobile Loans

Delinquency (30 days and over)

	1955	1954
October	.76	1.01
September	.73	1.02
August	.74	.98
July	.79	1.00
June	.74	1.00

Source: Instalment Credit Commission, American Bankers Association.

If you look at these figures, you find that delinquency rates on direct automobile loans are far below last year. To go further: delinquency rates on direct automobile loans are lower today than they have ever been at any time since World War II.

No Danger

A reasonable analyst, looking at these figures, would conclude that certainly there is no danger in overextension of consumer credit today. With delinquency rates at the lowest point in 10 years, what reason is there to believe that consumer credit is "too easy" today?

The public has been misled into thinking that the TV commercials promising no down payment and years to pay on autos, are typical terms. If the truth were known, TV commercials are far from typical. The finance industry has shown restraint and good judgment in not relaxing credit standards. And as evidence of that, there can be nothing better than the incredibly low delinquency figures I have just cited.

Some commentators might argue that direct automobile loans are not a sufficient criterion. A better standard might be home appliance paper—i. e., instalment loans made to buy washing machines, refrigerators, TV sets, air conditioners, etc. Well, we have the figures on those things, too, and for any skeptics in our audience, here are the delinquency figures:

Home Appliance Loans

Total Delinquency (30 days and over)

	1955	1954
October	2.27	3.09
September	2.49	3.04
August	2.37	3.20
July	2.40	3.20
June	2.43	2.95

Source: Instalment Credit Commission, American Bankers Association.

As far as delinquency on home appliance loans, the record shows that they are lower today than they have been in any year since World War II. Month by month, delinquency on home appliance loans is 20 to 40% below last year.

Customers Paying Promptly

In short, people are paying their home appliance loans and their auto loans today, and paying them more promptly than they have at any time since the war. Does this indicate a dangerous overextension of consumer credit?

I do not wish to clutter up my remarks with too many figures, but you will find that delinquency rates on personal loans show the same trend. People are paying their instalment loans more promptly than at any time since the war, and delinquency is at record low levels. This remarkable achievement is being made in the face of record credit sales by retailers. This remarkable showing is being made in the face of record automobile sales, and in the face of record small loan outstanding.

In part, the high credit standards maintained by finance companies and banks are responsible for this fine showing on delinquency rates. But more important, the American consumer is an expert on managing his own affairs. I know that such a doctrine is not too popular in some circles. But my own experience over the years has shown me that only a very small fraction of the buying public runs wild with credit purchases. The vast bulk—at least 97% of the buying public—uses its credit wisely, carefully, and does not overextend itself.

Pay Off in Advance

When the slightest hint of unemployment is heard, or when there is the slightest threat that overtime may be curtailed, many Americans rush in and pay off their credit obligations in advance. This is so common, that I must apologize for telling you this. But many people outside the finance industry do not know this. The American buying public has shown itself fully capable of using credit with discretion. For any Washington agency to substitute its unproven judgment for the proven performance of consumers, seems to me to be a questionable procedure.

As a matter of fact, we might go farther. Unwise and untimely restraint of consumer credit is a dangerous procedure. Its effect may well be to dampen industrial production, curtail employment and sales.

For example, let us look at automobile credit. Automobile instalment paper has been an important part of total instalment credit since the early years of instalment borrowing. In 1929, when automobile instalment paper amounted to only $1.1 billion, it accounted for 42% of total instalment credit. After various ups and downs, the volume of new automobile loans has shot upward. Today, it constitutes about 52% of all consumer instalment credit.

Important for Auto Sales

In recent years, three-fifths of all purchases of both new and used automobiles have required credit. In 1955, the availability and the terms of consumer instalment credit have been very important factors in the high level of automobile sales.

When you consider all this, you must bear in mind that few people have to buy cars. Nearly all can postpone buying. Consumers illustrated this in the 1930's. In 1930, when income declined by 11%, spending on cars dropped 37%. Conversely, although people do not have to buy cars, nearly everybody wants one. So that when income increased, car buying bolted upward. In 1934, for example, income rose 14%, and consumers spent 31% more on cars. In most years before the war, a change in income was associated with a more than proportionate change, in the same direction, in spending for automobiles.

Spending for automobiles is still thought to be primarily dependent on changes in income, but there is somewhat less emphasis placed on this relationship today. One reason for this is that the automobile industry itself has a good deal of influence over fluctuations in income.

Production Creates Demand

The act of producing anything generates a certain amount of income and tends to create a demand for itself. The same thing is true with automobiles—only on a giant scale. The car industry is the main support of the petroleum industry and is generally the largest single buyer of rubber, steel, flat glass, nickel, and lead. It is estimated that about one in every seven workers depends on automobiles, one way or another, for a livelihood. The *production* of automobiles, therefore, creates a lot of demand for automobiles.

Another reason for the rising production of autos, is the increased use of instalment credit to buy cars. When people buy cars on time, some future income is converted into current buying power. This stimulates production and creates more income. The use of instalment credit makes the economic system work on more cylinders. Credit buying *stimulates production* which in turn creates more income

In late 1954 and early 1955, probably the single most important force behind the upturn in business, was consumer buying of automobiles. For this period, at least, the car industry led the country out of the doldrums, and it was instalment credit, in the main, which made that upsurge possible.

Helped Other Industries

Nor do I want to overlook the stimulus which credit buying has given to the TV industry, the refrigerator industry, washing machine producers, furniture manufacturers, etc. In every case, credit buying has acted to stimulate production and employment—which in turn have maintained employee purchasing power. That employee purchasing power in turn bought TV sets, refrigerators, washing machines, furniture, etc.

How credit buying has been important to all consumer durable goods, was recently estimated. Professor Paul W. McCracken of the University of Michigan, recently found that since 1940, of all consumer durables purchased, from 73 to 77% were bought on instalment. Consider the significance of that. In 1955, about $37.5 billion in consumer durables were bought. Seventy-seven per cent of that total was bought on credit.

Here, too, the cycle operates the same way: production stimulates sales, while credit buying stimulates production. Consumer credit and production of consumer durables are tied together inseparably. Mass production requires mass sales, and mass sales requires mass credit. Any uneconomic and unnecessary hobbles on consumer credit will immediately have an effect on sales and production. To assume that one can hold back one wheel of the auto, without affecting the other three, is an unrealistic assumption.

New Distribution of Income

Washington is concerned with the rise of consumer credit to record breaking levels. It is perhaps proper for fiscal authorities to take concern. But there are good reasons for the rise in consumer credit—and I do not mean just wild spending on the part of unrestrained and irresponsible consumers.

As we have seen, consumer credit is not in any vulnerable position today. If anything, consumer credit could safely go much higher because of the marked changes that have taken place in the distribution of income. This fact deserves consideration.

During the past quarter of a century, a new income pattern has developed in this country. The proportion of poor and rich people is shrinking, but those in the middle income brackets have shown a sharp increase. In the mid-'30's, the big layers were the spending units getting $2,000 a year or less. These people made up nearly 80% of our spending units. Today, only 23% are in this group.

On the other hand, families in the group having $3,000 to $7,500 a year, increased. In the 1930's, they constituted 28% of the total spending units. In 1953, they were 52% of the spending units. In the latter year, they received about $125 billion, or 56% of total disposable personal income. Since 1929, the middle income group has increased more than two-and-a-half times in number and in income.

Explains Credit Growth

This is the significant fact behind the growth of consumer credit. These middle-income families are the people who use consumer credit most. As their incomes increased, their standard of living rose. They saw no reason why they could not (for example) pay for an auto while they used it—instead of in one lump cash sum. The same reasoning applied to their purchase of a refrigerator, furniture, and anything else they needed. And as we have seen, their record on credit payments is incredibly good. Evidently, from 97 to 99% of credit buyers pay off their obligations exactly as they promised. I can tell you that businessmen are not that good a credit risk.

Nor are credit buyers spending all their income. From June, 1954 to June, 1955, there has been an increase of $19.5 billion in the assets of savings institutions. In that I am including mutual savings banks, life insurance companies, savings and loan associations, and pension funds. If consumers are running wild over credit buying, how do we account for the record total of savings these days? The answer is, as finance people know, that almost all credit buyers have more assets than they owe. Most people like to keep a nest egg in the bank. They like to keep reserves with insurance companies. They like to have some reserves in the form of value in a home. They don't spend every last cent, no matter how attractive the advertisements.

Affect Employment

All the indications are that consumer credit is being handled on a very conservative basis today—both by the finance industry, and by consumers. The endeavors of officials to restrain the legitimate uses of consumer credit, will undoubtedly affect the industries of the nation. The restraints have been mild, but it must appear evident to everyone here, that these restraints have been unnecessary. One might therefore wonder why there were any restraints placed on consumer credit in the first place. And second, one might well wonder when Washington will signal the end of its restraining order. Not that there will be any more upsurge in credit than there has been heretofore. But it will permit the manufacturers, wholesalers, and retailers of this country to plan their production and sales, knowing that there will be no further clamps on consumer credit. Without such available credit, many of these factories would have to cut their production in half. This is something we all want to avoid.

Dyer Nominated as A. S. E. Chairman

James R. Dyer, stock specialist and American Stock Exchange member for the past 27 years, was named for the office of Chairman of the market's Board of Governors by the Exchange's Nominating Committee according to an announcement by Edward T. McCormick, Exchange President. The post will be filled at the annual election on Feb. 13, 1956. John J. Mann, retiring Chairman was the only man to hold that position for five consecutive terms.

James R. Dyer

The Nominating Committee, headed by John Rissetto, also named five regular members for three-year board terms, four non-regular members, also for three-year terms and one trustee of the gratuity fund for a three-year term.

Mr. Dyer, who was born and raised in New York City, began his Wall Street career as an order clerk for Shearson, Hammill & Co. in 1927 following the receipt of a BA degree from Manhattan College. He became a salaried market employee for Dates & Dyer with whom his father was a partner, in 1928. In 1929 he became a member of the old New York Curb Exchange and was elected to partnership in Dates & Dyer.

He was first elected to the Exchange's Board of Governors in 1946 and has served on most of the market's principal committees.

He was elected to three-year terms in 1947, 1951 and 1954. In 1952 Dyer was elected Vice-Chairman of the Board. He is a member of the New York Athletic Club, The Friendly Sons of Saint Patrick, The Cardinal's Committee of the Laity for Catholic Charities in in the Diocese of New York and the American Stock Exchange Five & Twenty Club.

Nominated as regular member Governors were Graham Bell, Hayden, Stone & Co.; David S. Jackson; Gerald A. Sexton, Sexton & Smith; Leo G. Shaw, Salomon Bros. & Hutzler; and Frank L. Walin, Joseph McManus & Co. Jackson and Walin served on the board in the past.

Named as nonregular member governors were Robert M. Gardiner, Reynolds & Co.; Walter O'Hara, Thomson & McKinnon; Louis Reich, Reich & Co.; and Stanley E. Symons, Sutro & Co. O'Hara, Reich and Symons served on the board in the past. Symons, who maintains his office in California, is the first representative of the Pacific Coast to serve on the American Stock Exchange board.

John A. Ludlow, J. A. Ludlow & Co., was nominated to a three-year term as Trustee of the Gratuity Fund.

Serving with Rissetto on the Nominating Committee were H. Lawrence Jones, Eastman, Dillon & Co.; Edwin Posner, Andrews, Posner & Rothschild; and Lawrence M. Stern as regular members and John Brick, Paine, Webber, Jackson & Curtis; Ira Haupt, Ira Haupt & Co.; and Theodore A. Winter, William P. Hoffman & Co. as nonregular members.

Korvette Common Stock at $10 a Share

Carl M. Loeb, Rhoades & Co. is offering 222,000 shares of E. J. Korvette, Inc. common stock at a price of $10 per share.

Net proceeds, estimated at $2,000,000, from the financing will be added to the general funds of the company primarily to provide the required capital for future expansion of the business. A portion of the proceeds may be required to equip and provide initial inventory for a new store planned for Westchester County, N. Y.

E. J. Korvette, Inc. is engaged in the business of selling various merchandise at retail through a group of nine stores. The principal types of merchandise carried and sold by the company are wearing apparel and accessories for men, women, children and infants; household appliances of all types; jewelry; luggage; radios; television sets; giftware; housewares and furnishings; linens; piece goods; toys; sporting goods; juvenile furniture; groceries; meats and produce. All stores operate under the name of "E. J. Korvette" with the same management, and a uniform policy of trading at low mark-up is applied. All sales are for cash only. Five of the stores are operated in New York City; the others are in White Plains, N. Y.; Hempstead, N. Y.; Carle Place, N. Y.; and the ninth unit is expected to begin operations soon in West Islip, N. Y. Negotiations are proceeding on an additional department store to be located in Westchester County, N. Y.

Consolidated net sales of the eight stores for the fiscal year ended Sept. 30, 1955, aggregated $36,292,393, while net profit amounted to $1,175,740.

Upon completion of the current financing, outstanding capitalization of the company will consist of 1,222,000 shares of common stock and 75,000 warrants to purchase a like amount of common shares.

Stokes & Co. Admit

PHILADELPHIA, Pa. — Stokes & Co., Land Title Building, members of the New York and Philadelphia-Baltimore Stock Exchanges, on Jan. 19, will admit Elkins Wetherill and Herbert F. Schiffer to limited partnership.

Whitcomb to Admit

Whitcomb & Co., 41 East 42nd Street, members of the New York Stock Exchange, on Feb. 1, will admit Sidney B. Ashmore to partnership.

Form Mutual Funds Assoc.

PHILADELPHIA, Pa. — Mutual Funds Associates has been formed with offices at 1528 Walnut Street to engage in a securities business. Partners are Max Fischer and Martin Mallin. Both were previously with First Investors Corporation.

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The Outlook for Business

man and per farmer. All this increase in productivity means we have to find ways to market some $10 to $15 billion more in goods and services in 1956 than we did in 1955. Can we do it? My answer to that one is—I am an optimist.

A Look Backward

Let's look back a little. In 1954, after the truce in Korea, the Administration cut defense expenditures $14 billion. There followed a reduction in stockpiles of all goods accumulated for defense, excepting, of course, our "strategic stockpiles." Also our exports were a little greater, thanks to the recovery we had helped produce in Europe. But it was the consumer who spent $18 billion more on consumer goods and almost $3 billion more for new houses. It was the consumer, remember, who started the economy on the upward trend again. To meet his demands, industry had to start building more factories, more machines, and buying more inventories to fabricate into the consumer goods he wanted to own. In addition to this consumer pressure, our state and local governments carried on a large construction program.

The final outcome of all these favorable upward forces was to elevate total Gross National Product from its low of less than $360 billion to the $392 billion annual rate attained in the third quarter of 1955. It is that rate of national product which is reasonably expected to reach $400 billion—some predict more—in the early part of 1956.

Where Did The Money Come From?

Now we come to the all important question: "Where's the money coming from?" First, we must ask where did the consumer get his money last year? We know that business got its money from retained earnings, increased depreciation, and new financing. We know also that during 1955 consumers increased their spending by 7%, and at the same time paid $1 billion more in income taxes. The plain fact is the worker consumer got a part of the money he needed from greater earnings. Wage boosts for the total labor force averaged about 4%, without considering increased compensation from overtime. The factory worker enjoyed a total increase of about 8% in average weekly pay. This increase was transmitted, in many industries, to the white collar workers. The overall result was that the annual rate of personal disposable income rose by about $17 billion between the third quarter of 1954, and the third quarter of 1955, and undoubtedly increased further in the fourth quarter.

The Farm Problem

In all the long and tragic history of the world, the periods of man's hunger and lack of adequate food supply have been measured in ages and centuries—and the bright days of his plenty have been known as decades, or fewer years. Even today, our economists and social scientists tell us that 77% of the world's population has less than enough to eat.

All of this makes all the more paradoxical our over-abundance of agricultural products. And it points a serious indictment at our inability to create satisfactory markets for the products of the farmer's toil, and to see to it that he as well as organized labor is given an opportunity to grow and prosper with an expanding standard of living geared to the fortunes of our great nation.

Although consumers generally spent 25% more dollars for all durable goods, 5% more for all services, and 17% more for new houses—the farmer found himself with fewer dollars. A larger farm output brought no larger gross receipts, and a somewhat smaller net farm income. Of course, we know that the number of people living on farms is down several million in the last 10 years. And yet the 1955 crop was the biggest harvest ever made in the United States.

It is heartening to note that the farm problem is receiving consideration now at the place where the remedy must be applied. I refer to the rate of production. It is only prudent conservation of soil and resources to gear production to demand. A fairly priced market for farm products is a part of that picture. And all the while that this temporary limitation—for such it is—is operating, we may be confident that the value of the land will continue to grow in economic importance and prestige as it always has through all history. The farmer is the primary producer. Without the efforts of his toil, all other production ceases. Food production is a source of great national strength. It is well to remember this law of nature, and respect the farmer's place in our economic progress.

The Debt Problem

To return to our study of where consumers got the money they spent, of course, much of it came from increased earnings. But, as to the rest, the plain fact is "they borrowed it." Yes, borrow it they did. But at the same time they also increased their holdings of liquid assets. Incidentally, this is something our farmers have done very well during the past 15 years. It is significant that consumers' holdings of liquid assets grew more than twice as much as their debts.

We learn from economists that the debt pattern runs something this way:

Most of the younger married couples buy new houses. Sometimes their parents help them make a small down payment. Then the youngsters move into a new house. After that they are on their own. The parents like that.

Children come along. The young parents get ahead and their income grows. They begin to think about a better house. Soon they do something about it. Records show that though we make mortgages of 18, 20, 25 and 30 years maturity, the average life of all of them is only 7½ years. Those smart kids of yours seem to move into a better house very fast—and don't their fathers and mothers like that!

The pattern continues this way. While the children are doing this, we oldsters are paying off our debts and we are also continuing to pay on our life insurance. This gives financing institutions larger resources from which loans are made to those younger families. Actually if we save more, some other groups must go into debt to use our savings; otherwise, there would be no investment. That is why debts must increase in a growing society. Some people are always paying off old debts, while others are incurring more debts. The instant anyone pays off a debt, he becomes an individual who saves. All the new houses I see around the outskirts of Des Moines give evidence that we are certainly training a lot of people to save these days. The combination of debt and saving and more debt and more saving is resulting in the growth of this distinguished city of yours.

Our Problem

Nevertheless, because some people are becoming nervous about this accelerated debt pattern, I do not think our total debt will rise as much in this year of 1956 as it did last year. That is the general feeling.

Nor should we expect the total earnings of workers to go up as much in 1956 as they did last year, especially from more overtime.

So here is our problem. We expect $10 to $15 billion more in total output this year. Yet our debt pattern will not accelerate as much as it did last year; nor will the total earnings of workers go up as rapidly as in 1955, because overtime will not increase much more. But we must move our extra $10 to $15 billion in output into consumer hands. How can we do this?

Tax Reduction

I think a very sound and tested way is to lower taxes. That will leave more money in consumers' hands.

How will this work out, you ask? Something like this:

The lowered taxes will enlarge the consumer's disposable income. That in turn will encourage spending, thereby moving products and services. All that is good.

Have we ever tried this before? The answer is, "yes."

In January, 1954, total taxes were reduced by $7.4 billion. This reduction came just at the beginning of the 1954 recession. This released spending money helped to stop that recession. The resulting increase in production, business activity, and incomes caused tax revenues to go up at a substantial rate. The total increase was perhaps $7 billion, and for that reason our national cash budget changed from a state of deficit to one of surplus. This is one type of surplus no one complains about.

Economic Policy

We have a national talent for bold thinking. Today, the bold policy is to plan for continuing economic growth, to plan to finance it, and to buttress this growth with a favorable government fiscal policy. To say that another way, we can determine the amount of prosperity we shall have in 1956 by wise management of our money supply, realistic extension and management of debt, and sound decisions about our taxes in the area of fiscal policy.

The final question is the issue of proper **timing**. In government, as in football, a sharp play fails if it is badly timed. Well **timed**, even the old Statue of Liberty play works.

As an example of good timing, between 12 to 18 months ago the leaders of the Eisenhower Administration announced the fiscal policies which are responsible for our strong economic position today. It is time now for us to look ahead to the latter part of 1956 and 1957 and make decisions that will carry our prosperity into and beyond that period.

At the moment, some men believe that we should be more concerned with possible inflation than with planning for economic stimulants. But that type of unbold thinking will not dictate policies to sustain our economic vigor in the days ahead of us.

We have every reason to assume that the Administration and Congress jointly, which have not acted with untimely speed, neither with carelessness in these matters, will adopt sound policies to meet any economic problems which may arise in the year ahead of us.

Conclusion

What does all this add up to? You and I will agree it adds up to a lot of things, most of them good. We know that our American economy is remarkably strong—that it is increasingly stable. Business has tangibly expressed its confidence in continued progress by the huge commitments for capital goods expenditures in the year ahead. At the same time, it is fully aware of the necessity of avoiding excesses, of not "getting winded."

In my opinion, we shall continue to have a steady growth in business. I am convinced we have the financial means to accommodate it. The wisdom which we need is not so much as to whether we can continue our economic expansion, as it is to determine the rate at which the expansion can proceed without danger of inflation and excessive boom.

During the past ten years we have lifted our imports by more than six billion dollars a year. We have thus helped the rest of the world keep busy and prosperous. Our own prosperity enables us to purchase needed raw materials from foreign countries and that in turn helps to bring prosperity to all the world.

The continuation of our progress will require the increasing cooperation of the various elements of the economy. Business management will need the full support of labor and farmers, as well as of the general consuming public of which we are all a part. Only with the responsibilities shared and with a mutual awareness of the needs and desires of all members of society can the over-all goal be reached.

By boldness and faith, with everyone cooperating and working together intelligently, we can continue to have an expanding economy under freedom that is producing twenty-four hours a day for all the people of America, and for all the people of the world.

And therein lies the greatest promise, the hope and the unlimited future of America.

To Be Watson Partner

PERTH AMBOY, N. J.—Monroe A. Weiant, on Feb. 1, will become a partner in T. L. Watson & Co., members of the New York Stock Exchange. Mr. Monroe is Manager of the firm's Perth Amboy office in the Perth Amboy National Bank Building.

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Textile Industry's Economic Outlook Highly Attractive

already poor health of our industry and the jobs of our employees for the purpose.

During the long and tedious period ahead that will be required to raise living standards in the under-developed areas of the world to something like our own, protection must surely be given to the American laborer. It is obviously desirable to raise standards of living in other parts of the world—not to lower them here.

More Companies to Merge

A great deal has been said lately, and I imagine much more will be said in the coming session of Congress, on the subject of mergers.

The mergers that have been taking place have simply been realignments within the industry brought about either to eliminate the weak and poorly managed or, more importantly, to permit existing companies to diversify in line with the development of blends and a recognition of the multi-fiber industry we discussed earlier. As I pointed out, existing companies have simply been better buys than new mills would have been. There will, of course, be more mergers and I think they will arise either from the need for further diversification or the desire to expand production on the part of aggressive organizations in need of additional facilities. The purchase of machinery through acquisition of existing companies will cease when market values for existing companies are at or above the level of cost of new equipment.

Since this whole question of mergers is going to be debated on a political basis perhaps a word on the political or anti-trust aspect of mergers is in order. The textile business is as individual as its end product. There is not today and there cannot conceivably arise for years to come any important concentration of power with any one company which could seriously reduce either the present terrific competition or, and just as important, the opportunities for newcomers to provide future competition.

Certainly there are some "giants" in the industry, and the company with which I am associated is in that category—and is the largest textile operation in the world. There is a real economic need for the existence of some large companies, such as ours, for the following principal reasons:

(1) Large chains and other large distributors of fabric and garments need large sources of supply in order properly to plan their requirements — that is to have a source of supply large enough to meet their requirements. Concentrations of size in distributive areas have exceeded similar concentrations of textile manufacturing.

(2) The cost of experimentation in the development of fabrics made from new fibers and new blends is so very great that there must be some large concerns equipped with huge laboratories and with budgets large enough to permit the expenditure of the kind of money necessary to bring to fruition the proper development of chemical discoveries. Once done, this development work quickly becomes the common property of all and is, therefore, available to large mill and small mill alike.

The opportunities that exist in the textile industry for the ingenious, hard-working individual are probably greater today than in the history of the industry. We have many shortcomings in our industry, but one thing is positive—we have no monopolies.

I think that vertical integration has about reached its peak for the present. The need for vertical integration soundly exists in the production and distribution of staple fabrics particularly for some end uses such as men's wear. On the other hand, it may well be that the difficulties outweigh the advantages when we get into the volatile areas of style markets. Broadly speaking, the degree of vertical integration seems to rise during times of scarcity and to decline during times of surplus. People either integrate to get an assurance of sources of supply or to control distributive channels; or for the purpose of acquiring an additional profit margin. The latter seldom proves itself. Under highly competitive conditions every stage in the manufacture and distribution of fabric must show a profit commensurate with the risk and capital involved for that segment of the operation; or it no longer justifies its existence. The danger lies in that having once vertically integrated, organizations tend to overlook this basic fact and soon find themselves entitled to three profits but making only one. The whole free enterprise system under which we have operated so successfully in this country depends for its permanence and success upon the procurement of a fair profit in each step of the chain of production and distribution.

The present trend to suburbanization will undoubtedly continue for some years to come and certainly there is very indication that the development of our economy in the next decade will be such as to permit increased leisure hours for every segment of our population—except, unfortunately, key management personnel. This trend has already had a major effect upon the styling of merchandise and upon patterns of distribution. The greatest effect has already been felt, but the trend toward a more informal and carefree life with the use of textile products harmonious to such an existence is now a permanent part of fabric development and manufacture.

There has been a trend toward decentralization of garment manufacturing areas. Increased facility of communication and transportation simplifies decentralization. Life in a sunny out-of-doors climate requires different types of garments and different colors from that in colder climates. Localized styling and manufacturing have well served these varying requirements.

Mill Migration

The movement of mill manufacturing centers from one region to another is a somewhat more complicated problem. The major movement of the textile industry from New England to the southeastern states has been accomplished, though there will be some further moves to the South before the trend finally reaches its consummation.

The textile industry basically uses unskilled labor and, therefore, pays unskilled wage rates. Accordingly, widely dispersed, reasonably sized mills, located in areas where the cost of living is relatively low and where there are few industries employing skilled labor, is an economically sound development. Other factors such as tax rates, power costs, water supply, etc. play a part. The extent to which the movement of textile mills from New England to the South was a flight from high-cost labor to low-cost labor has been much exaggerated. The most important fact in my opinion was that the ivy vines which covered the exterior of the New England mill buildings seemed also to shut out the light from the office of management. As new mills were built they were put up in the under-developed South instead of the over-developed New England. Southern mill management was more efficient, more aggressive, more dynamic than New England mill management and the result was inescapable. The factors which bring about decentralization of the garment manufacturing industry are not as important in textile manufacturing and I, therefore, do not believe that we will see the kind of decentralization of textile mills that is the case with garment manufacturing. The raw materials that supply our textile industry are primarily produced in the South and that is now where they are primarily consumed by the mills. I do not believe that this pattern is likely to change particularly in the next decade.

A further word on world textile production and distribution patterns is in order.

Although wage rates in India are even lower than they are in Japan there is apparently no immediate fear of damaging Indian competition due to the protection being extended there to the "cottage mill." This protection for the small one, two, three loom family operation has great political significance in India and so long as it continues will prevent any dynamic development of the textile industry there.

The British textile industry has somewhat followed the pattern of the New England textile industry. It is no longer the great industry it once was. Of course, they still make some very fine goods in certain specific categories, but England certainly no longer occupies the dominant position in the world textile market that she used to occupy nor will she again unless major changes not now foreseeable take place in England.

There will be an increasing trend toward the manufacture of textile products in the areas of consumption. Since textile production depends upon unskilled labor it is always one of the first industries to come to a country seeking to gain an industrial status. As the under-developed areas of the world move toward industrialization, the establishment of textile industries within those countries will be important and pronounced. I think it is inevitable that those countries will also erect whatever tariff barriers or quota systems may be necessary to protect these young infant industries as they start to develop, and such protection will continue to be extended to them until they have reached maturity. This means that world trade in textiles is more likely to decline than to maintain its present pace.

In summary then, I feel that the textile industry in this country is entering into a period which may well make it one of the more prosperous industries of our country. The conditions of probable supply and demand suggest such a conclusion. I feel that the dynamic growth of the man-made fiber industry is likely to continue as it has in the past. I believe that the textile industry is a good business to be in and that it will contribute its share towards the prosperity and well-being of the American economy.

H. W. Day Incorporates

(Special to THE FINANCIAL CHRONICLE)

KENNEBUNK, Maine—H. Willis Day & Company, Inc., has been formed with offices at 62 Fletcher Street to continue the securities business of H. Willis Day. Officers are H. Willis Day, President; H. Willis Day, Jr., and Richard W. Day.

Continued from page 4

The State of Trade and Industry

States car output for the latest week is tabbed at 123,200 units, an increase of 16.6% over the preceding week's 105,670 unit figure.

Businessmen added $1,200,000,000 worth of goods to their inventories during November, the United States Department of Commerce reported.

This brought total business inventories to $82,600,000,000 at the end of the month—compared with $81,400,000,000 at the end of October and $78,200,000,000 at the end of November, 1954.

November's inventory buildup was somewhat more than is considered usual for that time of the year. As a result, the Commerce Department's inventory index as adjusted for seasonal factors climbed $650,000,000 during November to a $81,400,000,000 total at the end of the month. On this index, manufacturers' inventories rose $30,000,000; wholesalers' inventories, $100,000,000, and retailers' stocks $250,000,000.

The department noted that most of the November increase stemmed from higher replacement costs.

Steel Production Scheduled This Week at 97.0% of Capacity

Inventory building of materials and components will intensify during the first quarter, "Steel" magazine forecast on Monday of this week.

The metalworking weekly said that three out of 10 respondents to its latest quarterly survey want to fatten inventories of components. This is an all-time high. In the last quarter, some 23% hoped to add to their inventory, but the survey showed only 15% were able to do it.

This is helping to keep the over-all demand for steel high, with producers booked up for as far ahead as they will accept orders. Current production represents orders booked 30 or more days ago, "Steel" noted.

The most critically short steel product is plates. Following closely are structural shapes, sheets and bars, in that order. Putting pressure on plates are the heavy requirements for construction, pipelines and freight cars. Plates are beginning to be needed by shipbuilders, too, this trade weekly observed.

Not only is high consumption a stimulant to buying, but so is the expectation of a price increase. Steel producers are pointing out that their costs are climbing. In addition, the steelworkers' contract comes up for negotiation at the end of this half and everyone expects the result to be higher wages and higher prices.

Scattered increases in steel prices continue, but they did not affect "Steel's" price composite on finished steel in the week ended Jan. 4. It remains at $127.68 a net ton.

Scrap prices, however, continue their upward trend. "Steel's" price composite on steelmaking scrap registered $52.17 a gross ton in the week ended Jan. 4, a 34-cent increase over the preceding week.

The American Iron and Steel Institute announced that the operating rate of steel companies having 96.1% of the steelmaking capacity for the entire industry will be at an average of 97.0% of capacity for the week beginning Jan. 9, 1956, equivalent to 2,388,000 tons of ingot and steel for castings as compared with 97.6% of capacity and 2,403,000 tons (revised) a week ago.

The industry's ingot production rate for the weeks in 1956 is based on annual capacity of 128,363,090 tons as of Jan. 1, 1956.

For the like week a month ago the rate was 100.3% and production 2,421,000 tons. A year ago the actual weekly production was placed at 2,007,000 tons or 83.2%. The operating rate is not comparable because capacity is higher than capacity in 1955. The percentage figures for 1955 are based on annual capacity of 125,828,310 tons as of Jan. 1, 1955.

Electric Output Shows Recovery in Latest Week From Holiday Week Declines

The amount of electric energy distributed by the electric light and power industry for the week ended Saturday, Jan. 7, 1956, was estimated at 11,057,000,000 kwh., an increase above the week ended Dec. 31, 1955, according to the Edison Electric Institute.

This week's output advanced 306,000,000 kwh. above that of the previous week; it increased 1,224,000,000 kwh. or 12.7% above the comparable 1955 week and 2,232,000,000 kwh. over the like week in 1954.

Car Loadings in the Christmas Holiday Week Decreased 14.5% Below the Prior Period

Loadings of revenue freight for the week ended Dec. 31, 1955, decreased 97,692 cars or 14.5% below the preceding week due to the Christmas Holiday, the Association of American Railroads reports.

Loadings for the week ended Dec. 31, 1955, totaled 574,663 cars, an increase of 45,277 cars, or 8.6% above the corresponding 1954 week, and an increase of 96,858 cars, or 20.3% above the corresponding week in 1953.

U. S. Automotive Output Advanced 16.6% Above Previous New Year's Day Week

Output in the automotive industry for the latest week ended Jan. 6, 1956, according to "Ward's Automotive Reports," rose 16.6% over the previous New Year's Holiday week.

Last week the industry assembled an estimated 123,200 cars, compared with 105,670 (revised) in the previous week. The past week's production total of cars and trucks amounted to 142,954 units, or an increase of 24,227 units above the preceding week's output, states "Ward's."

Last week's car output rose above that of the previous week by 17,530 cars, while truck output advanced by 6,697 vehicles during the week. In the corresponding week last year 150,585 cars and 20,694 trucks were assembled.

Last week the agency reported there were 19,754 trucks made in the United States. This compared with 13,057 in the previous week and 20,694 a year ago.

Canadian output last week was placed at 4,315 cars and 761 trucks. In the previous week Dominion plants built 2,686 cars and 705 trucks, and for the comparable 1955 week, 5,760 cars and 838 trucks.

Business Failures Rose Moderately

Commercial and industrial failures rose to 198 in the holiday week ended Jan. 5 from 174 in the preceding week, Dun & Bradstreet, Inc., reports. This upturn brought failures to the same toll as a year ago but slightly below the 202 in the similar week of 1954. Continuing below the prewar level, failures were down 37% from the 312 recorded in 1939.

Failures with liabilities of $5,000 or more increased to 170 from 143 but did not reach the 174 of a year ago. Small failures with liabilities under $5,000, dipped to 28 from 31 but exceeded 1955 toll of 24. Seventeen businesses failed with liabilities of $100,000 or more compared with 19 last week.

Retailing and wholesaling accounted entirely for the week's increase; the toll among retailers climbed to 110 from 71 and among wholesalers to 20 from 15. On the other hand, manufacturing failures fell to 38 from 50, construction to 21 from 27 and commercial service to 9 from 11. More retailers failed than a year ago, while all other lines had mild declines from the 1955 level.

Five of the nine regions reported heavier failures during the week, with the toll in the Middle Atlantic States rising to 61 from 52, in the Pacific States to 58 from 42, in the East North Central to 27 from 24 and in the West South Central to 17 from 5. No change appeared in the East South Central States, while three regions had declines, notably the South Atlantic and Mountain regions. Failures exceeded last year's level in the East North Central, West North Central and West South Central States and the toll was even with 1955 in two other regions. In four regions, however, failures dipped below a year ago, with the sharpest drop in the New England States.

Canadian failures edged up to 26 from 21 in the preceding week and compared with 38 last year.

Wholesale Food Price Index Registers New 5½-Year Low in Week's Mild Decline

The Dun & Bradstreet wholesale food price index turned mildly lower in the first week of the new year to stand at $5.95 on Jan. 5. This compared with $5.97 a week previous, and reflected a drop of 11.9% from $6.75 a year ago. It represented a new 5½-year low, or since June 13, 1950, when it registered $5.94.

Higher in wholesale cost last week were wheat, rye, oats, hams, cottonseed oil and lambs. Lower were flour, corn, lard, butter, milk, cocoa and eggs.

The index represents the sum total of the price per pound of 31 raw foodstuffs and meats in general use and its chief function is to show the general trend of food prices at the wholesale level.

Wholesale Commodity Price Index Held to Narrow Range of Week Preceding

The Dun & Bradstreet daily wholesale commodity price index continued to move in a narrow range in the final week of the year. The Jan. 3 index at 280.48, compared with 280.47 a week earlier and with 278.61 on the corresponding date a year ago.

Holiday dullness prevailed in leading grain markets last week and volume of trading fell well below that of the previous week and the same week last year.

Wheat displayed a fairly steady tone most of the week with continued dry weather in the Southwest causing increased anxiety over the outlook for hard Winter wheat.

New export business in the bread cereal was negligible but the government continued to ship substantial quantities to many countries on practically a giveaway basis. Rye continued to show independent strength with some buying influenced by the announcement that more 1955 crop rye had been impounded under the government loan on Nov. 15 than was the case with 1954 crop. Corn worked irregularly lower with current prices not far above seasonal lows. Soybeans developed strength reflecting heavy export demand. Sales of grain and soybean futures on the Chicago Board of Trade last week dropped to a daily average of 26,900,000 bushels from 31,200,000 the previous week and 47,600,000 in the like week a year ago.

Domestic bookings of all types of flour remained very slow the past week. Buyers generally showed a disposition to wait out the market in the belief that wheat marketings will expand early in the new year and force prices downward.

The coffee market was uncertain with prices trending slightly lower reflecting slow roaster demand. Renewed talk of devaluation in Brazil had little effect on the market.

Raw sugar prices held steady in moderately active trading. Cocoa prices remained fairly steady with year-end evening up operations featuring trading at the week-end. Total cocoa arrivals during 1955 were reported at 3,539,811 bags comparing with 3,561,627 in 1954. Vegetable oils were featured by continued firmness in cottonseed oil with buying influenced by pending export business and good demand in the cash market. There was considerable investment buying in lard. Prices were mostly steady to firm on purchasing influenced by prospects for big export trade in fats and oils in the next few months. Livestock prices generally showed little change for the week.

Cotton price movements held in the narrow range of recent weeks and closed slightly lower for the week. There was some selling induced by year-end liquidation of holdings and uncertainty over the effects of the pending export program and the prospective loan rate for this year.

Supporting factors during the week included domestic and foreign price-fixing, continued large loan entries and the possibility of a tight free supply situation later in the year.

Entries into the CCC 1955 loan stock in the week ended Dec. 23 were reported at about 407,000 bales, bringing total entries for the season through that date to 5,252,000 bales.

Continued from page 2

The Security I Like Best

modest dividends and have infinite patience and are content with a large capital gain over a long period of time. The stock is traded in the Over-the-Counter market.

AUGUST HUBER
Manager Stock Department
Spencer Trask & Co., New York City

American Brake Shoe Co.

At the present advanced stage of the general market, I would be inclined to look for issues with comparative investment stature, favorable industry position, a fair price relative to earnings, a better than average yield from a well protected dividend and sound progressive management. **American Brake Shoe,** in my opinion, very adequately has these attributes which add up to (1) good current value and, (2) encouraging potentialities.


August Huber

Currently selling around $39 per share (1946-55 range 59-28), the stock is selling at only 8.5 times estimated 1955 earnings while the present $2.40 annual dividend rate provides a yield of 6.1%.

Dividends, in varying amounts, have been paid each year without interruption since 1902.

Through a program of diversification, research, and acquisition, only about 45% of sales are now derived from railroad products. These are of the replacement variety, which are "wear-out" parts, and therefore the company largely escapes the more cyclical characteristics of the railroad equipment industry. The company's activities extend importantly into the automotive, farm equipment, metallurgical, building and construction fields and varied industrial uses.

The company's active research program through the years has placed it in a favorable position, particularly relative to the strides being made in the field of metallurgy. Among more recent developments is a new cast steel railroad wheel, the product of 14 years of research. Following years of work on friction materials, the company has now produced a promising new composition railroad brake shoe. There are still some difficulties to overcome but the new product, when perfected, should have higher friction qualities, longer wearing life and smoother, quieter stops. Other interesting items in the research program are new devices to combat and minimize "hot boxes," a new type welding machine, application of precision casting techniques, pilot work on new aircraft parts, manufacture of intricate passenger car tire molds in iron, laminated plastic bearings, etc.

The production of powdered metal friction materials is a relatively new venture for Brake Shoe and these materials are now being produced for use in automatic transmissions, clutches for earth moving equipment and aircraft brakes. It is expected that numerous other applications for these materials will be developed.

Last June the company acquired the Denison Engineering Co. (Columbus, Ohio), in a cash transaction. Denison manufactures hydraulic presses, pumps, motors and automatic controls for a wide variety of uses. This wholly-owned subsidiary had sales of about $10,000,000 in 1955, and this should double over the next few years.

American Brake Shoe's sales for 1955 increased to about $141 million compared with $110 million the year before. Net income is estimated at about $4.55 per share (excluding a 90 cent per share profit from the sale of securities), up from $3.19 per share the previous year.

From present indications, the management feels that 1956 sales could approximate $150 million and net about $5 per share.

The capitalization consists of $5,000,000 long-term debt; 196,519 shares of $4 convertible preferred and 1,108,039 shares of common stock. The preferred is convertible into 2.491 shares of common stock through Sept. 30, 1957. Full conversion would increase the common outstanding by some 490,000 shares. Even assuming full conversion (which is not likely), estimated 1956 earnings would be close to $4 per share, well over the current $2.40 dividend rate, and the present price is only 10 times such earnings.

Finances are healthy, with total current assets 2.4 times total current liabilities and net working capital of $25.7 million.

Briefly, the shares offer better than average value in view of the upward trend of operations and earnings, (2) capable management and aggressive research, (3) record of continuous profits and dividends for 53 years, (4) diversification of products, (5) relative defensive characteristics in less favorable economic environment, (6) currently selling at only about nine times earnings and, (7) the $2.40 dividend rate affords a yield of 6.1%.

Trade Volume Decline Seasonally Below Previous Week But was Moderately Above Like Period of 1955

There was the usual seasonal decline in retail volume last week, and clearance sales were numerous. However, volume moderately exceeded the level of the similar period last year. There was considerable consumer interest in small electrical appliances, linens and women's sportswear.

Sales of new and used automobiles dropped noticeably and high dealer inventories were reported.

The total dollar volume of retail trade in the period ended on Wednesday of last week was 4% to 8% higher than a year ago, according to estimates by Dun & Bradstreet, Inc. Regional estimates varied from the comparable 1954 levels by the following percentages: New England —2 to +2; East and Pacific Coast +3 to +7; South +1 to +5; Middle West and Northwest +6 to +10 and Southwest +7 to +11%.

There was a noticeable drop in apparel sales the past week, but the total volume was moderately above the level of the corresponding week a year ago. Consumer interest in women's hats, handbags and lingerie was maintained at a high level, while a slight increase in the volume of knit dresses, skirts and sweaters was reported. Sales in men's furnishings noticeably exceeded those of a year ago.

Consumer buying of lamps and lighting fixtures was moderately higher than that of a year ago. The call for major appliances equalled that of last year.

Purchases of television sets considerably exceeded last year's level, while furniture retailers reported a slight expansion in this week's dollar volume over that of a year ago.

There was a slight increase in the call for hardware and building materials the past week.

Although grocers reported a decrease in food sales a week ago, the dollar volume was somewhat above that of the same week last year. Volume in fresh produce, canned foods and baked goods exceeded the corresponding 1955 levels. Housewives boosted their purchases of fresh meat and frozen foods the past week, while volume in poultry decreased considerably.

Wholesalers reported a slight increase in bookings last week, and the dollar volume moderately exceeded the corresponding 1955 level.

Buyers were especially interested in women's Spring apparel, outdoor furniture and household linens and draperies. There was considerable reordering of men's furnishings and women's accessories.

Department store sales on a country-wide basis as taken from the Federal Reserve Board's index for the week ended Dec. 31, 1955, increased 11% above that of the like period of last year. In the preceding week, Dec. 24,* 1955, an increase of 22% (revised) was reported. For the four weeks ended Dec. 31, 1955, an increase of 10% was recorded. For the period Jan. 1, 1955 to Dec. 31, 1955, a gain of 7% was registered above that of 1954.

Retail sales volume in New York City the past week dropped substantially under the level of the corresponding period of last year due to the loss of one shopping day. Trade observers estimated the decline would run from 13% to 14%.

According to the Federal Reserve Board's index, department store sales in New York City for the weekly period ended Dec. 31, 1955, increased 10% above that of the like period last year. In the preceding week, Dec. 24, *1955, an increase of 19% (revised) was recorded. For the four weeks ending Dec. 31, 1955, an increase of 7% was registered. For the period Jan. 1, 1955 to Dec. 31, 1955, the index recorded a rise of 2% from that of the corresponding period of 1954.

*The large increases shown for this week reflect in part the fact that this year Christmas fell on Sunday and the week therefore included six days of heavy pre-Christmas shopping as compared with five days last year when Christmas fell on Saturday.

Investment Analysts of Chicago to Be Guests

CHICAGO, Ill.—The Investment Analysts Society of Chicago will be guests at a special luncheon to be given by the Peabody Coal Company at the Adams Room, Midland Hotel, on Jan. 18. L. Russell Kelce, President of the company, will address the members on the Peabody Coal Company and its position in the bituminous coal industry.

Gilbert L. Bouley With Investors Planning Corp.

BOSTON, Mass. — Gilbert L. Bouley has become associated with Investors Planning Corporation of New England, Inc., 68 Devonshire Street. Mr. Bouley has resigned as football line coach of Boston College. He is a one time N. F. L. pro All-Star tackle for the Los Angeles Rams.

Two With Scherck Richter

(Special to THE FINANCIAL CHRONICLE)

ST. LOUIS, Mo.—James T. Farris and Harry F. Mayfield have become associated with Scherck, Richter Company, 320 North Fourth Street, members of the Midwest Stock Exchange. Mr. Farris was formerly with A. G. Edwards & Sons.

Mutual Funds

By ROBERT R. RICH

Roosevelt Forecasts Household Acceptance for Common Stocks

President of Investors Management Co., principal speaker at luncheon meeting, Chairmanned by Hugh W. Long, bases forecast of unprecedented common stock ownership on following factors: (1) encouragement and ability of millions of Americans to become shareholders; (2) increasing institutional buying of equities, and (3) reversal of long-standing apathy of insurance companies toward common stocks.

Common stocks will achieve almost "household" acceptance as long-term investments as the result of increasing demand by in-

W. Emlen Roosevelt   Hugh W. Long

dividuals and institutions, and by the life insurance industry, which is just now undertaking to create its own "package" of common stocks for investor participation in America's economic growth.

W. Emlen Roosevelt, President of Investors Management Company, Inc., forecast these developments at a luncheon commemorating the discovery in 1924 that common stocks were better investments than bonds, and the founding of his Company in that same year for the sole purpose of administering common stock investments.

Long Presents "Along One Road"

Hugh W. Long, President, Hugh W. Long and Company, Inc., national underwriter of Fundamental Investors and three other mutual funds supervised by Investors Management Company, was Chairman of the luncheon meeting, held at the New York Yacht Club on Jan. 11.

A feature of the meeting was the presentation by Mr. Long to George E. Roosevelt, Chairman, Investors Management Company, of "Along One Road," a book recounting the change in status of common stocks from "naughty and speculative" in 1924 to well accepted investments today, and the significant part played in this change by Investors Management Company.

Reserves for Depreciation of Human Resources

Mr. Emlen Roosevelt declared that three factors accounted for his prediction of unprecedented common stock ownership. The first is that additional millions of Americans are being encouraged to invest in common stocks because they are sharing in the continuing redistribution of our national wealth, and have their minimum retirement needs provided for in the form of Federal Old Age Benefits and corporate pension plans which Mr. Roosevelt described as "reserves set up for depreciation and depletion of the nation's human resources."

Continuing increases in the ownership of common stocks by institutional investors was his second reason—based on rising "costs of living" for institutions, the fact that common stocks give better yields than bonds and that state laws have been changed in recent years to permit trustees and institutions to invest in stocks.

Finally, the fact that insurance companies are on the verge of reversing their long standing antipathy toward common stocks will, in Mr. Roosevelt's view, "further accelerate the trend toward investing in common stocks by both individuals and institutions."

Fed By Flame of Inflation

Mr. Roosevelt said that more than three million Americans have recently become investors, adding "the desire to invest has been fed by the flame of inflation, by the growth and expansion of industry which people see almost everywhere they turn — and by the rising trend of stock prices that has reflected what has been going on in our economy."

He continued: "But there is still another element that is making it possible for millions of Americans to invest their surplus savings in common stocks. This is the revision of our 'national income account' and 'balance sheet,' to include—in the 'income account'—a charge for depreciation and depletion of human resources; and —in the 'balance sheet'—corresponding reserves for this purpose. That, in essence, is what our Federal Old Age Benefits and rapidly expanding corporate pension plans really are."

The result, Mr. Roosevelt declared, is that "millions of people today have assurance of some minimum income during their retirement years, and this assurance has, quite logically, encouraged them to seek the rewards of common stock investing because they are better able to assume the accompanying risks."

In explaining the trend by institutional investors to buy stocks, Mr. Roosevelt expressed the view that "the combination of rising living costs with which institutions—no less than people—have been afflicted, plus much reduced rates of return on what had been thought of as 'safe' investments, have virtually forced institutional investors to re-examine the responsibilities of trusteeship." He pointed out that mere preservation of dollars is no longer enough; that the purchasing power of trust assets has to be considered.

Opposes Variable Annuity Bills

If the efforts of certain insurance companies to obtain authorization for sale to the public of a participation in a diversified holding of common stocks under the label "variable annuity" are ultimately successful, Mr. Roosevelt declared that "the pace of past growth in common stock ownership would look like the speed of a snail." The reason, he added, is obvious, since "there are almost a quarter of a million salesmen in the insurance industry—probably 10 times the number of all the people in the investment business to whom the public now turns for ideas, advice and counsel on investments."

Citing the efforts of the Prudential Insurance Company to win acceptance of variable annuity legislation in the State of New Jersey, Mr. Roosevelt said that opposition by himself and his associates resulted from what they considered to be "inadequate provisions for protection of the public in the bills as proposed, and certain other weaknesses in the concept."

He stated however, that assuming the presence of suitable safeguards, there can be no doubt "that common stocks will gain in public acceptance if the insurance industry reverses its hitherto antagonistic attitude toward common stock investing."

Television Fund's Total Assets Up 59.5% During 1955

Total assets of Television-Electronics Fund, Inc. on Dec. 31 last amounted to $115,940,165, an increase of 59.5% from the $72,678,016 reported for the 1954 year-end, according to Paul A. Just, Executive Vice-President of Television Shares Management Corporation which sponsors and manages the fund.

The assets were equivalent to $11.48 per outstanding share at the end of 1955 compared with $10.62 per share a year earlier. After giving effect to 51.22 cents in capital gains distributions during 1955, the latest net asset figure per share was 12.9% ahead of a year ago.

During 1955, the fund paid out 34.74 cents per share in dividends from investment income.

Mr. Just also reported that December sales volume was $1,821,488, including $27,852 in dividend reinvestments, compared with $4,078,218 sales and $5,346 of dividend reinvestments, in December, 1954. Sales for November and December—the first two months of the fiscal year— totaled $7,288,026, including $3,858,836 of dividend reinvestments, compared with $10,566,111, including $2,058,073 of dividend reinvestments, in the comparable 1954 period.

Int'l Resources Funds Issues First Annual Report

In its first annual report, just mailed to shareholders, International Resources Fund, Inc. lists net assets at Nov. 30, 1955, the end of the last fiscal year, of $11,211,054, equal to $4.63 a share on the 2,422,809 shares of capital stock then outstanding.

Coleman W. Morton, Fund President, stated that during the fiscal year ended Nov. 30, 1955, the Fund showed a net investment income of $130,140 and net realized gain on sale of securities of $1,046,880. On Dec. 21, 1955, the Fund management declared a special cash distribution of 45 cents a share, payable Jan. 26, 1956, to shareholders of record Jan. 13. The distribution will be paid from net realized security profits including undistributed long-term capital gains realized during the past fiscal year.

Fifty-six percent of the Fund's portfolio on Nov. 30, 1955, consisted of common stocks, the remaining assets being cash and United States Government securities. Since that date the percentage of common stocks has risen to 65% and it is the intention of the management gradually to increase this percentage.

On Nov. 30, 1955, the five largest common stock investments of the Fund were in Borax Consolidated, Ltd., Royal Dutch Petroleum Company, Gulf Oil Corporation, United States Foil Company "B," and Bowater Paper Corporation, Ltd.

In his letter to shareholders which accompanied the annual report, Mr. Morton stated that: "in undertaking foreign investment commitments, your management is well aware of the traditional factors which have deterred United States investors from entering the field. After considerable study of these matters, we believe that political problems are far less important than economic forces—and the latter are moreover predictable within limits."

Commonwealth Assets Show 20% Increase

S. Waldo Coleman, President of Commonwealth Investment Company, reported that the company's total net assets rose 20% during 1955 to $107,084,687 as of Dec. 31, 1955. This compares with $89,409,527 a year earlier.

Net asset value per share on Dec. 31 was $9.22. When adjusted for capital gains distributions of 31 cents a share paid during the year, this was equivalent to $9.53 and compares with net asset value of $8.44 per share at the end of 1954. Investment income dividends of 29 cents per share were paid to Commonwealth's 43,000 shareholders during 1955.

Speaking of the business outlook, asserted that "the consensus of informed forecasts favors additional gains in business activity. Nonetheless, optimism with respect to the outlook for 1956 is mildly restrained. It is generally known that productive capacity is hard pressed in several important industries. Recognizing this situation and its inflationary implications, the Federal Reserve Banks have been following a policy of monetary restraint. Then, too, there are some uncertainties concerning maintenance of recent levels of automobile demand and residential building. On the positive side attention is directed to the plans made by business for large increases in expenditures for new plant and equipment. Such spending always has been a factor of strong support to over-all industrial production.

"Other areas of the economy carry favorable implications for 1956. These are larger state and local outlays for roads, schools, and other public works, increased consumer incomes and expenditures, and continuation of the uptrend in construction other than residential. As the prospects for the various segments of the economy are balanced and totaled, it appears that improvement in business activity will be appreciable yet more moderate than 1955."

Canada Gen'l Fund Reports Asset Rise

Canada General Fund (1954) Limited, largest Canadian investment company owned predominantly by United States investors, reports net assets of $63,158,558 on Nov. 30, 1955, the close of the first quarter of the Fund's present fiscal year. Net asset value per share was $11.23, which compares with $11.64 three months earlier and $9.62 on Nov. 30 of the previous year. There were 5,622,243 shares outstanding at the end of the latest quarter against 5,503,176 shares a year before when net assets were $52,921,945.

In the current report, Henry T. Vance, President observes that:

"The income for the latest quarter (adjusted by the net amount representing accrued income included in the price of shares sold and redeemed) amounted to approximately seven cents a share. The Fund accumulates and reinvests net earnings at low tax cost."

Under the heading: "Emphasis on Investment-Quality Stocks," the report notes that of the total market value of its all-stock portfolio last Nov. 30:

"Close to one-half was represented by stocks of companies which have paid consecutive cash dividends on their common shares for 20 years or more. Another one-quarter of the holdings at market value have paid cash dividends over the last 10 to 20 years and 10% have paid cash dividends for 5 to 10 years. Thus, 80% of the Fund's investments are in stocks with firmly-established dividend records.

"In certain relatively new industries, such as pipelines, there has not yet been time for any Canadian stock to establish a long record of earning power and dividend payments. To some extent, similar situations exist in the rapidly-expanding oil and mining industries. As noted in the recent Annual Report, however, it is believed that a number of such issues will qualify, in due course, for 'blue chip' ranking."

Wellington Fund Reports Record Yr.

A. J. Wilkins, Vice-President of Wellington Fund, in reporting the most successful year in the Fund's history, stated that gross sales of $72,350,000 for the year 1955 were the largest on record, topping gross sales for 1954 by $8,550,000. These figures do not include the reinvestment of dividend distributions.

Total assets of Wellington Fund at the year-end reached a record $496,567,000 compared with $401,740,000 at Dec. 31, 1954, for an increase of 23%.

Mr. Wilkins also reported that the number of Wellington Fund shareholders at the year-end was the highest in history, totaling 160,500 compared with 138,200 at the close of 1954.

Over-Counter Secs. Fund Organized

Over-the-Counter Securities Fund, Inc., the nation's newest mutual fund, has an added distinction—it is the first investment trust which will invest primarily in industrial and public utility securities traded in the Over-the-Counter or unlisted market.

In expressing the reason for the new Fund, Ralph P. Coleman, Jr., President, stated: "The vast Over-the-Counter market, composed as it is of many of the most progressive and best-known companies in the nation, offers many untapped opportunites for mutual fund investment. With a few exceptions, the stocks of Over-the-Counter companies are not included in the portfolios of a majority of investment trusts. We believe this condition will work to the advantage of the mutual fund that is prepared to invest in such situations."

Incorporated in Delaware, Over-the-Counter Securities Fund has an authorized capitalization of one million shares. It is headquartered in Oreland, Pennsylvania, a suburb of Philadelphia. Review Management Corp., a registered broker-dealer, will serve as investment adviser to the Fund and general distributor of its shares. Although no general offering of shares will be made until the Fund is fully qualified with the Securities and Exchange Commission and the various State regulatory bodies, it is planned to sell the Fund's shares, after an initial private offering, through investment dealers, particularly those active in Over-the-Counter securities.

By concentrating investments in the Over-the-Counter market, the Fund's managers will be moving into a financial field of broad proportions. Current market valuation of unlisted industrial companies is estimated at more than $15 billion, while unlisted public utility firms have an estimated market valuation of over $6 billion. Unlisted bank stocks have an approximate market value of over $10 billion and unlisted insurance securities an estimated current valuation of more than $8 billion.

"The combined total valuation of these four cateegories of unlisted securities is almost $40 billion, a small percentage of which is held by investment trusts," a Fund spokesman noted. "It is our belief, supported by intensive research, that the mutual fund approach can be as successfully applied to Over-the-Counter securities as it has been applied to listed securities for so many years."

Over-the-Counter Securities Fund, Inc. was organized by principals of "Over-the-Counter Securities Review," the only financial magazine devoted to unlisted securities. Numbered among its directors and advisory board members are the heads of investment firms located throughout the country; the President of a leading electronics computer manufacturer, the President of a leading technical society, the President of a foremost plastics company, a mechanical engineer and a chemical engineer.

Delaware Fund's New Appointments

Several elections reflecting a recently-launched expansion program for Delaware Distributors, Inc. — sponsors of the $37 million Delaware Fund—were announced January 10 by W. Linton Nelson, Chairman of the Board.


Lewis J. Ross


Jas. P. Schellenger


Wm. Wilson Hewitt

Lewis J. Ross resigns as Secretary of the distributing company to become Vice-President. Mr. Ross joined the Delaware organization in 1950 as Assistant Secretary of the Fund, and two years later was elected Secretary of Delaware Distributors. In 1954 he became Treasurer of the Fund, an office which he still occupies. He has been identified with the investment business since 1920 and with the mutual fund field since 1932.

James P. Schellenger was elected Vice-President and Secretary of the distributing company, according to Mr. Nelson's announcement. Mr. Schellenger came to the Executive staff of Delaware Distributors in 1953 from a law firm in this city. In 1954 he was elected Secretary of Delaware Fund, a post which he still holds. A member of the Philadelphia Bar Association, he served as a Naval officer during World War II in the South and Central Pacific. Mr. Schellenger is a graduate of the University of Pennsylvania's Wharton and Law Schools.

The announcement also names William Wilson Hewitt a Vice-President in wholesale distribution charged with supervising sales of the Fund's shares in all of Pennsylvania except Philadelphia, Ohio and West Virginia where he has been active as wholesale manager since first joining Delaware in January, 1955. Mr. Hewitt has been associated with the investment business for a number of years and has held partnerships in several securities firms. In 1953 he entered the mutual fund industry as a sales executive and concentrated on both wholesaling and retailing phases. During World War II he served as a captain in the United States Marine Corps. In 1950 he was recalled to two years' active duty as a Major and officer in charge of all Marine Air Control Training for U. S. Marine officers at Cherry Point, N. C.

The announcement also stated that Frank T. Betz, Jr. would continue in his capacity as Vice-President in wholesale distribution and director of sales for Delaware Distributors, Inc.; and Charles T. Dudichum as Treasurer.

Mr. Nelson said the recent elections mark the first steps in line with plans to expand Delaware Distributors, Inc. The expansion program, he explained, was prompted by the increased sales of Delaware Fund shares. In 1955, gross sales rose 138%. Assets of the Fund in the past five years have more than quintupled and are now in excess of $37 million. The Fund is presently owned by 11,500 shareholders located in all of the 48 states and in several foreign countries.

Public Utility Securities

By OWEN ELY

Public Service Co. of Colorado

Public Service Company of Colorado is one of the "rapid growth" utilities. Revenues have increased from $25 million in 1946 to about $73 million currently—nearly three times as much. Much of this gain is in natural gas, which supplies 44% of revenues versus 55% for electricity. The company has had natural gas service since 1928 and has never had to place any limitation on residential sales. It operates entirely within the State of Colorado, and furnishes approximately 68% of the electricity and 72% of the natural gas used in the state.

Public Service of Colorado and its subsidiaries supply electricity and gas to a population of around 850,000 in an extensive area centering on Denver. The principal activities in the area include agriculture, livestock and mining. Widely diversified industries are served, including oil refineries, flour mills, creameries, meat packing plants, canning factories, etc. The largest manufacturer of luggage in the world and the sixth largest manufacturer of rubber goods are in Colorado.

The state is primarily agrarian, with farming and cattle ranching the traditional backbone of our economy. Wheat, sugar beets, potatoes and other vegetables, hay, peaches and apples are a few of the principal crops, and herds of cattle and sheep roam the grazing lands. It also ranks first in the production of uranium, molybdenum, vanadium and radium and second in gold production. More than 30 metals are found within the State's borders, including substantial deposits of silver, lead, zinc and iron. Many industrial minerals are also found in quantity, including gilsonite, gypsum, feldspar and dolomite.

There are over a billion tons of coal reserves in Colorado, which ranks first in bituminous and third in sub-bituminous and anthracite. The State ranks ninth in crude oil production in the United States and estimated reserves amount to over 319 million barrels. The state has 20 million acres of forest land, 15 million acres of which are commercial forest.

The tourist business is a big industry. In 1954, more than 3,800,000 tourists spent $298 million in the State, and 1955 expenditures were probably even greater. The diversification in farming and ranching, mining, light manufacturing and tourist business has resulted in a degree of economic stability not found in most sections of the country.

Denver is served by five major air lines, six railroads, 17 important truck lines and three passenger bus lines other than those connected with railroads. Another factor in the growth of this region is that Denver has more government offices and agencies than any other one location outside Washington, D. C. In the last 15 years the metropolitan population has more than doubled. Home building in 1955 eclipsed all previous years and extensive new commercial and industrial construction is taking place in the area. All signs point to a continued rapid growth.

Public Service's generating capability increased 190% in ten years to 587,000 kw. in 1955, and the company in the next four years will add or have under construction an additional 244,000 kw of capacity. The first 100,000 kw unit at the new Cherokee Station is scheduled for 1957 and the second in 1959.

The Colorado River Storage Project, proposed as a Federal program, has received wide publicity in the press during the past year. This project as originally presented called for the construction of two major dams, with the Glen Canyon plant to develop 800,000 kw installed capacity. For economic reasons, however, it seems probable that none of the power generated at Glen Canyon will move to the east, but will be disposed of in Utah, Arizona and California.

Practically all of Public Service's natural gas requirements are supplied by Colorado Interstate Gas Company through three pipelines. Two of these originate in the Texas Panhandle Field, one also connecting with the Oklahoma Panhandle, Keyes and Greenwood Fields. The third line is from the Hugoton Field in Kansas. The proven reserves available to Colorado Interstate as of Aug. 31, 1955, were estimated at nearly 28 times the company's 1955 deliveries. About 95% of all houses in Denver use gas for house heating, and gas rates are about 15% under costs of competitive fuels, despite cheap coal.

At the end of 1945 Public Service's capitalization ratios were: Debt 65%, Preferred Stock 9%, and Common equity 26%. As of Dec. 31, 1955, the ratios had improved to: Debt 45%, Preferred Stock 17% and Common equity 38%. To meet the company's planned construction program of $110,000,000 for the years 1956-59, inclusive, present indications are that $46,000,000 will be raised through the sale of securities, the balance coming from internal sources. The company now has no plans to issue common stock prior to 1960.

It is expected that share earnings for 1955 will be in excess of $2.65, the gas business having been favored moderately by weather conditions. Assuming normal weather in 1956, earnings are expected to equal or exceed $2.70.

Regulatory conditions are generally favorable in Colorado. About a year ago the constitution was amended to give the State Commission authority over all utilities. The first important case was a review of the Company's rates. The Commission used net original cost plus working capital and permitted a 6% return for both electric and gas (the Company had asked for 6¾%).

Public Service of Colorado has been selling recently around 45½ and paying $1.80 to yield 4%. Share earnings for the 12 months Sept. 30, were $2.55, making the price-earnings ratio 17.8.

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The Credit Restraint Policy

and VA both raised minimum down payment requirements by two percentage points and shortened maximum maturities from 30 years to 25 years. Housing Administrator Cole explained that the purpose was to ease up on the accelerator, not push down on the brake; that the action was designed to forestall a credit expansion which would bring higher home prices and lower the value of the dollar by increasing the cost of living generally.

On the first of August the Treasury executed another refunding operation. Holders of $8.5 million of 1⅛% certificates of indebtedness were offered either a 2% tax anticipation certificate scheduled to mature on June 22, 1956, or an additional amount of the 2% notes maturing on Aug. 15, 1956. The attrition on this exchange amounted to only $150 million.

In August and early September the Federal Reserve Banks boosted the discount rate in two steps from 1¾% to 2¼%. At the same time, members of the Federal Reserve Board met with delegations of sales finance company and bank executives to discuss the mounting volume of instalment borrowings. The mortgage market came in for attention on Sept. 13 when Walter W. McAllister, Chairman of the Federal Home Loan Bank Board, advised member institutions to meet loan demands out of savings capital and loan repayment. The commercial banks were also put on notice that accommodation would be more difficult to obtain by an increase in the discount rate to 2½% in November. This represented the highest discount rate in two decades. The short-term rate continued to climb. The peak was reached when Treasury bills dated Dec. 8 were sold at 2.471, the highest level since 1933.

On Nov. 25 the Treasury made public plans to refinance some $12.2 billion worth of maturing securities through exchanges into short-term issues. Holders of a one-year 1¼% certificate and a five-year 1¾% note were offered a choice between a one-year certificate of indebtedness paying 2⅝% interest and a two and one-half year Treasury note paying 2⅞% interest. With short-term rates rising somewhat in the meantime, holders of about $850 million of securities took cash instead of the new issues. Hence, the Treasury was compelled to increase its December cash borrowings to a total of $1.5 billion. To raise this amount, another tax anticipation bill was offered last week.

Nevertheless some loosening in the regulations has occurred in the last few weeks. In November the Federal Housing Administration removed restrictions imposed last July on three minor credit areas. These involve housing for servicemen on active duty, housing for urban renewal or slum clearance areas, and housing for persons displaced by urban renewal building. In a speech before the annual convention of the U. S. Savings and Loan League in October, Chairman McAllister indicated that the credit restraints imposed by the Home Loan Banks would be less stringent than anticipated.

The policy of credit restraint being followed by the government has the enthusiastic support of the life insurance business—as it should of all who are interested in the broad public welfare. This is true not only of the efforts of the Federal Reserve System and the Treasury to restrict the inflationary expansion of credit, but it also applies to the coordinated measures by the Housing and Home Finance Agency and the Veterans' Administration toward the same end.

General business prosperity and national economic growth are enjoyed no less by the life insurance business than by others. Prosperity, industrial growth, rising living standards are, of course, good for the American people and they are good for the various businesses which are a part of our economic life. It is therefore desirable for government policy-makers to have these objectives in mind, but pushing toward them blindly will only bring on the bitter ravages of price inflation and erosion in the value of the dollar. It has therefore been most encouraging to the life insurance business to see how much attention is being paid by government to heading off a resurgence of inflation—to preventing a further decline in the purchasing power of the dollar. These efforts mean a great deal to the millions of life insurance policyholders, pensioners, savings bank depositors, holders of savings and loan shares and savers in general. Inflation is a subtle thief which robs the income and savings of all of us.

Government authorities have rightly been concerned the past year about excessive economic "exuberance." Enormous demands have strained the limits of our productive resources and output has been pushed to capacity in the majority of industries. Industrial production has risen to record heights, and unemployment has been reduced to bare minimum levels. Hardly any slack is left. The demand for long-term capital funds is far outrunning the supply of savings. Although the general price level and the cost of living have shown remarkable stability in the face of heavy pressures on resources, the prices of most manufactured goods, industrial raw materials and services have been edging upward. This has been especially true of building materials prices. Contributing to this business exuberance and upward pressure on prices has been, of course, the enormous expansion of credit.

The credit control authorities, particularly the Federal Reserve, deserve great praise for the resolute and courageous manner in which they have pursued a policy of credit restraint in the face of mounting pressures to revert to easier credit. Nowhere has the pressure for relaxation been greater than in the residential construction and mortgage lending field. On all sides we hear that unless the credit authorities act to restore easy credit in the housing field, residential construction will come to a "grinding halt" in the spring of 1956. This is a gross exaggeration of likely developments. Actually, the supply of mortgage funds to finance home construction is still abundant. It is simply available on somewhat stricter terms, and will thus discourage speculative building, but this is healthy in the current business situation. There may be some moderate decline in housing starts next year, but the current volume of mortgage loan commitments and the flow of mortgage funds should make possible a healthy addition of around 1,200,000 units to our housing supply next year. Action taken to restrain the expansion of residential mortgage credit has been wise, and it is to be hoped that the authorities will continue to resist pressures to ease credit in this area until such action is clearly justified.

Investment Outlook

Businessmen and professional economists generally are more optimistic about the business outlook than in a number of years. The fact that automobile sales have remained at an unexpectedly high level throughout 1955 has caused many observers of business conditions to revise thinking on the potentialities of the car market. Despite the forebodings of the builders, residential construction, which along with the production of automobiles has been one of the major sustaining forces in the economy since the end of the war, will probably approximate 1,200,000 housing starts in 1956. The favorable outlook for these two basic industries in the American economy is reflected in the McGraw-Hill survey of planned capital investments of manufacturing concerns which indicates an increase of 30% to $12.1 billion this year.

The demand for capital funds will be heavy in 1956. If housing starts approximate 1,200,000 units, as seems likely now, there will be another large increase in outstanding mortgage debt. The financing of highways and school construction will require the sale of large amounts of municipal and revenue bonds. The frequent press announcements of additional expenditures for fixed capital by major corporations in recent weeks suggests that even with large amounts of internally generated funds at their disposal many industries will be in the market for substantial amounts of money.

Undoubtedly the demand for capital funds will exceed the flow of savings again during 1956. As in most previous years since the end of the war, the outlook for interest rates depends upon the ability of the commercial banking system to supply funds to fill the gap. The recent testimony of Chairman Martin before the House Banking and Currency Committee leaves no doubt that the Federal Reserve Board is more concerned with inflation than with deflation at the present time. With many indices of business conditions pointing in the direction of increased activity, the attitude of the monetary authorities is realistic and suggests firm if not increasing interest rates during the forthcoming year.

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News About Banks and Bankers

at a price of $30 per share on the basis of one new share for each five shares held. Completion of the offering of new shares to stockholders would result in the addition of $92,000 to the capital account and $460,000 to the surplus account of the company. A special meeting of the bank's stockholders to vote on the proposed increase in capital and stock offering will be held in March. Net operating earnings of the bank for the year ended Dec. 31, 1955, after provision for income taxes, amounted to $4.33 per share on the 92,000 shares of $5 par value capital stock outstanding, which compared with net operating earnings of $3.49 per share on the same number of shares at the end of 1954. The 1954 figures are based on the consolidated earnings of The Bryn Mawr Trust Company and The Bryn Mawr National Bank, which was merged into The Bryn Mawr Trust Company as of Dec. 31, 1954.

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Morris R. Gavin and John W. Storb have been elected members of the Advisory Committee of **The Citizens Office of The Philadelphia National Bank of Philadelphia, Pa.**, by the bank's directors, Frederic A. Potts, President, has announced. Mr. Gavin has been connected with the Dana Corporation since his graduation from Hillsdale College in 1938. Mr. Storb heads the Storb Travel Service at 365 High Street, which he founded in 1951.

* * *

Douglas R. Faith and W. Frederic Zimmerman retired on Dec. 30 as Vice-Presidents respectively in charge of the **Chester-Cambridge** and **Montgomery Offices** of **The Philadelphia National Bank of Philadelphia, Pa.** Mr. Faith claims a banking career spanning more than 50 years which began on Sept. 1, 1904, when he joined Cambridge Trust Company. Later—through merger — it became the **Chester-Cambridge Bank and Trust Company**, and Mr. Faith rose to President of that institution. In 1954, when the Chester bank was merged with The Philadelphia National, he was appointed Vice-President and head of Philadelphia National's new Chester-Cambridge Office. Mr. Faith is a Past Chairman of Group II, Pennsylvania Bankers Association. He is also a former member of the Pennsylvania State Banking Board. Mr. Zimmerman embarked on his banking career in 1901 with the **First National Bank of Conshohocken.** In 1907, he joined **Montgomery National Bank of Norristown** as a Teller and in 1919 was appointed Cashier. He was elected Vice-President in 1927 and three years later became President. In 1954, when the Montgomery National Bank became the Montgomery Office of The Philadelphia National through merger, Mr. Zimmerman was elected Vice-President in charge of that office. Both men will continue to serve Philadelphia National as members of the bank's Advisory Committees in their respective communities. George H. Renninger succeeds Mr. Faith as Vice-President in charge of Chester-Cambridge Office, and William R. Byrd, Jr., will head the Montgomery Office of The Philadelphia National Bank as Assistant Vice-President.

* * *

Two new offices of **The Philadelphia National Bank of Philadelphia, Pa.** have been opened in **Pottstown** and **Hatboro, Pa.** The establishment of offices in the two communities results from mergers of The Philadelphia National with **The Citizens National Bank of Pottstown** and **Hatboro National Bank.** In Pottstown, the office will be known as The Citizens Office of The Philadelphia National Bank. Frederick G. Erb, who has served as President of the Pottstown bank, has been elected Vice-President of the enlarged institution and will continue to head that office. His executive staff includes Clinton G. Bickel, who has been appointed Assistant Vice-President; F. H. Peterman, Assistant Cashier; and Willard M. Bickel, Assistant Trust Officer.

In Hatboro, the merged banks become the **Hatboro Office of The Philadelphia National.** Irvin T. Kepler has been elected Vice-President in charge and Alan Resendorph becomes Assistant Cashier there. The openings consummate the plans approved by shareholders of the Pottstown and Hatboro banks on Nov. 22 to make available directly to their communities the resources of The Philadelphia National. The enlarged bank now has—in addition to its nine offices in Philadelphia—other offices in Chester, Conshohocken, Lansdale, Marcus Hook and Norristown.

* * *

Hooper S. Miles, Chairman of the Board, of the **Fidelity-Baltimore National Bank and Trust Company, of Baltimore, Md.**, has announced several changes in the company's executive staff. John Sellors, Vice-President of the bank at its Marine Office, retired as of Jan. 1, to engage in private practice as a public accountant and tax consultant; C. Milton Lancaster, formerly Assistant Vice-President, has been named a Vice-President; Clarence S. Sauerwein, formerly Assistant Cashier, has been elected an Assistant Vice-President; S. Eugene Whittington has been made an Assistant Cashier. All of the foregoing officers are connected with the Marine office.

At the head office, Richard A. Barnes has been elected an Assistant Cashier and William J. Gerbig, formerly Assistant Cashier, has been made Auditor. Earlier in the month Barron P. Lambert was elected a Vice-President and Trust Officer, moving up from Assistant Vice-President and Trust Officer. Mr. Sellors, the retiring Vice-President, started his banking career in 1931, as an Assistant Cashier of the **National Marine Bank of Baltimore.** He was elected a director of that bank in 1936, became its Cashier two years later, and was made Vice-President and Cashier in November, 1939. Mr. Sellors qualified as a certified public accountant in 1949.

* * *

CENTRAL NATIONAL BANK OF CLEVELAND, OHIO

	Dec. 31,'55	June 30,'55
	$	$
Total resources	543,932,893	510,991,988
Deposits	500,277,633	468,702,841
Cash and due from banks	127,362,759	109,732,455
U. S. Govt. security holdings	166,272,212	191,658,847
Loans & discounts	228,672,569	184,041,391
Undivided profits	3,277,043	3,085,526

* * *

SOCIETY FOR SAVINGS IN THE CITY OF CLEVELAND, OHIO

	Dec. 31,'55	June 30,'55
	$	$
Total resources	375,239,674	374,269,922
Deposits	346,165,981	345,291,517
Cash and due from banks	28,725,816	23,165,216
U. S. Govt. security holdings	114,186,194	123,423,155
Loans & discounts	193,886,615	62,683,328

* * *

THE FIFTH THIRD UNION TRUST COMPANY, CINCINNATI, OHIO

	Dec. 31,'55	June 30,'55
	$	$
Total resources	375,836,533	352,327,346
Deposits	344,623,587	321,717,961
Cash and due from banks	101,264,828	76,596,688
U. S. Govt. security holdings	100,149,896	121,633,202
Loans & discounts	145,103,512	124,000,308
Undivided profits	3,558,497	3,346,304

* * *

CONTINENTAL ILLINOIS NATIONAL BANK AND TRUST COMPANY OF CHICAGO, ILL.

	Dec. 31,'55	June 30,'55
	$	$
Total resources	2,739,066,835	2,520,016,539
Deposits	2,473,593,376	2,269,410,558
Cash and due from banks	651,653,605	557,095,701
U. S. Govt. security hold'gs	862,980,808	1,010,789,881
Loans & discts.	1,010,833,075	749,532,807
Undivid. profits	26,405,158	19,047,703

* * *

NATIONAL BANK OF DETROIT, MICH.

	Dec. 31,'55	Sept. 30,'55
	$	$
Total resources	2,014,708,521	1,970,812,117
Deposits	1,880,286,872	1,793,335,207
Cash and due from banks	501,639,555	428,766,075
U. S. Govt. security hold'gs	752,785,314	803,972,713
Loans & discts.	619,825,667	582,069,446
Undivid. profits	14,861,633	19,896,881

* * *

THE DETROIT BANK, DETROIT, MICH.

	Dec. 31,'55	Dec. 31,54
	$	$
Total resources	839,318,740	779,777,164
Deposits	792,754,813	735,431,363
Cash and due from banks	168,446,331	143,683,408
U. S. Govt. security holdings	320,679,677	338,741,884
Loans & discounts	260,752,290	104,869,455
Undivided profits	10,619,331	7,497,279

* * *

BANK OF THE COMMONWEALTH DETROIT, MICH.

	Dec. 31,'55	Oct. 5,'55
	$	$
Total resources	347,251,848	327,574,017
Deposits	324,281,581	305,617,320
Cash and due from banks	63,086,672	47,581,067
U. S. Govt. security holdings	180,485,106	175,946,062
Loans & discounts	83,450,455	83,691,724
Undivided profits	5,294,155	5,152,018

Indications of Current Business Activity

The following statistical tabulations cover production and other figures for the latest week or month available. Dates shown in first column are either for the week or month ended on that date, or, in cases of quotations, are as of that date:

		Latest Week	Previous Week	Month Ago	Year Ago
AMERICAN IRON AND STEEL INSTITUTE:					
Indicated steel operations (percent of capacity)	Jan. 15	§97.0	*97.6	100.3	83.2
Equivalent to—					
Steel ingots and castings (net tons)	Jan. 15	§2,388,000	*2,403,000	2,421,000	2,007,000
AMERICAN PETROLEUM INSTITUTE:					
Crude oil and condensate output—daily average (bbls. of 42 gallons each)	Dec. 30	6,987,050	6,991,600	6,836,400	6,342,950
Crude runs to stills—daily average (bbls.)	Dec. 30	¶7,907,000	7,838,000	7,801,000	7,296,000
Gasoline output (bbls.)	Dec. 30	27,249,000	27,063,000	26,963,000	25,319,000
Kerosene output (bbls.)	Dec. 30	2,475,000	2,796,000	2,312,000	2,606,000
Distillate fuel oil output (bbls.)	Dec. 30	13,207,000	12,345,000	12,475,000	11,846,000
Residual fuel oil output (bbls.)	Dec. 30	9,366,000	9,005,000	8,350,000	8,311,000
Stocks at refineries, bulk terminals, in transit, in pipe lines—					
Finished and unfinished gasoline (bbls.) at	Dec. 30	164,859,000	161,741,000	157,535,000	157,228,000
Kerosene (bbls.) at	Dec. 30	27,437,000	28,778,000	33,221,000	29,281,000
Distillate fuel oil (bbls.) at	Dec. 30	112,792,000	117,954,000	140,103,000	109,631,000
Residual fuel oil (bbls.) at	Dec. 30	39,872,000	39,500,000	44,156,000	51,361,000
ASSOCIATION OF AMERICAN RAILROADS:					
Revenue freight loaded (number of cars)	Dec. 31	574,663	672,355	728,216	529,386
Revenue freight received from connections (no. of cars)	Dec. 31	562,975	645,351	617,489	507,349
CIVIL ENGINEERING CONSTRUCTION — ENGINEERING NEWS-RECORD:					
Total U. S. construction	Jan. 5	$160,459,000	$276,764,000	$330,333,000	$414,944,000
Private construction	Jan. 5	59,770,000	173,000,000	139,050,000	232,952,000
Public construction	Jan. 5	100,689,000	103,764,000	191,283,000	181,992,000
State and municipal	Jan. 5	73,869,000	98,619,000	163,099,000	84,089,000
Federal	Jan. 5	26,820,000	5,145,000	28,184,000	97,903,000
COAL OUTPUT (U. S. BUREAU OF MINES):					
Bituminous coal and lignite (tons)	Dec. 31	9,100,000	*10,335,000	10,380,000	7,430,000
Pennsylvania anthracite (tons)	Dec. 31	479,000	524,000	549,000	512,000
DEPARTMENT STORE SALES INDEX—FEDERAL RESERVE SYSTEM—1947-49 AVERAGE = 100	Dec. 31	89	*231	197	80
EDISON ELECTRIC INSTITUTE:					
Electric output (in 000 kwh.)	Jan. 7	11,057,000	10,751,000	11,426,000	9,833,000
FAILURES (COMMERCIAL AND INDUSTRIAL) — DUN & BRADSTREET, INC.	Jan. 5	198	174	219	198
IRON AGE COMPOSITE PRICES:					
Finished steel (per lb.)	Jan. 4	5.174c	5.174c	5.174c	4.797c
Pig iron (per gross ton)	Jan. 4	$59.09	$59.09	$59.09	$56.59
Scrap steel (per gross ton)	Jan. 4	$53.33	$53.00	$49.50	$34.17
METAL PRICES (E. & M. J. QUOTATIONS):					
Electrolytic copper—					
Domestic refinery at	Jan. 4	43.575c	42.700c	43.175c	29.700c
Export refinery at	Jan. 4	44.925c	44.475c	44.325c	31.325c
Straits tin (New York) at	Jan. 4	108.500c	107.750c	102.250c	87.125c
Lead (New York) at	Jan. 4	16.270c	15.500c	15.500c	15.000c
Lead (St. Louis) at	Jan. 4	16.300c	15.300c	15.300c	14.800c
Zinc (East St. Louis) at	Jan. 4	13.000c	13.000c	13.000c	11.500c
MOODY'S BOND PRICES DAILY AVERAGES:					
U. S. Government Bonds	Jan. 10	95.08	94.66	95.07	98.24
Average corporate	Jan. 10	107.27	107.09	107.27	110.52
Aaa	Jan. 10	110.70	110.70	110.52	114.66
Aa	Jan. 10	109.24	109.06	109.24	112.19
A	Jan. 10	107.27	107.09	107.27	110.34
Baa	Jan. 10	102.30	101.97	102.13	105.00
Railroad Group	Jan. 10	105.34	105.34	105.52	108.70
Public Utilities Group	Jan. 10	107.62	107.44	107.62	111.07
Industrials Group	Jan. 10	108.70	108.52	108.70	111.81
MOODY'S BOND YIELD DAILY AVERAGES:					
U. S. Government Bonds	Jan. 10	2.87	2.90	2.87	2.62
Average corporate	Jan. 10	3.32	3.33	3.32	3.14
Aaa	Jan. 10	3.13	3.13	3.14	2.92
Aa	Jan. 10	3.21	3.22	3.21	3.05
A	Jan. 10	3.32	3.33	3.32	3.15
Baa	Jan. 10	3.61	3.63	3.62	3.45
Railroad Group	Jan. 10	3.43	3.43	3.42	3.24
Public Utilities Group	Jan. 10	3.30	3.31	3.30	3.11
Industrials Group	Jan. 10	3.24	3.25	3.24	3.07
MOODY'S COMMODITY INDEX	Jan. 10	404.6	405.2	408.5	413.6
NATIONAL PAPERBOARD ASSOCIATION:					
Orders received (tons)	Dec. 31	290,959	219,204	397,989	214,669
Production (tons)	Dec. 31	211,615	286,600	286,926	140,640
Percentage of activity	Dec. 31	56	101	98	47
Unfilled orders (tons) at end of period	Dec. 31	577,240	495,467	654,613	363,024
OIL, PAINT AND DRUG REPORTER PRICE INDEX—1949 AVERAGE = 100	Jan. 6	107.50	107.15	107.17	106.54
STOCK TRANSACTIONS FOR ODD-LOT ACCOUNT OF ODD-LOT DEALERS AND SPECIALISTS ON N. Y. STOCK EXCHANGE — SECURITIES EXCHANGE COMMISSION:					
Odd-lot sales by dealers (customers' purchases)—†					
Number of shares	Dec. 17	1,053,400	1,157,947	1,279,079	1,173,065
Dollar value	Dec. 17	$55,172,447	$62,678,227	$74,162,912	$58,180,965
Odd-lot purchases by dealers (customers' sales)—					
Number of orders—Customers' total sales	Dec. 17	994,765	1,081,587	1,117,375	1,283,826
Customers' short sales	Dec. 17	6,646	5,402	9,797	8,040
Customers' other sales	Dec. 17	988,119	1,076,185	1,107,578	1,275,786
Dollar value	Dec. 17	$48,269,106	$53,036,758	$59,408,308	$58,223,693
Round-lot sales by dealers—					
Number of shares—Total sales	Dec. 17	211,700	315,970	314,300	448,729
Short sales	Dec. 17				
Other sales	Dec. 17	211,700	315,970	314,300	448,729
Round-lot purchases by dealers—					
Number of shares	Dec. 17	343,460	413,410	479,820	346,039
TOTAL ROUND-LOT STOCK SALES ON THE N. Y. STOCK EXCHANGE AND ROUND-LOT STOCK TRANSACTIONS FOR ACCOUNT OF MEMBERS (SHARES):					
Total round-lot sales—					
Short sales	Dec. 17	414,230	506,660	549,780	796,230
Other sales	Dec. 17	12,338,630	13,262,940	12,657,850	18,464,010
Total sales	Dec. 17	12,752,860	13,769,600	13,207,630	19,260,240
ROUND-LOT TRANSACTIONS FOR ACCOUNT OF MEMBERS, EXCEPT ODD-LOT DEALERS AND SPECIALISTS:					
Transactions of specialists in stocks in which registered—					
Total purchases	Dec. 17	1,508,740	1,699,450	1,727,660	2,216,840
Short sales	Dec. 17	189,930	233,750	245,270	397,520
Other sales	Dec. 17	1,250,310	1,336,070	1,345,820	1,807,250
Total sales	Dec. 17	1,440,240	1,569,820	1,591,090	2,204,770
Other transactions initiated on the floor—					
Total purchases	Dec. 17	369,650	405,380	375,620	620,540
Short sales	Dec. 17	12,300	23,500	47,400	40,600
Other sales	Dec. 17	346,690	380,310	346,980	568,760
Total sales	Dec. 17	358,990	403,810	394,380	609,360
Other transactions initiated off the floor—					
Total purchases	Dec. 17	929,440	894,120	703,430	743,232
Short sales	Dec. 17	98,610	127,450	94,800	146,000
Other sales	Dec. 17	842,636	816,227	614,402	755,057
Total sales	Dec. 17	941,246	943,677	709,202	901,057
Total round-lot transactions for account of members—					
Total purchases	Dec. 17	2,807,830	2,998,950	2,806,710	2,580,618
Short sales	Dec. 17	300,840	384,700	387,470	584,120
Other sales	Dec. 17	2,439,636	2,532,607	2,307,202	3,131,067
Total sales	Dec. 17	2,740,476	2,917,307	2,694,672	3,715,187
WHOLESALE PRICES, NEW SERIES — U. S. DEPT. OF LABOR — (1947-49 = 100):					
Commodity Group—					
All commodities	Jan. 3	111.5	111.4	111.1	109.8
Farm products	Jan. 3	85.5	85.2	83.8	91.2
Processed foods	Jan. 3	98.4	97.7	98.0	103.3
Meats	Jan. 3	71.4	69.7	72.4	94.8
All commodities other than farm and foods	Jan. 3	119.6	*119.6	119.4	115.1

*Revised figure. ¶Includes 937,000 barrels of foreign crude runs. §Based on new annual capacity of 128,363,090 tons as of Jan. 1, 1956, as against Jan. 1, 1955 basis of 125,828,310 tons. ‡All-time record.
†Number of orders not reported since introduction of Monthly Investment Plan.

	Latest Month	Previous Month	Year Ago
AMERICAN GAS ASSOCIATION—For month of November:			
Total gas (M therms)	6,008,987	4,957,720	5,393,000
Natural gas sales (M therms)	5,730,156	4,745,109	5,114,800
Manufactured gas sales (M therms)	31,622	25,393	40,500
Mixed gas sales (M therms)	247,209	187,218	237,700
AMERICAN PETROLEUM INSTITUTE—Month of September:			
Total domestic production (barrels of 42 gallons each)	223,754,000	228,307,000	204,855,000
Domestic crude oil output (barrels)	201,919,000	206,604,000	184,527,000
Natural gasoline output (barrels)	21,801,000	21,663,000	20,276,000
Benzol output (barrels)	34,000	40,000	52,000
Crude oil imports (barrels)	24,882,000	23,406,000	20,168,000
Refined products imports (barrels)	11,655,000	12,414,000	9,349,000
Indicated consumption, domestic and export (barrels)	251,655,000	263,500,000	231,360,000
Increase all stock (barrels)	8,636,000	627,000	3,012,000
AMERICAN RAILWAY CAR INSTITUTE—Month of November:			
Orders for new freight cars	51,066	12,843	3,754
New freight cars delivered	3,427	3,772	1,302
CASH DIVIDENDS—PUBLICLY REPORTED BY U. S. CORPORATIONS — U. S. DEPT. OF COMMERCE — Month of November (000's omitted)	$295,000,000	$669,000,000	$260,600,000
COKE (BUREAU OF MINES)—Month of Oct.:			
Production (net tons)	6,631,120	*6,397,133	5,095,900
Oven coke (net tons)	6,453,386	*6,234,149	5,063,400
Beehive coke (net tons)	177,734	*162,984	32,500
Oven coke stock at end of month (net tons)	1,781,185	*1,975,131	2,850,695
CONSUMER CREDIT OUTSTANDING—BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM—REVISED SERIES—Estimated short and intermediate term credit in millions as of Nov. 30:			
Total consumer credit	$35,059	$34,640	$29,209
Instalment credit	27,247	26,963	22,014
Automobile	14,172	14,095	10,296
Other consumer goods	6,057	5,917	5,398
Repair and modernization loans	1,634	1,627	1,631
Personal loans	5,384	5,324	4,689
Non-instalment credit	7,812	7,677	7,195
Single payment loans	2,757	2,606	2,407
Charge accounts	3,285	3,218	3,042
Service credit	1,770	1,793	1,746
COTTON SEED AND COTTON SEED PRODUCTS—DEPT. OF COMMERCE—Month of October:			
Cotton Seed—			
Received at mills (tons)	1,405,786	1,689,369	1,141,803
Crushed (tons)	780,963	707,751	659,109
Stocks (tons) Nov. 30	2,523,221	1,898,398	2,441,751
Crude Oil—			
Stocks (pounds) Nov. 30	204,267,000	155,640,000	144,267,000
Produced (pounds)	262,589,000	236,807,000	215,781,000
Shipped (pounds)	203,340,000	152,131,000	171,510,000
Refined Oil—			
Stocks (pounds) Nov. 30	323,844,000	283,477,000	712,619,000
Produced (pounds)	189,943,000	140,847,000	161,193,000
Consumption (pounds)	130,453,000	125,255,000	156,937,000
Cake and Meal—			
Stocks (tons) Nov. 30	173,742	170,721	251,547
Produced (tons)	370,633	328,503	320,340
Shipped (tons)	367,612	308,022	312,215
Hulls—			
Stocks (tons) Nov. 30	110,870	90,994	86,053
Produced (tons)	172,985	153,310	138,233
Shipped (tons)	153,109	122,645	138,357
Linters (running bales)—			
Stocks Nov. 30	142,573	113,781	252,057
Produced	234,830	216,101	214,379
Shipped	206,038	194,920	161,371
Hull Fiber (1,000-lb. bales)—			
Stocks Nov 30	546	492	1,230
Produced	1,141	1,378	1,739
Shipped	1,087	1,283	1,771
Motes, Grabbots, etc. (1,000 pounds)—			
Stocks Nov. 30	3,888	4,690	6,362
Produced	1,906	2,740	3,583
Shipped	2,708	846	2,102
DEPARTMENT STORE SALES—FEDERAL RESERVE SYSTEM—1947-49 Average=100—Month of December:			
Adjusted for seasonal variations	121	122	116
Without seasonal adjustment	209	148	201
EDISON ELECTRIC INSTITUTE:			
Kilowatt-hour sales to ultimate consumers—Month of Sept. (000's omitted)	42,121,904	41,956,772	35,198,095
Revenue from ultimate customers—month of September	$695,804,000	$690,352,000	$621,259,000
Number of ultimate customers at Sept. 30	52,272,398	52,114,708	50,895,229
MOODY'S WEIGHTED AVERAGE YIELD OF 100 COMMON STOCKS—Month of Dec.:			
Industrials (125)	3.92	3.96	4.09
Railroads (25)	5.24	4.97	4.89
Utilities (not incl. Amer. Tel. & Tel.) (24)	4.60	4.55	4.50
Banks (15)	4.22	4.09	4.09
Insurance	2.69	2.63	2.52
Average (200)	4.06	4.09	4.20
NON-FARM REAL ESTATE FORECLOSURES—FEDERAL SAVINGS AND LOAN INSURANCE CORPORATION—Month of Sept.:	2,294	2,254	2,365
UNITED STATES GROSS DEBT DIRECT AND GUARANTEED—(000's omitted):			
As of Dec. 31	$280,821,613	$280,189,391	$278,783,756
General fund balances	4,544,518	5,118,945	5,179,536
Net debt	$276,277,095	$275,070,446	$273,604,220
Computed annual rate	2.490%	2.425%	2.291%

Securities Now in Registration

★ INDICATES ADDITIONS SINCE PREVIOUS ISSUE
● ITEMS REVISED

Aerco Corp.
Dec. 20 (letter of notification) 816 shares of 5% cumulative participating preferred stock (par $100) and 816 shares of class A common stock (no par) to be offered to class A stockholders of record Dec. 15, 1955, in units of one share of each class of stock for each four class A shares held; rights to expire on Feb. 15, 1956. **Price**—$101 per unit to stockholders; $110 to public. **Proceeds**—For corporate purposes. **Office**—166 Eagle St., Englewood, N. J. **Underwriter**—None.

★ Affiliated Fund, Inc., New York
Jan. 9 filed (by amendment) 10,000,000 shares of capital stock. **Price**—At market. **Proceeds**—For investment.

★ Agricultural Equipment Corp., La Junta, Colo.
Dec. 23 (letter of notification) 120,000 shares of preferred stock (par $1); 30,000 shares of common stock (no par). **Price**—For preferred, at par; and for common, 50 cents per share. **Proceeds** — For development and reserve. **Underwriter**—None.

Allegheny Manganese & Iron Corp.
Dec. 28 filed 580,000 shares of common stock, of which 530,000 shares 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 a plant suitable for the processing of beneficiation of lower grades of manganese ore or Oriskany iron ore; and for working capital. **Office**—Charleston, W. Va. **Underwriter**—Mitchell Securities, Inc., Baltimore, Md.

Allied-Mission Oil, Inc., Tulsa, Okla.
Oct. 3 (letter of notification) 598,800 shares of common stock (par one cent). **Price**—50 cents per share. **Proceeds**—For acquisition, exploration, drilling and development of leases. **Address**—P. O. Box 1387, Tulsa, Okla. **Underwriter**—United Securities Co., same address.

★ American Art Metals Co., Atlanta, Ga.
Dec. 29 (letter of notification) 15,000 shares of 6% cumulative preferred stock (par $10) and 26,350 shares of class A common stock (par $1). **Price**—Par for preferred stock; and $5.50 per share for class A. **Proceeds**—For working capital and general corporate purposes. **Office** — 433 Highland Avenue, N. E., Atlanta, Ga. **Underwriter**—Johnson, Lane, Space & Co., Inc., Atlanta, Ga.

American Business Research, Inc.
Dec. 9 (letter of notification) 19,000 shares of non-cumulative preferred stock. **Price** — At par ($5 per share). **Proceeds**—For working capital and general corporate purposes. **Office**—8002 Wisconsin Ave., Bethesda, Md. **Underwriter**—G. J. Mitchell, Jr., Co., 1420 New York Ave., N.W., Washington, D. C.

★ American M. A. R. C., Inc., Pittsburgh, Pa.
Dec. 30 (letter of notification) 300,000 shares of common stock. **Price**—At par ($1 per share). **Proceeds**—To purchase Hallett diesel engine business of Moore Machinery Co. of Los Angeles; complete purchase of the patent licenses from Diesel Power, Inc. and operating capital. **Office**—Oliver Building, Mellon Square, Pittsburgh 22, Pa. **Underwriter**—Langley-Howard, Inc., Pittsburgh, Pa.

★ Apache Uranium Co., Las Vegas, Nevada
Dec. 27 (letter of notification) 1,425,000 shares of common stock (par one cent). **Price**—Seven cents per share. **Proceeds**—For mining expenses. **Office** — 519 Carson St., Las Vegas, Nevada. **Underwriter**—None.

Arizona Public Finance Co., Phoenix, Ariz.
Sept. 16 filed 78,006,081 shares of common stock to be offered for subscription by holders of life insurance policies issued by Public Life Insurance Co. **Price**—20 cents per share. **Proceeds**—For working capital. **Underwriter**—None, sales to be directly by the company or by salesman of the insurance firm.

Atlantic City Electric Co. (2/1)
Dec. 29 filed 75,000 shares of common stock (par $6.50). **Price**—To be supplied by amendment. **Proceeds**—For construction program. **Underwriters**—Union Securities Corp. and Smith, Barney & Co., both of New York.

Atlas Industries, Inc., Houston, Texas
Oct. 10 (letter of notification) 200,000 shares of common stock (par one cent). **Price**—$1.50 per share. **Proceeds**—To purchase dies and materials and for working capital, etc. **Office** — 6006 Harvey Wilson Drive, Houston, Texas. **Underwriter** — Benjamin & Co., Houston, Texas.

★ Atlas Investment Co., Las Vegas, Nev.
Jan. 9 filed 20,800 shares of class B common voting stock, of which 12,000 shares are to be offered for public sale at $50 per share and 8,800 shares are to be offered in exchange for preferred stock. **Proceeds**—For payment of bank loans, and for capital and surplus. **Underwriters**—Rex Laub and Max Laub, of Tremonton, Utah, and M. D. Close Mortgage & Loan Co. and Jack Hemingway Investment Co., of Las Vegas, Nev.

Atlas Plywood Corp., Boston, Mass.
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. Atlas presently owns 496,680 shares of Plywood, Inc. stock and desires to acquire at least an additional 133,809 shares in order to bring its holdings of such stock to 80%. Statement effective Dec. 19.

● Atlas Plywood Corp. (1/23-27)
Dec. 19 filed $3,000,000 of 5½% convertible subordinated debentures due 1975 and $3,000,000 of 5% sinking fund debentures due 1971. **Price**—100% of principal amount. **Proceeds**—To increase inventory and to retire subsidiary indebtedness. **Underwriter**—Van Alstyne, Noel & Co., New York.

Automatic Tool Corp.
Sept. 7 (letter of notification) 20,000 shares of common stock (par $1). **Price**—$5 per share. **Proceeds**—To set up a factory and purchase equipment and machinery for manufacture and sale of the "grip-lock" driver and screw. **Office**—137 Grand St., New York, N. Y. **Underwriter**—Ellis-Greenberg Co., 1051 Carroll St., Brooklyn, N. Y.

B. S. F. Co., Birdsboro, Pa. (1/20)
Dec. 30 filed 92,636 shares of capital stock (par $1) to be offered for subscription by stockholders of record Jan. 20, 1956, at the rate of one new share for each two shares held. **Price**—To be supplied by amendment. **Proceeds**—For investment. **Business**—A registered investment company. **Underwriter**—None.

★ Bethel & Mt. Aetna Telephone & Telegraph Co.
Jan. 5 (letter of notification) 3,000 shares of 5% cumulative preferred stock (par $50). **Price**—$52 per share. **Proceeds** — For the conversion of the Womelsdorf Exchange from magneto to automatic dial operation and to provide working capital. **Office**—100 East Main St., Myerstown, Pa. **Underwriter**—Blair & Co., Inc., Philadelphia, Pa.

Big Chief Uranium Co., Pueblo, Colo.
Sept. 20 (letter of notification) 1,500,000 shares of non-assessable common stock (par 10 cents). **Price**—20 cents per share. **Proceeds**—For expenses incident to mining operations. **Office** — 441 Thatcher Bldg., Pueblo, Colo. **Underwriter**—Investment Service Co., Denver, Colo.

Big Ridge Uranium Corp., Reno, Nev.
Oct. 19 (letter of notification) 9,000,000 shares of common stock (par one cent). **Price** — Three cents per share. **Proceeds**—For exploration and development costs. **Office**—206 North Virginia St., Reno, Nev. **Underwriter**—Mid America Securities, Inc., Salt Lake City, Utah.

Big Ute Uranium Corp., Overton, Nev.
Oct. 28 (letter of notification) 3,000,000 shares of common stock. **Price**—At par (10 cents per share). **Proceeds**—For mining expenses. **Underwriter**—James E. Reed Co., Inc., Reno, Nev.

Birdair Structures, Inc.
Dec. 16 (letter of notification) 1,400 shares of preferred stock (par $100) and 28,000 shares of common stock (par 10 cents) to be sold in units of one preferred share and 20 common shares. **Price**—$102 per unit. **Proceeds**—For equipment and working capital. **Business**—Lightweight portable structures. **Address**—c/o Walter W. Bird, President and Treasurer, 355 No. Forest Road, Williamsville, N. Y. **Underwriter**—None.

Bonus Uranium, Inc., Denver, Colo.
Oct. 28 (letter of notification) 3,000,000 shares of capital stock (par one cent). **Price**—10 cents per share. **Proceeds**—For mining expenses. **Office**—1154 Bannock St., Denver, Colo. **Underwriter** — Mid-America Securities, Inc., Salt Lake City, Utah.

B-Thrifty, Inc., Miami, Fla.
Nov. 23 filed 37,000 shares of class A common stock (par $25). **Price**—$38 per share. **Proceeds**—To open additional retail stores. **Business** — Supermarket concern. **Office**—5301 Northwest 37th Ave., Miami, Fla. **Underwriter**—None.

★ Bulova Watch Co., Inc., Flushing, N. Y.
Jan. 9 filed $1,000,000 of participations in company's Employee Stock Plan, together with 40,000 shares of common stock which may be purchased pursuant to the Plan.

★ C. & F. Musicasting Co., Phoenix, Ariz.
Jan. 3 (letter of notification) 25,000 shares of common stock (no par) and 5,000 shares of preferred stock (par $10) to be offered in units consisting of five shares of common and one share of preferred. **Price**—$15 per unit. **Proceeds**—For payment of additional equipment and for operating expenses during the period of placing the equipment. **Office**—2820 North 16th St., Phoenix, Ariz. **Underwriter**—None.

★ California Life Insurance Co.
Dec. 23 (letter of notification) 10,000 shares of class A common stock (par $5). **Price**—$10 per share. **Proceeds**—To be used to increase capital stock and surplus of the company so it can qualify to do business in other states. **Office**—4334 MacArthur Blvd., Oakland 19, Calif. **Underwriter**—None.

Canuba Manganese Mines, Ltd.
Oct. 27 filed 500,000 shares of capital stock (par $1-Canadian). **Price**—$1.50 per share. **Proceeds**—For exploration of mining properties in Cuba. **Office**—Toronto, Canada. **Underwriter** — Baruch Brothers & Co., Inc., New York.

Century Acceptance Corp., Kansas City, Mo.
Nov. 7 filed $750,000 of participating junior subordinated sinking fund 6% debentures due Nov. 1, 1970 (with detachable common stock purchase warrants for a total of 22,500 shares of common stock, par $1 per share). **Price**—At 100% (in units of $500 each). **Proceeds**—For working capital, etc. **Underwriter**—Paul C. Kimball & Co., Chicago, Ill. **Offering**—Expected in January.

★ Cessna Aircraft Co., Wichita, Kansas
Jan. 3 (letter of notification) 3,840 shares of common stock (par $1). **Price**—$26 per share. **Proceeds** — To a selling stockholder. **Office**—5800 Pawnee Road, Wichita, Kansas. **Underwriter**—Harris Upham & Co., Wichita, Kansas.

Chaffin Uranium Corp., Salt Lake City, Utah
Sept. 6 (letter of notification) 12,500,000 shares of non-assessable capital stock. **Price**—At par (one cent per share). **Proceeds** — For expenses incident to mining activities. **Office**—810 Deseret Building, Salt Lake City, Utah. **Underwriter**—Utah Securities Co., same City.

Charleston Parking Service, Inc.
Aug. 1 (letter of notification) 120,000 shares of non-voting common stock, class A—(par 50 cents) and 60,000 shares of voting common stock, class B (par 10 cents) to be offered in units of two class A and one class B share. **Price**—$5 per unit. **Proceeds**—For general working capital. **Office**—505 National Bank of Commerce Building, Charleston, W. Va. **Underwriter**—Crichton Investment Co., same address.

★ Charlton Sire Plan, Inc.
Dec. 21 (letter of notification) 270 units of co-ownership. **Price**—$500 per unit. **Proceeds**—For acquisition of property at 11-13 Charlton St., New York, N. Y. **Office**—115 Chambers St., New York, N. Y. **Underwriter**—Sire Plan Portfolios, Inc., at latter address.

Chemical Ventures Syndicate, Ltd.
Dec. 23 (letter of notification) 295,000 shares of common stock (par one cent). **Price**—$1 per share. **Proceeds**—To acquire property, purchase inventory and for working capital and general corporate purposes. **Office**—129 South State St., Dover, Del. **Underwriter**—Mortimer B. Burnside & Co., Inc., New York.

Cisco Uranium Corp., Salt Lake City, Utah
Aug. 10 (letter of notification) 7,000,000 shares of capital stock (par one cent). **Price**—Three cents per share. **Proceeds**—For mining expenses, etc. **Office**—2630 South 2nd West, Salt Lake City, Utah. **Underwriter**—Denver Securities, Inc., Denver, Colo.

★ Clark Oil & Refining Corp. (1/30-2/3)
Jan. 5 filed 87,500 shares of $1.20 cumulative convertible preferred stock, series B (par $20). **Price**—To be supplied by amendment. **Proceeds**—For expansion and working capital. **Office**—West Allis, Wis. **Underwriter**—Loewi & Co., Milwaukee, Wis.

★ Clark Oil & Refining Corp. (1/30-2/3)
Jan. 5 filed 25,000 shares of common stock (par $1). **Price** — To be supplied by amendment. **Proceeds** — To Emory T. Clark, President of the company. **Office**—West Allis, Wis. **Underwriter**—Loewi & Co., Milwaukee, Wis.

● Coastal States Oil & Gas Co.
Dec. 19 filed 500,000 shares of common stock (par $1). **Price** — To be supplied by amendment (expected at around $7 per share). **Proceeds**—To pay off loans incurred for land purchases, for construction of gas pipelines and for further drilling. **Business**—To develop oil lands. **Office** — Corpus Christi, Texas. **Underwriter** — Blair & Co., Incorporated, New York. **Offering**—Temporarily postponed.

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

Colohoma Uranium, Inc. (3/1)
Nov. 9 filed 2,500,000 shares of common stock (par one cent). **Price**—40 cents per share. **Proceeds**—For exploration and development expenses and for general corporate purposes. **Office**—Montrose, Colo. **Underwriters**—General Investing Corp., New York; and Shaiman & Co., Denver, Colo.

Comet Uranium Corp., Washington, D. C.
Aug. 20 (letter of notification) 700,000 shares of common stock (par one cent). **Price**—Five cents per share. **Proceeds**—For mining operations. **Office**—501 Perpetual Bldg., Washington 4, D. C. **Underwriters**—Mid America Securities, Inc., Salt Lake City, Utah; and Seaboard Securities Corp., Washington, D. C.

★ Commercial Credit Co., Baltimore, Md. (1/24)
Jan. 6 filed $50,000,000 of senior notes due 1976. **Price**—To be supplied by amendment. **Proceeds** — For working capital to finance increased volume of business. **Underwriters**—The First Boston Corp. and Kidder, Peabody & Co., both of New York.

● Continental Copper & Steel Industries, Inc. (1/16)
Dec. 21 filed 263,771 shares of common stock (par $2) to be offered for subscription by stockholders at rate of one new share for each five shares held Jan. 16, 1956;

rights to expire Feb. 2. **Price**—To be supplied by amendment (to be not less than $10 per share). **Proceeds**—To increase inventories and receivables required for expansion of sales and for other corporate purposes. **Underwriters**—Allen & Co., P. W. Brooks & Co. Inc. and Auchincloss, Parker & Redpath, all of New York.

★ Cooper-Jarrett Inc. (1/30-2/3)
Jan. 10 filed 125,000 shares of common stock (par $1). **Price**—To be supplied by amendment. **Proceeds** — To selling stockholders. **Underwriter** — Allen & Co., New York.

Cross-Bow Uranium Corp.
Aug. 29 (letter of notification) 5,000,000 shares of common stock. **Price**—At par (six cents per share). **Proceeds** — For mining operations. **Office** — 1026 Kearns Bldg., Salt Lake City, Utah. **Underwriters**—Potter Investment Co., and Mid-America Securities, both of Salt Lake City, Utah.

● Cuba (Republic of) (1/16-20)
Nov. 21 filed $2,000,000 of 4% Veterans, Courts and Public Works bonds due 1983. **Price**—To be supplied by amendment. **Proceeds** — To Romenpower Electra Construction Co. **Underwriter**—Allen & Co., New York.

★ Cumberland Corp., Lexington, Ky. (1/23-27)
Dec. 30 filed $900,000 of 12-year 5% sinking fund debentures due Jan. 15, 1968, and 90,000 shares of common stock (par 50 cents) to be offered in units of $500 of debentures and 50 shares of stock. **Price**—To be supplied by amendment (about $550 per unit). **Proceeds** — To build plant to make charcoal brickettes and chemical byproducts, notably furfural. **Underwriters** — William R. Staats & Co., Los Angeles, Calif.; Carl M. Loeb, Rhoades & Co., New York, N. Y., and The Bankers Bond Co., Louisville, Ky.

★ DeKalb-Ogle Telephone Co., Sycamore, Ill.
Dec. 30 (letter of notification) 25,695 shares of common stock. **Price**—At par ($10 per share). **Proceeds**—To be used for conversion to automatic dial operation. **Office** —112 West Elm Street, Sycamore, Ill. **Underwriter**—None.

Delta Minerals Co., Casper, Wyo.
Sept. 20 (letter of notification) 600,000 shares of non-assessable common stock (par five cents). **Price**—50 cents per share. **Proceeds**—Expenses incident to mining operations. **Office**—223 City and County Bldg., Casper, Wyo. **Underwriter**—The Western Trader & Investor, Salt Lake City, Utah.

Del-Valley Corp.
Dec. 13 (letter of notification) $235,000 of junior lien bonds due in two years from date of issue without interest. **Price**—80% of principal amount. **Proceeds**—To reduce mortgages and for construction cost. **Office** —Cherry Hill, near Camden, N. J. **Underwriter**—Blair & Co. Incorporated, Philadelphia, Pa.

Dennis Run Corp., Oil City, Pa.
Nov. 28 (letter of notification) 46,000 shares of common stock (par $1). **Price**—$6.50 per share. **Proceeds**—To pay bank loans and debts; and for working capital. **Office**—40 National Transit Bldg., Oil City, Pa. **Underwriter**—Grover O'Neill & Co., New York.

★ Desert Shores Investment Corp.
Dec. 29 (letter of notification) 300,000 shares of common stock. **Price**—At par ($1 per share). **Proceeds**—For investment in bonds or water system and the construction of 10 homes; and for working capital. **Office**—711 North Azusa Ave., Azusa, Calif. **Underwriter**—Harry Pon, 2334 South Third, Arcadia, Calif.

Dinosaur Uranium Corp., Salt Lake City, Utah
Aug. 15 (letter of notification) 15,000,000 shares of common stock. **Price**—At par (one cent per share). **Proceeds**—For expenses incident to mining activities. **Office** —15 Exchange Place, Salt Lake City, Utah. **Underwriter** —Western States Investment Co., same city.

Dix Uranium Corp., Provo, Utah
Aug. 10 (letter of notification) 6,000,000 shares of non-assessable capital stock. **Price**—At par (five cents per share). **Proceeds**—For mining expenses. **Office**—293 North University Ave., Provo, Utah. **Underwriter** — Weber Investment Co., Provo, Utah.

Eagle Rock Uranium Co., Salt Lake City, Utah
Sept. 19 (letter of notification) 30,000,000 shares of non-assessable common stock. **Price**—At par (one cent per share). **Proceeds** — For expenses incident to mining activities. **Office**—214 East 5th South, Salt Lake City, Utah. **Underwriter**—Valley State Brokerage, Inc., Las Vegas, Nev.

East Basin Oil & Uranium Co.
Oct. 25 (letter of notification) 1,500,000 shares of common stock (par one cent). **Price**—20 cents per share. **Proceeds**—For expenses incident to drilling for oil and gas. **Office**—Colorado Bldg., Denver, Colo. **Underwriter** —Philip Gordon & Co., Inc., New York.

Edgemont Shopping Center, Inc., Chicago, Ill.
Oct. 14 filed 6,000 shares of class A common stock. **Price** —At par ($100 per share). **Proceeds**—To acquire title to shopping center in Lansing, Mich., from builder of center. **Underwriter**—None, offering to be made through officers of company. Funds are to be held in escrow (if not enough is received, funds will be returned to purchasers of stock).

★ Elco Corp., Philadelphia, Pa. (2/15)
Dec. 28 (letter of notification) 100,000 shares of common stock (par 25 cents). **Price**—$2.12½ per share. **Proceeds** —For general corporate purposes. **Office**—M Street, below Erie Ave., Philadelphia, Pa. **Underwriter**—S. D. Fuller & Co., New York, N. Y.

★ Enflo Corp., San Juan, Puerto Rico
Dec. 29 (letter of notification) 2,980 shares of class A common stock. **Price**—At par ($100 per share). **Proceeds**—For machinery and equipment; installation costs; wiring and air-conditioning of building; and working capital. **Office**—Room 303, New York Dept. Store Building, San Juan, Puerto Rico. **Underwriter**—None.

Farm & Home Loan & Discount Co., Phoenix, Ariz.
Dec. 1 filed 240,000 shares of class A (voting) common stock (par $25 cents); 214,285 shares of class B (voting) common stock (par 35 cents); and 300,000 shares of class C (non-voting) common stock (par 50 cents). Of these shares, 40,000 are to be offered to officers, directors and employees of the company. Class A, B and C stock will also be issued to policyholders of the Farm & Home Insurance Co. in exchange for the assignment of their insurance dividends. **Price** — At their respective par values. **Proceeds**—For working capital. **Underwriters**—James E. McNelis and John J. Rhodes.

Farmer's Educational and Co-Operative Union of America, Denver, Colo.
Nov. 23 filed $2,300,000 of registered debentures, series A; $500,000 of registered savings debentures, series B; and $1,200,000 of registered savings debentures, series C. **Price**—At par (in units of $100, $125 and $120, respectively). **Proceeds** — To be loaned to or invested in Union subsidiaries; to retire outstanding indebtedness; and to expand the Union's educational activities. **Underwriter**—None. Debentures to be sold by salesmen, dealers and agents, and by officers, directors and employees of the Union, which is often referred to as National Farmers Union.

★ Fine Arts Acceptance Corp.
Jan. 3 (letter of notification) 20,000 shares of common stock (par $10). **Price**—$11.50 per share. **Proceeds**—For the purchase of a larger amount of instalment contracts. **Office**—2901 Philadelphia Saving Fund Building, Philadelphia 7, Pa. **Underwriter**—Woodcock, Hess & Co., Inc. and Boenning & Co., both of Philadelphia, Pa.

First Federal Life Insurance Co., Baltimore, Md.
Dec. 21 filed 20,000 shares of capital stock (par $10) to be offered for subscription by class A and class B stockholders of The Finance Co. of America at Baltimore on a 1-for-5 basis. **Price**—$20.50 per share. **Proceeds**—For capital and surplus account. **Underwriter** — None, but Louis Eliasberg, Louis Eliasberg, Jr., and Richard A. Eliasberg (President) are committed to purchase any unsubscribed shares.

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NEW ISSUE CALENDAR

January 13 (Friday)

Lear, Inc. ______ Debentures
(Smith, Barney & Co. and William R. Staats & Co.) $3,000,000

Ohio Water Service Co. ______ Common
(Offering to stockholders—underwritten by Blair F. Claybaugh & Co.) 12,157 shares

January 16 (Monday)

Continental Copper & Steel Industries, Inc. ___ Com.
(Offering to stockholders—underwritten by Allen & Co.; P. W. Brooks & Co., Inc.; and Auchincloss, Parker & Redpath) 263,771 shares

Cuba (Republic of) ______ Bonds
(Allen & Co.) $2,000,000

U. S. Automatic Machinery & Chemical Corp. ______ Class A Common
(Columbia Securities Corp.) $300,000

January 17 (Tuesday)

Signature Loan Co., Inc. ______ Class A
(Simon, Strauss & Himme) $750,000

Southwest Gas Corp. ______ Common
(First California Co., Inc.) $486,288

January 18 (Wednesday)

Chicago, Burlington & Quincy RR. __ Equip. Tr. Ctfs.
(Bids to be invited) $7,000,000

Ford Motor Co. ______ Class A Common
(Blyth & Co., Inc.; The First Boston Corp.; Goldman, Sachs & Co.; Kuhn, Loeb & Co.; Lehman Brothers; Merrill Lynch, Pierce, Fenner & Beane; and White, Weld & Co.) 10,200,000 shares

Incorporated Mortgage Investors ___ Debs. & Com.
(Federal Investment Co.) $291,250

Seattle-First National Bank ______ Common
(Offering to stockholders—to be underwritten by Blyth & Co., Inc.) 100,000 shares

January 19 (Thursday)

Maine Fidelity Life Insurance Co. ______ Common
(P. W. Brooks & Co., Inc.) $1,125,000

Silvray Lighting, Inc. ______ Common
(Milton D. Blauner & Co., Inc.) 225,000 shares

January 20 (Friday)

B. S. F. Co. ______ Common
(Offering to stockholders—no underwriting) 92,636 shares

Citizens & Southern National Bank (Ga.) ___ Com.
(Offering to stockholders) $3,000,000

Pierce & Stevens Chemical Corp. ______ Common
(Doolittle & Co.) $297,000

January 23 (Monday)

Atlas Plywood Corp. ______ Debentures
(Van Alstyne, Noel & Co.) $6,000,000

Cumberland Corp. ______ Debentures & Common
(William R. Staats & Co.; Carl M. Loeb, Rhoades & Co.; and The Bankers Bond Co.) $990,000

January 24 (Tuesday)

Commercial Credit Corp. ______ Notes
(The First Boston Corp. and Kidder, Peabody & Co.) $50,000,000

Green (A. P.) Fire Brick Co. ______ Common
(Blyth & Co., Inc. and Shields & Co.) 245,007 shares

Southern Oxygen Co. ______ Debentures
(Johnston, Lemon & Co. and Union Securities Corp.) $1,250,000

Textron American Inc. ______ Debentures
(Blair & Co. Incorporated) $30,000,000

January 25 (Wednesday)

Central of Georgia Ry. ______ Equip. Trust Ctfs.
(Bids noon EST) $4,680,000

Northern Pacific Ry. ______ Equip. Trust Ctfs.
(Bids to be invited) $5,500,000

January 27 (Friday)

Lisbon Uranium Corp. ______ Common
(Offering to stockholders—no underwriting) 1,306,209 shares

January 30 (Monday)

Clark Oil & Refining Corp. ______ Preferred
(Loewi & Co.) $1,750,000

Clark Oil & Refining Corp. ______ Common
(Loewi & Co.) 25,000 shares

Cooper-Jarrett, Inc. ______ Common
(Allen & Co.) 125,000 shares

General Telephone Co. of California ______ Preferred
(To be offered under exchange offer—to be underwritten by Paine, Webber, Jackson & Curtis and Mitchum, Jones & Templeton) $14,377,240

Western States Refining Co. ___ Debens. & Common
(J. Barth & Co.) $1,102,500

January 31 (Tuesday)

Northwestern Bell Telephone Co. ______ Debentures
(Bids to be invited) $25,000,000

Royal McBee Corp. ______ Common
(Offering to stockholders—to be underwritten by Kuhn, Loeb & Co.)

Southern Mining & Milling Co. ______ Common
(Franklin Securities Co.) $300,000

Texas Utilities Co. ______ Common
(Bids 11 a.m. EST) 400,000 shares

February 1 (Wednesday)

Atlantic City Electric Co. ______ Common
(Union Securities Corp. and Smith, Barney & Co.) 75,000 shares

February 6 (Monday)

Reynolds Metals Co. ______ Preferred
(Dillon, Read & Co. Inc. and Reynolds & Co.) $40,000,000

February 13 (Monday)

Western Greyhound Racing, Inc. ______ Common
(M. J. Reiter Co.) $2,250,000

February 14 (Tuesday)

Central Power & Light Co. ______ Bonds
(Bids noon EST) $10,000,000

February 15 (Wednesday)

Dallas Power & Light Co. ______ Bonds
(Bids to be invited) $10,000,000

Elco Corp. ______ Common
(S. D. Fuller & Co.) $212,500

Pennsylvania Electric Co. ______ Bonds
(Bids to be invited) $25,000,000

Pennsylvania Electric Co. ______ Preferred
(Bids to be invited) $9,000,000

February 23 (Thursday)

Southern Indiana Gas & Electric Co. ______ Common
(Offering to stockholders—may be underwritten by Smith, Barney & Co.) 83,030 shares

February 27 (Monday)

Kansas Gas & Electric Co. ______ Bonds
(Bids 11 a.m. EST) $7,000,000

Kansas Gas & Electric Co. ______ Common
(Bids 11 a.m. EST) 200,000 shares

February 28 (Tuesday)

Texas Electric Service Co. ______ Bonds
(Bids to be invited) $10,000,000

February 29 (Wednesday)

L-O-F Glass Fibers Co. ______ Common
(Offering to stockholders)

Northern States Power Co. ______ Common
(Bids to be invited)

March 1 (Thursday)

Colohoma Uranium, Inc. ______ Common
(General Investing Corp.) $1,000,000

Mississippi Power Co. ______ Bonds
(Bids to be invited) $4,000,000

Mississippi Power Co. ______ Preferred
(Bids to be invited) $4,000,000

March 6 (Tuesday)

Bell Telephone Co. of Pennsylvania ______ Debens.
(Bids to be invited) $35,000,000

March 15 (Thursday)

Alabama Power Co. ______ Bonds
(Bids to be invited) $14,000,000

March 27 (Tuesday)

New York Telephone Co. ______ Bonds
(Bids to be invited) $55,000,000

March 29 (Thursday)

Georgia Power Co. ______ Bonds
(Bids to be invited) $16,000,000

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★ Fleetwood Motel Corp., Philadelphia, Pa.
Jan. 5 (letter of notification) 24,550 shares of class A common stock and 4,910 shares of class B common stock (both par $1) to be sold in units of one share of class B common and five shares of class A common. **Price**—$6 per unit. **Proceeds**—To be applied toward purchase of real estate, and the erection of the building, furnishings and working capital. **Office**—Suite 808, 121 South Broad St., Philadelphia 7, Pa. **Underwriter**—Woodcock, Hess & Co., Inc., Philadelphia, Pa.

Ford Motor Co., Detroit, Mich. (1/18)
Dec. 21 filed 10,200,000 shares of common stock (par $5). **Price**—To be supplied by amendment (expected to be around $70 per share). **Proceeds**—To Ford Foundation. **Underwriters**—Blyth & Co., Inc.; The First Boston Corp.; Goldman, Sachs & Co.; Kuhn, Loeb & Co.; Lehman Brothers; Merrill Lynch, Pierce, Fenner & Beane; and White, Weld & Co.
Dec. 21 filed 800,000 shares of common stock (par $5) to be offered pursuant to the company's Savings and Stock Investment Program for Salaried Employees. **Underwriter**—None.

Ford Motor Co., Detroit, Mich.
Dec. 29 filed 2,160,600 shares of common stock (par $5), which have been or may be issued under options granted by company to certain of its key employees pursuant to its Employees' Stock Option Plan (adopted Jan. 30, 1953). **Proceeds**—Have been or will be used for general corporate purposes.
Dec. 29 filed 900,000 shares of common stock (par $5), which are to be offered to such key employees of company and its subsidiaries as in the future may be granted options to purchase such shares pursuant to the 1955 Stock Option Plan of the company. **Proceeds**—For general corporate purposes.

Fort Pitt Packaging International, Inc.
June 30 filed 300,000 shares of common stock (par 10¢), of which 250,000 shares of for account of company and 50,000 shares of five selling stockholders. **Price**—$3 per share. **Proceeds**—For working capital; for exploitation of "Totosave" system; and for marketing of "Tropic-Ray" infra-red space heater. **Office**—Pittsburgh, Pa. **Underwriter**—Barrett Herrick & Co., Inc., New York.

★ Four Seasons Enterprises, Inc., Las Vegas, Nev.
Jan. 3 (letter of notification) 59,800 shares of preferred stock (par $5) and 59,800 shares of common stock (par one cent). To be offered in units of one share each. **Price** — $5.01 per unit. **Proceeds** — For construction of trailer space; improvements for trailer sales lot; construction of market building, and working capital. **Underwriter**—None.

Fremont Uranium Co., Salt Lake City, Utah
Aug. 1 (letter of notification) 15,000,000 shares of common stock. **Price**—At par (one cent per share). **Proceeds**—For mining expenses. **Office**—515 Deseret Bldg., Salt Lake City, Utah. **Underwriter** — Moab Brokerage Co., Western States Investment Co., Potter Investment Co., Mid-America Securities, Inc. of Utah, and Cashin-Emery, Inc., all of Salt Lake City, Utah.

Frontier Assurance Co., Phoenix, Ariz.
Dec. 2 (letter of notification) 2,000 shares of class B voting common stock (par $25), to be offered for subscription by holders of class A common stock. **Price**—$36.50 per share. **Proceeds** — For capital and surplus. **Office**—4143 N 19th Ave., Phoenix, Ariz. **Underwriter**—None.

★ Future Planning Corp., New York
Jan. 9 filed $15,000,000 of total payments under three types of Plans for the accumulation of shares of The Knickerbocker Fund.

Gas Hills Mining & Oil, Inc., Kemmerer, Wyo.
Aug. 1 (letter of notification) 1,000,000 shares of capital stock (par five cents). **Price** — 25 cents per share. **Proceeds**—For oil and mining expenses. **Underwriter**—Empire Securities Corp., Las Vegas, Nev.

★ Gas Hills Mining and Oil, Inc.
Jan. 4 (letter of notification) 1,200,000 shares of common stock (par five cents). **Price** — 25 cents per share. **Proceeds**—For expenses incident to mining operations. **Office**—Kemmerer, Wyo. **Underwriter**—Philip Gordon & Co., Inc., New York 6, N. Y.

General Public Service Corp.
Dec. 12 filed 1,652,176 shares of common stock (par 10¢) being offered for subscription by stockholders of record Jan. 4, 1956, at the rate of one new share for each two shares then held, with an oversubscription privilege; rights will expire on Jan. 18. **Price**—$4.37½ per share. **Proceeds** — To add investments in the company's portfolio. **Underwriter**—Stone & Webster Securities Corp., New York.

★ Golden Dawn Uranium Corp., Buena Vista, Colo.
Dec. 27 (letter of notification) 3,000,000 shares of capital stock (par five cents). **Price**—10 cents per share. **Proceeds** — For mining expenses. **Underwriter** — Bel-Air Securities Co., Provo, Utah.

★ Golden West Oil & Uranium, Inc.
Jan. 6 (letter of notification) 3,000,000 shares of common stock (par five cents). **Price**—10 cents per share. **Proceeds**—For mining expenses. **Office** — Uranium Center Bldg., Grand Junction, Colo. **Underwriter**—None.

Great Southwest Fire Insurance Co.
Dec. 21 (letter of notification) 187,500 shares of common stock (par $1). **Price**—$1.60 per share. **Proceeds**—To be used for expenses re. fire and casualty insurance. **Office**—4450 N. Central, Phoenix, Ariz. **Underwriter**—None.

Green (A. P.) Fire Brick Co. (1/24)
Dec. 28 filed 245,007 shares of common stock (par $5). **Price** — To be supplied by amendment. **Proceeds** — To selling stockholders. **Office**—Mexico, Mo. **Underwriters**—Blyth & Co., Inc., and Shields & Co., both of New York.

★ Guaranty Income Life Insurance Co.
Dec. 30 (letter of notification) 24,000 shares of capital stock (par $5) to be offered first to stockholders; then policyholders and the public. **Price**—$10 per share. **Proceeds**—For working capital. **Address**—P. O. Box 2231, Baton Rouge, La. **Underwriter**—None.

★ Guardian Mutual Fund Inc., New York
Jan. 9 filed (by amendment) 140,000 shares of common stock (par $1). **Price**—At market. **Proceeds**—For investment.

Gulf Coast Leaseholds, Inc., Houston, Texas
Sept. 14 filed $2,000,000 of 5% sinking fund convertible debentures due Sept. 1, 1965 to be sold to Brandel Trust. **Price**—$1,825,000, plus accrued interest of $29,632. **Proceeds**—To purchase certain working or leasehold interests in oil and gas interests. **Underwriter**—None.

Gulf Natural Gas Corp., New Orleans, La.
Dec. 30 filed $600,000 of 10-year 5% debentures due Jan. 1, 1966. **Price**—100% of principal amount. **Proceeds**—For construction costs. **Underwriter**—None.

★ Gulf Oil Corp., Pittsburgh, Pa.
Jan. 10 filed 1,534,446 shares of capital stock (par $25) to be offered in exchange for shares of common stock of Warren Petroleum Corp. in the ratio of four shares of Gulf for each five shares of Warren. If, prior to the expiration of the offer, less than 1,753,133 Warren shares (90%) but at least 1,558,340 shares (80%) are deposited thereunder, Gulf may at its option accept all shares of Warren so deposited.

Half Moon Uranium Corp., Ogden, Utah
Aug. 10 (letter of notification) 8,000,000 shares of capital stock. **Price**—At par (two cents per share). **Proceeds**—For mining expenses. **Office**—E-17 Army Way, Ogden, Utah. **Underwriter**—United Intermountain Brokerage Corp., Ogden, Utah.

Hammermill Paper Co., Erie, Pa.
Dec. 20 filed 166,400 shares of common stock (par $2.50) to be offered in exchange for shares of capital stock of Watervliet Paper Co. in the ratio of 26 shares of Hammermill common stock for each 25 shares of Watervliet stock. This offer is subject to acceptance by holders of at least 128,000 shares (80% of outstanding Watervliet stock). **Underwriter**—None.

Helio Aircraft Corp., Canton, Mass.
Dec. 29 filed 150,000 shares of common stock (par $1). **Price**—To be supplied by amendment. **Proceeds**—For improvements, research, development and working capital. **Office**—Metropolitan Airport, Canton (Norwood P. O.), Mass. **Underwriter**—To be supplied by amendment.

★ Hometrust Corp., Inc., Montgomery, Ala.
Jan. 5 filed 125,000 shares of common stock (par $1). **Price**—$5 per share. **Proceeds**—To expand operations of subsidiary and increase investment therein. **Underwriter**—None.

★ Household Gas Service, Inc.
Jan. 6 (letter of notification) 920 shares of 6% cumulative preferred stock. **Price**—At par ($25 per share) and accrued dividends. **Proceeds**—To repay indebtedness and for working capital. **Office** — Clinton, N. Y. **Underwriter**—None.

Hunt Uranium Corp., Green River, Utah
Aug. 22 (letter of notification) 1,200,000 shares of common stock. **Price**—At par (25 cents per share). **Proceeds**—For expenses incident to mining activities. **Underwriter** — Elmer K. Aagaard, 323 Newhouse Bldg., Salt Lake City, Utah.

Ideal-Aerosmith, Inc., Hawthorne, Calif.
Dec. 16 (letter of notification) 150,000 shares of capital stock (par $1). **Price** — $2 per share. **Proceeds** — For equipment, machinery, inventory, etc. **Office**—12909 So. Cerise Ave., Hawthorne, Calif. **Underwriter**—Samuel B. Franklin & Co., Los Angeles, Calif.

● Incorporated Mortgage Investors (1/18)
Dec. 7 (letter of notification) $233,000 of 8% registered debentures, due Jan. 1, 1976, and 58,250 shares of common stock (par $1) to be offered in units of one $100 debenture and 25 shares of stock. **Price**—$125 per unit. **Proceeds**—To be invested in the mortgage investment portfolio. **Office**—1012 H St., N. W., Washington, D. C. **Underwriter**—Federal Investment Co., same city.

Indian Monument Uranium Mining Corp.
Sept. 6 (letter of notification) 3,000,000 shares of common stock (par one cent). **Price**—10 cents per share. **Proceeds** — For expenses incident to mining activities. **Office**—205 Byington Building, Reno, Nev. **Underwriter**—Richard L. Dineley, same address.

Inland Mineral Resources Corp., N. Y.
Dec. 12 (letter of notification) 600,000 shares of common stock (par one cent). **Price**—50 cents per share. **Proceeds**—For mining expenses. **Office**—42 Broadway, New York, N. Y. **Underwriter**—G. F. Rothschild & Co., same address.

Insulated Circuits, Inc., Belleville, N. J.
Nov. 10 filed 100,000 shares of 6% cumulative convertible preferred stock (par $5). **Price**—To be supplied by amendment. **Proceeds**—For general corporate purposes. **Underwriter**—Alexander Watt & Co., Ltd., New York.

International Investors Inc., New York
Aug. 23 filed 200,000 shares of capital stock (par $1). **Price**—At market. **Proceeds**—For investment. **Business**—To invest in foreign securities of the free world outside of the United States. **Underwriter**—I. I. I. Securities Corp., 76 Beaver St., New York, N. Y.

International Metals Corp.
Oct. 4 filed 400,000 shares of common stock (par 10 cents). **Price**—$1 per share. **Proceeds**—To finance exploration and development of mining properties of Recursos Mineros Mexicanos, S. A., Mexican subsidiary, and to discharge note. **Office** — Houston, Tex. **Underwriter**—Gearhart & Otis, Inc., New York.

International Plastic Industries Corp.
Oct. 12 (letter of notification) 150,000 shares of common stock (par 10 cents). **Price**—$2 per share. **Proceeds**—For advances to Arliss Co., Inc. for purchase of equipment, etc. **Office** — 369-375 DeKalb Ave., Brooklyn 5, N. Y. **Underwriter**—Kamen & Co., New York.

★ Investment Trust of Boston
Jan. 9 filed (by amendment) 1,000,000 shares of beneficial interest in the Trust. **Price**—At market. **Proceeds**—For investment.

★ Investors Stock Fund, Inc., Minneapolis, Minn.
Jan. 6 filed (by amendment) an additional 100,000 shares of capital stock. **Price**—At market. **Proceeds**—For investment.

Israel Industrial & Mineral Development Corp.
Oct. 5 filed 200,000 shares of common stock (par $25). **Price**—$27.50 per share. **Proceeds**—For general corporate purposes. **Underwriter** — Israel Securities Corp., New York, N. Y.

"Isras" Israel-Rassco Investment Co., Ltd.
Sept. 28 filed 9,000 ordinary shares. **Price**—At par (100 Israel pounds each, or about $55 in U. S. funds), payable in State of Israel Independence Issue Bonds only. **Office**—Tel Aviv, Israel. **Underwriter** — Rassco Israel Corp., New York.

★ Jeb Industries, Los Angeles, Calif.
Dec. 28 (letter of notification) 40,000 shares of common stock. **Price**—At par ($4 per share). **Proceeds**—For payment of accounts payable; increase in inventory; additional working capital, etc. **Office** — 4641 Hollywood Blvd., Los Angeles 27, Calif. **Underwriter** — Marache, Dofflemyre & Co., Los Angeles, Calif.

★ Jontex, Inc., Reno, Nevada
Dec. 27 (letter of notification) 1,500,000 shares of capital stock (par five cents). **Price** — 20 cents per share. **Proceeds**—For mining expenses. **Office**—139 N. Virginia St., Reno, Nevada. **Underwriter**—None.

Jurassic Minerals, Inc., Cortez, Colo.
Aug. 26 (letter of notification) 2,855,000 shares of nonassessable common stock (par one cent). **Price**—10 cents per share. **Proceeds**—For expenses incident to mining activities. **Office** — 326 West Montezuma St., Cortez, Colo. **Underwriter** — Bay Securities Corp., New York, New York.

Kendon Electronics Co., Inc.
Oct. 27 (letter of notification) 60,000 shares of common stock (par 10 cents). **Price**—40 cents per share. **Proceeds**—To Nicholas J. Papadakos, the selling stockholder. **Office**—129 Pierrepont St., Brooklyn, N. Y. **Underwriter**—20th Century Pioneer Securities Co., New York.

★ King Solomon Mining Co., Inc.
Dec. 27 (letter of notification) 20,000 shares of common stock (par $1). **Price**—$2.70 per share. **Proceeds**—For mining expenses. **Office**—c/o Robert Stanley, Pres., 519 Carson St., Las Vegas, Nevada. **Underwriter**—None.

★ Lancer Uranium Corp., Los Angeles, Calif.
Dec. 27 (letter of notification) 3,000,000 shares of common stock. **Price**—At par (10 cents per share). **Proceeds**—For mining expenses. **Office**—8327 Beverly Road, Los Angeles 38, Calif. **Underwriter**—None.

Lander Valley Uranium & Oil Corp.
Aug. 15 (letter of notification) 3,000,000 shares of common stock (par two cents). **Price**—10 cents per share. **Proceeds**—For expenses incident to mining activities. **Office**—c/o Warren E. Morgan, President, 1705 East First South, Salt Lake City, Utah. **Underwriter**—Empire Securities Corp., Las Vegas, Nev.

● Lear, Inc., Santa Monica, Calif. (1/13)
Dec. 21 filed $3,000,000 of subordinated debentures due Dec. 1, 1970 (convertible through Nov. 30, 1965). **Price**—To be supplied by amendment. **Proceeds**—For general corporate purposes. **Underwriters** — Smith, Barney & Co., New York, and William R. Staats & Co., Los Angeles, Calif.

★ Leatherhide Industries, Inc.
Jan. 5 (letter of notification) 150,000 shares of common stock (par 25 cents). **Price**—$2 per share. **Proceeds**—For equipment, payment of loans and obligations and working capital, etc. **Office**—545 Fifth Ave., New York, 17, N. Y. **Underwriter**—None.

Life Underwriters Insurance Co., Shreveport, La.
Sept. 26 filed 100,000 shares of common stock (par 25 cents) to be offered for subscription by present stockholders of record July 21, 1955 on the basis of one new share for each four shares held; rights to expire 45 days from the commencement of the offering, after which unsold shares will be offered to public. **Price**—$8.75 per share to stockholders; $10 per share to public. **Proceeds**—For expansion and working capital. **Underwriter**—None.

Lisbon Uranium Corp. (1/27)
Dec. 26 filed 1,306,209 shares of common stock (par 15¢) to be offered for subscription by common stockholders of record Jan. 27, 1956, at the rate of three new shares for each ten shares held. **Price**—$4 per share. **Proceeds** To repay advances by Atlas Corp. of approximately $4,039,000, which has or will be used to acquire option to purchase the so-called Barrett claims and pay balance of purchase price; for exploration and drilling expenses, and for other corporate purposes. **Office** — Salt Lake City, Utah. **Underwriter**—None, but Wasatch Corp., a subsidiary of Atlas Corp., will purchase any unsubscribed shares.

● Lithium Developments, Inc., Cleveland, Ohio
Oct. 17 filed 600,000 shares of common stock (par 10 cents). Price—$1 per share. Proceeds—For exploration and development costs, etc. Underwriter—George Searight, New York City. Statement withdrawn.

Little Mac Uranium Co.
Sept. 12 (letter of notification) 3,000,000 shares of capital stock. Price—At par (10 cents per share). Proceeds—For mining expenses. Office—440 West 3rd North, Salt Lake City, Utah. Underwriter—Skyline Securities, Inc., Denver, Colo.

★ Lonesome Train Productions, Inc.
Dec. 30 (letter of notification) $40,000 certificates of indebtedness. Proceeds—For working capital. Business—Production of motion pictures for theatre or television distribution. Office—Suite 1100 — 160 Broadway, New York 38, N. Y. Underwriter—None.

Lost Canyon Uranium & Oil Co.
Oct. 6 (letter of notification) 3,000,000 shares of non-assessable capital stock (par one cent). Price—10 cents per share. Proceeds—For expenses incident to mining operations. Office — Simms Bldg., Albuquerque, N. M. Underwriter—Mid-America Securities Inc. of Utah, Salt Lake City, Utah.

● Maine Fidelity Life Insurance Co. (1/19)
Nov. 10 filed 45,000 shares of capital stock (par $10). Price—$25 per share. Proceeds—For general corporate purposes. Office — Portland, Me. Underwriter—P. W. Brooks & Co., Inc., New York.

Manhattan Mercury Corp., Denver, Colo.
Oct. 26 (letter of notification) 1,500,000 shares of common stock (par one cent), of which 1,400,000 shares are for account of company and 100,000 shares for certain stockholders. Price—20 cents per share. Proceeds—For mining expenses. Office—374 Denver Club Bldg., Denver, Colo. Underwriters—General Investing Corp., New York; and Investment Service Co., Denver, Colo.

Mansfield Telephone Co., Mansfield, Ohio
Nov. 4 (letter of notification) 6,000 shares of 5% preferred stock. Price—At par ($50 per share). Proceeds—To reduce short term indebtedness and for construction program. Office—35 Park Avenue East, Mansfield, Ohio. Underwriter—None.

★ Maryland & Kentucky Oil Co.
Dec. 27 (letter of notification) 50,000 shares of class A common stock. Price—At par ($1 per share). Proceeds—For drilling and purchase of oil wells. Office—2111 North Charles St., Baltimore 18, Md. Underwriter—None.

★ Mays (J. W.), Inc.
Jan. 6 (letter of notification) 18,181 shares of common stock (par $1) to be offered for subscription by employees. Price — $15 per share. Proceeds — To reimburse company for monies expended by it to purchase the aforementioned shares from the J. Weinstein Foundation, Inc. Office—510 Fulton St., Brooklyn, N. Y. Underwriter—None.

Mexico Refractories Co., Mexico, Mo.
Oct. 19 filed 57,776 shares of common stock (par $5) being offered to stockholders of National Refractories Co., a subsidiary, in exchange for 57,776 shares of capital stock (par $5) of National on a share-for-share basis; offer to remain open for 60 days from Nov. 17, 1955. Offer is conditioned upon Mexico owning at least 80% of outstanding National stock upon consummation of exchange.

Mobile Uranium & Oil Co., Salt Lake City, Utah
Aug. 22 (letter of notification) 5,500,000 shares of non-assessable capital stock (par one cent). Price — Five cents per share. Proceeds — For expenses incident to mining activities. Office—605 Judge Bldg., Salt Lake City, Utah. Underwriter—Skyline Securities, Inc., Denver, Colo.

Mohawk Silica Co., Cincinnati, Ohio
Oct. 3 (letter of notification) 3,000 shares of 8% cumulative preferred stock. Price — At par ($50 per share). Proceeds—For processing plant, heavy equipment, and working capital. Office—2508 Auburn Ave., Cincinnati, Ohio. Underwriter — W. E. Hutton & Co., Cincinnati, Ohio.

★ Monarch Lumber Co., Minneapolis, Minn.
Jan. 5 (letter of notification) $28,000 principal amount of 6% debentures to be offered to yard managers and key employees. Price—At par. Proceeds—To purchase government securities. Office — 900 First National-Soo Line Bldg., Minneapolis, Minn. Underwriter—None.

Monitor Exploration Co., Denver, Colo.
Dec. 9 (letter of notification) 300,000 shares of common stock (par five cents). Price—$1 per share. Proceeds—For mining expenses. Office—623 First National Bank Building, Denver 2, Colo. Underwriter — Globe Securities Corp., Jersey City, N. J.

★ Morrison Cafeterias Consolidated, Inc.
Jan. 3 (letter of notification) 10,000 shares of common stock (par $5) to be offered to employees under the Employees Stock Purchase Plan. Price—$12 per share. Proceeds—For working capital. Address—P. O. Box 309, Mobile, Ala. Underwriter—None.

Mt. Vernon Mining & Development Co.
Nov. 16 (letter of notification) 300,000 shares of common stock. Price—At par ($1 per share). Proceeds—For mining expenses. Office—422 Continental Bank Bldg., Salt Lake City, Utah. Underwriter — Ackerson-Hackett Investment Co., 701 Continental Bank Bldg., same city.

★ National Lithium Corp., Denver, Colo.
Dec. 27 (letter of notification) 300,000 shares of common stock (par one cent). Price—$1 per share. Proceeds—For mining expenses. Office — 556 Denver Club Bldg., Denver, Colo. Underwriter — Investment Service Co., same city.

● National Old Line Insurance Co.
Nov. 15 filed 50,000 shares of class A common stock (par $2) and 50,000 shares of class B common stock (par $2). Price—To be supplied by amendment. Proceeds — To selling stockholders. Office — Little Rock, Ark. Underwriter—Equitable Securities Corp., Nashville, Tenn., and New York, N. Y. Offering—Temporarily postponed.

Natural Power Corp. of America, Moab, Utah
Sept. 7 (letter of notification) 300,000 shares of non-assessable common stock (par one cent). Price—$1 per share. Proceeds—For expenses incident to mining activities. Underwriter—Western Bond & Share Co., Tulsa, Okla.

★ Needle Mountain Mines, Inc., Denver, Colo.
Jan. 5 (letter of notification) 300,000 shares of common stock (par one cent). Price—$1 per share. Proceeds—For mining expenses. Office — 606 Majestic Building, Denver, Colo. Underwriter—None.

Nevada Mercury Corp., Winnemucca, Nev.
Sept. 16 (letter of notification) 1,500,000 shares of common stock (par one cent). Price—20 cents per share. Proceeds—For expenses incident to mining activities. Office—Professional Building, Winnemucca, Nev. Underwriter—Shelley, Roberts & Co., Denver, Colo.

★ New York Mining Co., Inc., Caldwell, Idaho
Dec. 21 (letter of notification) 500,000 shares of capital stock (par 10 cents). Price—At par (10 cents per share). Proceeds—For mining expenses. Office—c/o John Patterson, M. D., Caldwell, Idaho. Underwriter—None.

★ North Pittsburgh Telephone Co., Gibsonia, Pa.
Jan. 6 (letter of notification) 4,000 shares of common stock to be offered for subscription by stockholders. Price—At par ($25 per share). Proceeds—To be used to reduce the demand notes outstanding. Office—Gibsonia, Allegheny County, Pa. Underwriter—None.

★ Northwestern Bell Telephone Co. (1/31)
Jan. 6 filed $25,000,000 of 40-year debentures due Feb. 1, 1996. Proceeds — To repay advances from American Telephone & Telegraph Co., the parent, and for improvements and additions to property. Underwriter—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Morgan Stanley & Co. Bids—Expected to be received on or about Jan. 31.

Oak Mineral & 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 exploration and development and other general corporate purposes. Underwriter—Philip Gordon & Co., New York.

● Oceanic Drilling & Exploration Co., San Francisco, Calif.
Dec. 19 filed $925,000 of Limited Partnership Interests in the company (which is a limited partnership) being offered in minimum amounts of $25,000 or in greater amounts that are multiples of $12,500. Proceeds—To be spent in the drilling of exploration wells on unproved properties. Underwriter—None, but J. Barth & Co., San Francisco, Calif., will assist in the sale of partnership interests and other firms or persons may also be engaged to do so. Offering—Being made privately.

Ohio Water Service Co. (1/13)
Dec. 19 (letter of notification) 12,157 shares of common stock to be offered for subscription by common stockholders of record Jan. 10 on a 1-for-10 basis; rights to expire on Jan. 31. Price—To be supplied by amendment. Proceeds — For construction program. Underwriter—Blair F. Claybaugh & Co., Harrisburg, Pa.

Ottilia Villa, Inc., Las Vegas, Nev.
Aug. 16 (letter of notification) 3,000 shares of capital stock. Price—At par ($100 per share). Proceeds—For South 5th St., Las Vegas, Nev. Underwriter—Hennon & Roberts, Las Vegas, Nev.

Outboard, Marine & Manufacturing Co.
Dec. 15 filed 313,845 shares of common stock (par 83⅓ cents), of which 213,845 shares are being offered for subscription by common stockholders of record Jan. 4, 1956 on the basis of one new share for each 10 shares held (rights to expire on Jan. 23); the remaining 100,000 shares were on Jan. 5 sold to the public for the account of two selling stockholders. Price—To stockholders $37.50 per share; and to public $42.50 per share. Proceeds—For capital expenditures. Underwriter—Morgan Stanley & Co., New York.

Pacific International Metals & Uranium, Inc.
Aug. 12 (letter of notification) 12,000,000 shares of common stock. Price—At par (one cent per share). Proceeds—For expenses incident to mining activities. Office—419 Judge Bldg., Salt Lake City, Utah. Underwriter—Guss Securities Co., Salt Lake City, Utah.

Paria Uranium & Oil Corp.
Oct. 17 (letter of notification) 3,000,000 shares of common stock (par five cents). Price—10 cents per share. Proceeds — For mining expenses. Office — Newhouse Bldg., Salt Lake City, Utah. Underwriter — Western States Investment Co., Tulsa, Okla.

Penn Precision Products, Inc., Reading, Pa.
Nov. 3 (letter of notification) 3,857 shares of common stock (no par), of which 2,000 shares are to be offered for subscription by existing stockholders at $12 per share, and 1,857 shares to non-stockholders who are residents of Pennsylvania at $14 per share. Proceeds—For purchase of mill. Office — 501 Crescent Ave., Reading, Pa. Underwriter—None.

Penn-Utah Uranium, Inc., Reno, Nev.
Aug. 4 (letter of notification) 2,000,000 shares of common stock (par three cents). Price—15 cents per share. Proceeds—For expenses incident to mining activities. Office—206 N. Virginia Street, Reno, Nev. Underwriter—Philip Gordon & Co., Inc., New York, N. Y.

★ Permachem Corp., West Palm Beach, Fla.
Jan. 5 (letter of notification) $123,610 of 6% notes (convertible into class A common stock). Price — At par. Proceeds—For working capital, etc. Office—5610 Georgia Ave., West Palm Beach, Fla. Underwriter—None.

★ Quarterly Distribution Shares, Inc.
Jan. 4 filed 300,000 shares of common stock (par $1). Price—At market. Proceeds—For investment.

Piedmont Label Co., Inc., Bedford, Va.
Dec. 19 (letter of notification) 8,000 shares of common stock to be offered for subscription by stockholders on the basis of one share for each 3¾ shares held; unsubscribed shares to be offered to public. Price—$14 per share to stockholders and $15 to public. Proceeds—To finance construction of an addition to plant re. printing of lithographed labels for cans, bottles, boxes, etc. Office—311 West Depot St., Bedford, Va. Underwriter—Scott, Horner & Mason, Inc., Lynchburg, Va.

★ Pierce & Stevens Chemical Corp. (1/20)
Jan. 6 (letter of notification) 27,000 shares of class B (non-voting) capital stock (par $3.33⅓). Price — $11 per share. Proceeds—To ten selling stockholders. Office—710 Ohio St., Buffalo 3, N. Y. Underwriter—Doolittle & Co., same city.

Pipelife Corp., Tulsa, Okla.
Nov. 29 filed 115,000 shares of common stock (par $1). Price—$4 per share. Proceeds—To pay current accounts and notes payable; for research and development; and general corporate purposes. Underwriter — North American Securities Co., Tulsa, Okla.

Pittman Drilling & Oil Co., Independence, Kan.
Sept. 6 (letter of notification) 60,000 shares of 6% non-cumulative preferred stock (par $5) and 60,000 shares of common stock (par 10 cents) to be offered in units of one share of each. Price—$5 per unit. Proceeds—For payment of note and working capital. Office—420 Citizens National Bank Bldg., Independence, Kan. Underwriter—Dewitt Investment Co., Wilmington, Del.

Prudential Loan Corp., Washington, D. C.
Nov. 22 filed 111,000 shares of 44-cent cumulative prior preferred stock (par $5) and 55,500 shares of 10-cent par common stock to be offered in units of one share of preferred stock and one-half share of common stock. Price—$6.75 per unit. Proceeds—For general corporate purposes. Underwriter — Straus, Blosser & McDowell, Chicago, Ill.

★ Raytone Screen Corp.
Jan. 9 (letter of notification) 100,000 shares of common stock (par 10 cents). Price—$3 per share. Proceeds—To pay current liabilities and for working capital. Business—Manufacture and sale of motion picture theatre screens and distribution of screen paint. Office — 165 Clermont Ave., Brooklyn 5, N. Y. Underwriter—A. J. Grayson & Co., Inc., Hempstead and New York, N. Y.

Reno Hacienda, Inc., Inglewood, Calif.
Dec. 19 filed 4,000,000 shares of common stock. Price—At par ($1 per share). Proceeds—To purchase real property, for construction of buildings and other facilities and for general corporate purposes. Underwriter—Wilson & Bayley Investment Co.

Republic Benefit Insurance Co., Tucson, Ariz.
Sept. 30 filed 150,000 units in a dividend trust and stock procurement agreement to be offered to certain members of the general public who are acceptable applicants and who are to become active policyholders in the company. Price—$2 per unit. Proceeds—For general corporate purposes. Underwriter—None; to be offered by Leo Rich, Robert Kissel and Sidney M. Gilberg, as Trustees.

Reynolds Mining & Development Corp.
Nov. 22 filed 1,500,000 shares of common stock (par one cent). Price—50 cents per share. Proceeds—For working capital and mining expenses. Office — Moab, Utah. Underwriter — The Matthew Corp., Washington, D. C.

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 obtained from certain stockholders waivers of subscription rights applicable to not less than 100,000 shares and such shares are to be offered to the general public free of the stockholders' prior rights.] Price—To be supplied by amendment. Proceeds—To repay bank loan and for working capital. Underwriter—Eisele & King, Libaire, Stout & Co., New York.

Rogers Corp., Rogers, Conn.
Oct. 3 (letter of notification) a minimum of 5,883 shares and a maximum of 7,453 shares of class B common stock to be offered to stockholders on a basis of one share for each four shares held. Price—($29 per share). Proceeds—To replenish working capital due to losses sustained in recent flood. Underwriter—None.

Rowan Controller Co., Baltimore, Md.
Dec. 20 (letter of notification) 6,935 shares of common stock (par $10) to be offered for subscription by stockholders. Price—$14 per share. Proceeds—For development of new products and working capital re. manufacture and sale of electrical controllers. Office—2313-2315 Homewood Ave., Baltimore, Md. Underwriter—None.

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San Juan Racing Association, Inc., Puerto Rico.
Sept. 27 filed 4,000,000 shares of common stock (par 50 cents), of which 3,800,000 will be represented by 3,800,000 voting trust certificates and 800,000 warrants. These offerings are to be made in two parts: (1) an offering, at 50 cents per share, of 200,000 shares for subscription by stockholders of record April 30, 1955, on a two-for-one basis; and (2) a public offering of 3,000,000 shares, to be represented by voting trust certificates, at 58.8235 cents per share. **Proceeds**—For racing plant construction. **Underwriter**—None. Hyman N. Glickstein, of New York City, is Vice-President.

San Juan Uranium Exploration, Inc.
Aug. 19 (letter of notification) 925,000 shares of non-assessable common stock (par one cent). **Price**—12 cents per share. **Proceeds**—For expenses incident to mining activities. **Office** — 718 Kittredge Bldg., Denver, Colo. **Underwriter**—Shelley-Roberts & Co., Denver, Colo.

Sandia Mining & Development Corp.
Sept 9 (letter of notification) 3,000,000 shares of capital stock (par one cent). **Price**—10 cents per share. **Proceeds** — For mining expenses. **Office** — Simms Bldg., Albuquerque, N. M. **Underwriter**—Mid-America Securities, Inc. of Utah, Salt Lake City, Utah.

Sans Souci Hotel, Inc., Las Vegas, Nev.
Nov. 9 filed 1,428,000 shares of common stock (of which 1,097,529 shares are to be offered for subscription by stockholders at rate of 1⅔ shares for each share held; 30,471 shares are to be issued in payment for claims of seven individuals and firms aggregating $30,471; and 300,000 shares are to be offered by George E. Mitzel, President of company). **Price**—$1 per share. **Proceeds**—For construction of new facilities; to pay off notes; and for working capital. **Underwriter**—None.

Sayre & Fisher Brick Co., Sayreville, N. J.
Sept. 30 filed 325,000 shares of capital stock (par $1). **Price**—To be supplied by amendment. **Proceeds** — For prepayment of outstanding 5½% sinking fund bonds due 1970; balance for general corporate purposes, including additions and improvements and working capital. **Underwriter** — Barrett Herrick & Co., Inc., New York City. **Offering**—Expected soon.

Science Press of New Jersey, Inc.
Nov. 10 (letter of notification) 15,620 shares of common stock (no par). **Price**—$5 per share. **Proceeds**—For building, equipment, working capital, etc. **Office**—Spur Route 518, a mile west of the Borough of Hopewell, County of Mercer, N. J. **Underwriter**—Louis R. Dreyling & Co., Jamesburg, N. J.

★ **Sea Products Corp., New Bedford, Mass.**
Jan. 6 (letter of notification) 150 shares of common stock (no par). **Price**—$100 per share. **Proceeds**—To be used to operate the pilot plant to perfect manufacturing techniques of an animal food supplement. **Office**—c/o Leonard E. Perry, 222 Union St., New Bedford, Mass. **Underwriter**—None.

★ **Shangrila Uranium Corp.**
Dec. 30 (letter of notification) 300,000 shares of common stock. **Price**—At par ($1 per share). **Proceeds**—For mining expenses. **Underwriter**—Western States Investment Co., Tulsa, Okla.

Sheraton Corp. of America
Oct. 31 filed $15,000,000 of 6½% cumulative income subordinated debentures due Nov. 1, 1980 to be offered initially by the company (a) to its stockholders on the basis of $100 principal amount of debentures for each 25 shares of stock then held and (b) to employees of corporation and its subsidiaries. **Price**—$95 per $100 of debentures to stockholders; and at par to public. **Proceeds**—For general corporate purposes. **Office**—Boston, Mass. **Underwriter**—None, but Sheraton Securities Corp., a subsidiary, will handle stock sales.

Shumway's Broken Arrow Uranium, Inc.
Nov. 7 (letter of notification) 300,000 shares of common stock (par 10 cents). **Price**—$1 per share. **Proceeds**—For mining expenses. **Office**—Moab, Utah. **Underwriter**—Ackerson-Hackett Investment Co., Salt Lake City, Utah.

Signature Loan Co., Inc., Yonkers, N. Y. (1/17)
Dec. 23 filed 150,000 shares of class A common stock (par $1.) **Price**—$5 per share. **Proceeds**—For working capital and general corporate purposes. **Underwriters**—Simon, Strauss & Himme and A. M. Kidder & Co., both of New York; William N. Pope, Inc., Syracuse, N. Y.; and Chace, Whiteside, West & Winslow, Inc., and Draper, Sears & Co., both of Boston, Mass.

Silver Creek Precision Corp.
Dec. 12 (letter of notification) 13,333 shares of common stock (par 40 cents). **Price**—$1 per share. **Proceeds**—To selling stockholder. **Underwriter** — Weill, Blauner & Co., Inc., New York.

● **Silvray Lighting, Inc. (1/19)**
Dec. 16 filed 225,000 shares of common stock (par 25 cents), of which 75,000 shares are to be for the account of the company and 150,000 shares for the account of certain selling stockholders. **Price**—To be $3 per share. **Proceeds** — To be used for expansion and working capital. **Underwriter** — Milton D. Blauner & Co., Inc., New York.

★ **Smith (Edson B.) Fund, Boston, Mass.**
Jan. 3 filed (by amendment) 100,000 additional shares of beneficial interest in the Fund.

Southern Mining & Milling Co. (1/31)
Sept. 14 (letter of notification) 300,000 shares of common stock (par 10 cents). **Price**—$1 per share. **Proceeds**—For expenses incident to mining activities. **Offices**—Healey Building, Atlanta Ga., and 4116 No. 15th Avenue, Phoenix, Ariz. **Underwriter** — Franklin Securities Co., Atlanta, Ga.

Southern Oxygen Co., Bladensburg, Md. (1/24)
Dec. 29 filed $1,250,000 of convertible subordinated debentures due Feb. 1, 1966. **Price** — To be supplied by amendment. **Proceeds** — For capital expenditures and working capital. **Underwriters**—Johnston, Lemon & Co., Washington, D. C., and Union Securities Corp., New York.

● **Southwest Gas Corp., Barstow, Calif. (1/17)**
Dec. 23 filed 44,208 shares of common stock (par $1). **Price** — $11 per share. **Proceeds** — To repay bank loans and for new construction. **Underwriter**—First California Co., Inc., San Francisco, Calif.

Spurr Mining Corp.
Nov. 9 (letter of notification) 300,000 shares of common stock. **Price**—$1 per share. **Proceeds**—For mining expenses. **Underwriter**—Cavalier Securities Co., Washington, D. C.

★ **Strategic Metals, Inc., Tungstonia, Nevada**
Jan. 4 (letter of notification) 1,200,000 shares of common stock. **Price**—25 cents per share. **Proceeds**—For expenses incident to mining operations. **Underwriter**—R. Reynolds & Co., Salt Lake City, Utah.

★ **Sterling Investment Fund Inc., Charlotte, N. C.**
Jan. 9 filed (by amendment) 50,000 shares of common stock (par $1). **Price**—At market. **Proceeds**—For investment.

Sulphur Exploration Co., Houston, Texas
Nov. 21 filed 600,000 shares of 6% convertible non-cumulative preferred stock to be offered for subscription by common stockholders on the basis of one preferred share for each common share held. **Price**—At par ($2 per share). **Proceeds**—For construction and operation of sulphur extraction plant. **Underwriter**—To be named by amendment. L. D. Sherman & Co., New York, handled common stock financing in August, 1954.

Summit Springs Uranium Corp., Rapid City, S. D.
Oct. 3 (letter of notification) 1,200,000 shares of common stock (par 10 cents). **Price**—25 cents per share. **Proceeds**—For expenses incident to mining operations. **Office**—Harney Hotel, Rapid City, S. D. **Underwriter**—Morris Brickley, same address.

Superior Uranium Co., Denver, Colo.
Nov. 9 (letter of notification) 29,600,000 shares of common stock. **Price**—At par (one cent per share). **Proceeds**—For mining operations. **Office**—608 California Bldg., Denver, Colo. **Underwriter**—Securities, Inc., P. O. Box 127, Arvada, Colo.

Swank Uranium Drilling & Exploration Co.
Aug. 17 (letter of notification) 3,000,000 shares of common stock. **Price**—At par (10 cents per share). **Proceeds**—For expenses incident to mining activities. **Office**—Moab, Utah. **Underwriter**—Honnold & Co., Inc., Salt Lake City, Utah.

Sweetwater Uranium Co.
Sept. 9 (letter of notification) 3,000,000 shares of capital stock (par one cent). **Price**—10 cents per share. **Proceeds**—For mining operations. **Office**—605 Judge Bldg., Salt Lake City, Utah. **Underwriter**—Skyline Securities, Inc., Denver, Colo.

Target Uranium Co., Spokane, Wash.
Aug. 12 (letter of notification) 1,000,000 shares of non-assessable stock (par five cents). **Price**—20 cents per share. **Proceeds** — For mining expenses. **Office** — 726 Paulsen Bldg., Spokane, Wash. **Underwriter** — Percy Dale Lanphere, Empire State Bldg., Spokane, Wash.

Tenison Drilling Co., Inc., Billings, Mont.
Dec. 12 filed 400,000 shares of common stock (par 10¢). **Price**—$1 per share. **Proceeds**—For drilling test costs, payment of notes and accounts payable and loans and for general working capital. **Underwriter** — Carroll, Kirchner & Jaquith, Inc., Denver, Colo.

Texas American Oil Corp.
Nov. 3 (letter of notification) 600,000 shares of common stock (par 10 cents). **Price** — 50 cents per share. **Proceeds**—For drilling expenses, etc. **Office**—216 Central Bldg., Midland, Tex. **Underwriter**—Kramer, Woods & Co., Inc., Houston, Tex.

Texas Eastern Transmission Corp.
Nov. 30 filed 200,000 shares of cumulative preferred stock (par $100). **Price**—To be supplied by amendment. **Proceeds**—Toward redemption of presently outstanding 190,000 shares of 5.50% first preferred stock. **Underwriter**—Dillon, Read & Co., Inc., New York. **Offering**—Expected sometime in January.

★ **Texas Utilities Co., Dallas, Tex. (1/31)**
Jan. 5 filed 400,000 shares of common stock (no par). **Proceeds**—For further investment in common stocks of subsidiaries and for other corporate purposes. **Underwriter**—To be determined by competitive bidding. Probable bidders: Kidder, Peabody & Co. and Merrill Lynch, Pierce, Fenner & Beane (jointly); Union Securities Corp.; Lehman Brothers and Bear, Stearns & Co. (jointly); The First Boston Corp. **Bids**—Expected to be received up to 11 a.m. (EST) on Jan. 31.

Textron American, Inc. (1/24)
Dec. 29 filed $30,000,000 of 5% convertible subordinated debentures due Jan. 1, 1971. **Price**—To be supplied by amendment. **Proceeds**—To finance non-textile diversification program. **Underwriter**—Blair & Co Incorporated, New York.

★ **Thunderbird Development, Inc., Craig, Colo.**
Dec. 30 (letter of notification) 500,000 shares of common stock (par one cent). **Price**—25 cents per share. **Proceeds**—For mining expenses. **Office**—124 West Victory, Craig, Colo. **Underwriter**—None.

Trans-American Development Corp.
Nov. 14 (letter of notification 45,000 shares of 8% cumulative preferred stock (par $1) and 45,000 shares of class A common stock (par $1) to be offered in units of one share of each class of stock. **Price**—$1 per unit. **Proceeds**—For working capital. **Office**—5225 Wilshire Blvd., Los Angeles, Calif. **Underwriter**—None.

Traveler Publishing Co., Inc., Philadelphia, Pa.
Sept. 29 (letter of notification) $247,000 of 5½% convertible debentures, series A, due Sept. 1, 1965 and 24,700 shares of common stock (par 10 cents), to be offered in units consisting of $1,000 of debentures and 100 shares of common stock. **Price**—$1,010 per unit. **Proceeds**—For payment of indebtedness, expansion, establishment of additional offices; professional and editorial assistance, advertising and promotion; and working capital. **Office**—Widener Bldg., Philadelphia, Pa. **Underwriter**—Albert C. Schenkosky, Wichita, Kansas.

Travelfares, Inc., Seattle, Wash.
Sept. 14 (letter of notification) 100,000 shares of non-assessable common stock. **Price**—At par ($1 per share). **Proceeds**—For repayment of loans, working capital, etc. **Office**—1810 Smith Tower, Seattle, Wash. **Underwriter**—National Securities Corp., Seattle, Wash.

Tri-Continental Corp., New York
Oct. 27 filed 2,573,508 shares of common stock (par $1), which will be issuable upon exercise of the common stock purchase warrants presently outstanding. **Price**—Each warrant currently entitled the holder to purchase 1.27 shares at $17.76 per share for each one share specified in the warrant certificate.

Trinidad Brick & Tile Co.
Dec. 14 (letter of notification) 800 shares of common stock (par $100); and $75,000 of 6% construction notes due Dec. 15, 1963. **Price**—At par. **Proceeds**—For paying notes payable and accounts payable and operating capital. **Office**—Trinidad, Colo. **Underwriters**—Fairman, Harris & Co., Inc., Chicago, Ill.

Tunacraft, Inc., Kansas City, Mo.
Aug. 22 (letter of notification) $295,000 principal amount of 6% 12-year registered subordinated sinking fund debentures, dated Sept. 1, 1955 (with stock purchase warrants). **Price**—At par (in denominations of $100 each or multiples thereof). **Proceeds**—To refinance and discharge secured obligation. **Underwriter** — McDonald, Evans & Co., Kansas City, Mo.

Underwriters Factors Corp.
Dec. 7 (letter of notification) 29,500 shares of 6⅜% participating convertible preferred stock (par $10) and 2,950 shares of common stock (par one cent) to be offered in units of 10 shares of preferred stock and one share of common stock. **Price** — $100.01 per unit. **Proceeds** — To increase working capital. **Office** — 51 Vesey St., New York, N. Y. **Underwriter**—New York and American Securities Co., 90 Wall St., New York, N. Y.

Union Gulf Oil & Mining Corp.
Sept. 9 (letter of notification) 600,000 shares of common stock (par 10 cents). **Price**—50 cents per share. **Proceeds**—For mining expenses. **Office**—510 Colorado Bldg., Denver, Colo. **Underwriter**—Honnold & Co., same city.

● **U. S. Automatic Machinery & Chemical Corp. (1/16-20)**
Nov. 4 (letter of notification) 300,000 shares of class A common stock (par 10 cents). **Price**—$1 per share. **Proceeds** — For general corporate purposes. **Office**—8620 Montgomery Ave., Philadelphia, Pa. **Underwriter**—Columbia Securities Corp., 135 Broadway, New York.

★ **U. S. Suburban Estates, Inc.**
Dec. 29 (letter of notification) 300,000 shares of common stock (par five cents). **Price**—$1 per share. **Proceeds**—For purchase of land, payment of mortgage, development of lake area and other corporate purposes. **Office** — c/o Schwartz, Gilman & Gold, 147 — 16 Jamaica Ave., Jamaica, L. I., N. Y. **Underwriters**—Robert V. Maguire Co., New York, N. Y.

Universal Service Corp., Inc., Houston, Texas
July 8 filed 500,000 shares of common stock (par two mills). **Price** — $2.50 per share. **Proceeds** — For equipment, mining costs, oil and gas development, and other corporate purposes. **Underwriter** — None. **Offering** — Postponed.

Utah-Arizona Uranium, Inc., Salt Lake City, Utah
Aug. 1 (letter of notification) 600,000 shares of common stock (par 16⅔ cents). **Price**—50 cents per share. **Proceeds**—For expenses incident to mining activities. **Office**—Greyhound Terminal Building, West Temple & South Temple Streets, Salt Lake City, Utah. **Underwriter**—Trans-Western Brokerage Co., New Orleans, La.

Utah Grank, Inc., Reno, Nev.
Aug. 15 (letter of notification) 270,000 shares of capital stock. **Price**—At par ($1 per share). **Proceeds**—For expenses incident to mining activities. **Office**—312 Byington Bldg., Reno, Nev. **Underwriter**—Lester L. LaFortune, Las Vegas, Nev.

Wagon Box Uranium Corp., Provo, Utah
Nov. 21 filed 2,000,000 shares of common stock (par five cents). **Price**—25 cents per share. **Proceeds**—To explore and acquire claims, for purchase of equipment and for working capital and other corporate purposes. **Underwriter**—H. P. Investment Co., Provo, Utah and Honolulu, Hawaii.

Warrior Mining Co., Birmingham, Ala.
Sept. 29 (letter of notification) 6,000,000 shares of non-assessable common stock (par one cent). **Price** — Five cents per share. **Proceeds** — For expenses incident to mining activities. **Office** — 718 Title Guarantee Bldg., Birmingham, Ala. **Underwriter**—Graham & Co., Pittsburgh, Pa. and Birmingham, Ala.

Western Greyhound Racing, Inc. (2/13-17)
Dec. 19 filed 1,950,000 shares of common stock (par one cent), of which 1,800,000 shares are to be offered publicly. **Price**—$1.25 per share. **Proceeds**—To purchase assets of Arizona Kennel Club, and for working capital

and other general corporate purposes. **Office**—Phoenix, Ariz. **Underwriter**—M. J. Reiter Co., New York.

● **Western States Refining Co. (1/30)**
Dec. 14 filed $1,050,000 10-year 6% sinking fund debentures due Jan. 1, 1966, and 105,000 shares of common stock (par 25 cents) to be offered in units of $50 of debentures and five shares of stock. **Price**—$52.50 per unit. **Proceeds**—For construction and installation of a Houdriformer cracking unit; expansion of refinery; to repay outstanding obligations; and for working capital. **Office**—North Salt Lake, Utah. **Underwriter**—J. Barth & Co., San Francisco, Calif.

Wonder Mountain Uranium, Inc., Denver, Colo.
Aug. 12 (letter of notification) 2,380,000 shares of common stock (par one cent). **Price**—10 cents per share. **Proceeds** — For expenses incident to mining activities. **Office**—414 Denver Nat'l Bldg., Denver, Colo. **Underwriter**—Floyd Koster & Co., Denver, Colo.

Woodstock Uranium Corp., Carson City, Nev.
Nov. 21 (letter of notification) 3,000,000 shares of common stock. **Price**—At par (10 cents per share). **Proceeds**—For mining expenses. **Office**—Virginia Truckee Bldg., Carson City, Nev. **Underwriter**—Cayias, Larson, Glaser, Emery, Inc., Salt Lake City, Utah.

Wy-Cal Uranium Enterprises, Inc., Lander, Wyo.
Dec. 6 (letter of notification) 273,000 shares of capital stock (par 50 cents). **Price**—$1 per share. **Proceeds**—For mining operations. **Office**—268 Main St., Lander, Wyo. **Underwriter**—Valley State Brokerage, Inc., 2520 South State St., Salt Lake City, Utah.

Wycotah Oil & Uranium, Inc., Denver, Colo.
Nov. 10 filed 1,500,125 shares of common stock (par one cent) to be offered only to the owners of percentages of working interests in certain oil and gas leases and to the owners of certain uranium properties, and in exchange for such working interests and properties. **Price**—Shares to be valued at an arbitrary price of $4 per share. **Proceeds**—To acquire properties. **Underwriter**—None.

Wyoming-Gulf Sulphur Corp.
Oct. 10 filed 971,000 shares of capital stock (par 10 cents), of which 700,000 shares are for company's account and 271,000 shares for account of two selling stockholders. **Price**—On the over-the-counter market at then prevailing price, but not less than $2 per share. **Proceeds**—For auxiliary equipment for Cody plant, for acquisition of additional site, and related activities.

Wyton Oil & Gas Co., Newcastle, Wyo.
Sept. 29 filed 254,000 shares of common stock (par $1). **Price**—At the market. **Proceeds**—To August Buschmann, of Seattle, Wash., and members of his family. **Underwriter**—None.

Yellowknife Uranium Corp.
Aug. 19 filed 1,000,000 shares of common stock (par one cent), of which 700,000 shares are to be sold for account of company and 300,000 shares for account of Stancan Uranium Corp. **Price**—$1.50 per share. **Proceeds**—For payments under purchase and option agreements for claims; for working capital and reserve funds; and for other general corporate purposes. **Office** — Toronto, Canada. **Underwriters**—Gearhart & Otis, Inc. and F. H. Crerie & Co., Inc., both of New York City. **Offering**—Indefinitely postponed.

★ **York-Hoover Corp., York, Pa.**
Jan. 4 (letter of notification) 11,020 shares of common stock (par $10). **Price**—$12 per share. **Proceeds**—For additional working capital. **Underwriter**—E. W. Clark & Co., York, Pa.

Zenith-Utah Uranium Corp.
Sept. 14 (letter of notification) 6,000,000 shares off class A common stock. **Price**—At par (five cents). **Proceeds**—For mining expenses. **Office**—45 East Broadway, Salt Lake City, Utah. **Underwriter**—Bel-Air Securities Corp., same city.

Prospective Offerings

Alabama Power Co. (3/15)
Dec. 14 it was announced 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: Halsey, Stuart & Co. Inc.; Blyth & Co., Inc. and Kidder, Peabody & Co. (jointly); Lehman Brothers; Equitable Securities Corp., Union Securities Corp. and Drexel & Co. (jointly); The First Boston Corp.; Morgan Stanley & Co.; Harriman Ripley & Co. Inc. and Goldman, Sachs & Co. (jointly). **Bids**—Expected to be received on March 15. **Registration**—Planned for Feb. 17.

Automatic Washer Corp.
Dec. 5 it was reported company plans early registration of 250,000 shares of common stock (par $1.50). **Underwriter**—Cohen, Simonson & Co., New York.

Bangor & Aroostook RR.
Dec. 19 it was announced company may issue and sell early next year 29,762 shares of common stock to its stockholders who will vote Jan. 17 on approving a refinancing program. **Proceeds** — Together with funds from private sale of $8,000,000 new 4¼% prior lien bonds, to redeem $10,400,000 outstanding 4½% first mortgage bonds. **Underwriter**—May be The First Boston Corp., New York.

★ **Bell Telephone Co. of Pennsylvania (3/6)**
Jan. 6 it was reported company is planning to issue and sell $35,000,000 of debentures to be dated March 1, 1956. **Proceeds**—To repay advances from American Telephone & Telegraph Co., the parent. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Kuhn, Loeb & Co. and Lazard Freres & Co. (jointly); White, Weld & Co. and Union Securities Corp. (jointly); Morgan Stanley & Co.; The First Boston Corp. **Bids**—Expected to be received on March 6.

★ **Central of Georgia Ry. (1/25)**
Bids are expected to be received by the company up to noon (EST) on Jan. 25 for the purchase from it of $4,680,000 equipment trust certificates, series B, to mature in 30 equal semi-annual instalments. Probable bidders: Halsey, Stuart & Co. Inc.; Salomon Bros. & Hutzler; R. W. Pressprich & Co.

Central Power & Light Co. (2/14)
Dec. 20 it was reported company plans to issue and sell $10,000,000 of first mortgage bonds due 1986. **Proceeds**—To repay bank loans and for construction program. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Lehman Brothers and Glore, Forgan & Co. (jointly); Kidder, Peabody & Co.; Union Securities Corp.; Merrill Lynch, Pierce, Fenner & Beane and Salomon Bros. & Hutzler (jointly); The First Boston Corp.; Kuhn, Loeb & Co. **Bids**—Expected to be received up to noon (EST) on Feb. 14.

Chemical Corn Exchange Bank, New York
Dec. 8 it was announced stockholders will vote Jan. 17 on approving a proposal to offer to stockholders 590,425 additional shares of capital stock on a 1-for-8 basis. **Underwriters** — Kuhn, Loeb & Co.; The First Boston Corp.; Hemphill, Noyes & Co. and W. C. Langley & Co.

Chicago, Burlington & Quincy RR. (1/18)
Bids are expected to be received by the company on or about Jan. 18 for the purchase from it of about $7,000,000 equipment trust certificates. Probable bidders: Halsey, Stuart & Co. Inc.; Salomon Bros. & Hutzler.

Citizens & Southern National Bank, Atlanta, Ga. (1/20)
Nov. 8 the directors recommended the sale of 100,000 additional shares of common stock (par $10) to stockholders on the basis of one new share for each nine shares held as of Jan. 20, 1956 (subject to approval of stockholders in January). **Price**—$30 per share. **Proceeds**—To increase capital and surplus.

Consolidated Freightways, Inc.
Dec. 21 it was announced corporation plans to offer new common shares to preferred stockholders at market prices payable with funds to be received March 15, 1956 from the redemption of the preferred stock. **Underwriter**—Probably Blyth & Co., Inc., San Francisco, Calif.

Dallas Power & Light Co. (2/15)
Nov. 28 it was reported company plans to issue and sell $10,000,000 of first mortgage bonds. **Proceeds**—To repay bank loans and for new construction. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; The First Boston Corp.; Salomon Bros. & Hutzler; Kidder, Peabody & Co. and Merrill Lynch, Pierce, Fenner & Beane (jointly); Union Securities Corp.; Equitable Securities Corp.; Lehman Brothers; Blair & Co. Incorporated. **Bids**—Tentatively scheduled for Feb. 15.

Delaware Power & Light Co.
Sept. 28 it was announced that the company expects to undertake some common stock financing early in 1956, probably first to stockholders (this is in addition to bond and preferred stock financing planned for Dec. 13). **Proceeds**—For construction program. **Underwriter**—To be determined by competitive bidding. Probable bidders: W. C. Langley & Co. and Union Securities Corp. (jointly); Kidder, Peabody & Co. and Merrill Lynch, Pierce, Fenner & Beane (jointly); Carl M. Loeb, Rhoades & Co.; Blyth & Co. Inc. and The First Boston Corp. (jointly); White, Weld & Co. and Shields & Co.(jointly); Lehman Brothers.

Dolly Madison International Foods Ltd.
Nov. 15 it was announced that Foremost Dairies, Inc. intends at a future date to give its stockholders the right to purchase its Dolly Madison stock. **Underwriter**—Allen & Co., New York.

Du Mont Broadcasting Corp.
Aug. 10 it was announced that corporation, following issuance on Dec. 2 to stockholders of Allen B. Du Mont Laboratories, Inc. of 944,422 shares of common stock as a dividend, contemplates that additional shares will be offered to its stockholders. This offering will be underwritten. Kuhn, Loeb & Co. and Van Alstyne, Noel & Co. handled Du Mont Laboratories class A stock financing some years ago. Stockholders of Laboratories on Oct. 10 approved formation of Broadcasting firm.

Duquesne Light Co.
Nov. 28, it was announced SEC has authorized Standard Power & Light Corp. to sell not more than 10,000 shares of the common stock of Duquesne Light Co. on the New York Stock Exchange by negotiated sale to a purchaser who will buy at the prevailing market prices, less a discount of not more than 50 cents per share.

★ **Empire Petroleum Co., Denver, Colo.**
Jan. 7 E. M. Stone, President, announced company plans early registration of $2,000,000 of debentures. **Proceeds**—Together with funds from private placement of $1,000,000 of senior debentures, to be used for working capital and additional refining equipment at both refineries. **Underwriter**—May be Julius Maier Co., Inc., Jersey City N. J.

Federal Pacific Electric Co.
Dec. 13 it was announced directors are considering an issue of subordinated income debentures or possibly preferred stock, together with common stock purchase warrants. **Proceeds** — About $2,000,000, together with $2,000,000 from private sale of notes, to repay bank loans. **Underwriters**—H. M. Byllesby & Co. (Inc.) and Hayden, Stone & Co., New York.

Flo-Mix Fertilizers Corp., Houma, La.
Dec. 12 it was reported early registration is expected of 159,000 shares of common stock. **Price** — Probably $5 per share. **Underwriters**—Fairman, Harris & Co., Inc., and Straus, Blosser & McDowell, both of Chicago, Ill.

Florida Power Corp.
April 14 it was announced company may issue and sell between $10,000,000 and $12,000,000 of first mortgage bonds. **Underwriters**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Kidder, Peabody & Co. and Merrill Lynch, Pierce, Fenner & Beane (jointly); Lehman Brothers and Blyth & Co., Inc. (jointly); Glore, Forgan & Co.; and The First Boston Corp. **Offering**—Expected early in 1956.

General Telephone Co. of California (1/30 - 2/3)
Dec. 20 it was announced company has applied to the California P. U. Commission for permission to issue 718,862 shares of 4½% preferred stock (par $20), to be first offered in exchange for 5% preferred stock (par $20) of which there are outstanding 1,437,724 shares; unexchanged stock to be offered publicly. **Price**—$20.50 per share. **Proceeds**—Together with funds from private sale of $15,000,000 of debentures and $5,000,000 of notes, to retire any 5% preferred shares not presented for exchange; and to pay for expansion program. **Underwriters**—Paine, Webber, Jackson & Curtis, New York, and Mitchum, Jones & Templeton, Los Angeles, Calif. **Registration**—Expected Jan. 9.

Georgia Power Co. (3/29)
Dec. 14 it was announced company plans to issue and sell $16,000,000 of first mortgage bonds. **Proceeds**—For construction program. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Morgan, Stanley & Co.; The First Boston Corp.; Shields & Co. and Salomon Bros. & Hutzler (jointly); Harriman Ripley & Co. Inc.; Lehman Brothers; Blyth & Co., Inc. and Kidder, Peabody & Co. (jointly); Union Securities Corp. and Equitable Securities Corp. (jointly). **Bids**—Expected to be received on March 29. **Registration**—Planned for March 2.

Gulf States Utilities Co.
May 16 it was reported company may issue and sell $10,000,000 first mortgage bonds if market conditions permit. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Lehman Brothers; Merrill Lynch, Pierce, Fenner & Beane and White, Weld & Co. (jointly); Salomon Bros. & Hutzler and Union Securities Corp. (jointly); Kuhn, Loeb & Co. and A. C. Allyn & Co., Inc. (jointly); Lee Higginson Corp. and Carl M. Loeb, Rhoades & Co. (jointly); Stone & Webster Securities Corp.

Houston Lighting & Power Co.
Oct. 31 it was reported company may sell early next year about $30,000,000 of bonds. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Smith, Barney & Co., Lazard Freres & Co. and Blyth & Co., Inc. (jointly); Lehman Brothers, Union Securities Corp. and Salomon Bros. & Hutzler (jointly); Kidder, Peabody & Co.; Equitable Securities Corp. **Offering** — Expected in February or March.

Hudson Pulp & Paper Corp.
Nov. 28 it was reported company may do some public financing in connection with proposed newsprint mill, which, it is estimated, will cost about $25,000,000. **Underwriter**—Lee Higginson Corp., New York.

Inland Steel Co.
Nov. 3, Joseph L. Block, President, announced that a substantial portion of the required funds for the company's expansion program (estimated to cost approximately $260,000,000 for three-year period 1956-1958) will be derived from retained earnings and depreciation reserves. However, he stated, it will also be necessary to secure a large portion through public financing. It is quite likely that a major part will be in the form of debt financing. No such financing is contemplated during the current year, nor have the times or methods of financing been definitely determined. **Underwriter** — Kuhn, Loeb & Co., New York.

Kansas Gas & Electric Co. (2/27)
Dec. 27 it was reported company plans to issue and sell $7,000,000 of first mortgage bonds due 1986. **Proceeds**—To repay bank loans and for construction program. **Underwriter** — To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Union Securities Corp. and Stone & Webster Securities Corp. (jointly); Kidder, Peabody & Co. and Merrill Lynch, Pierce, Fenner & Beane (jointly); Lehman Brothers and Bear, Stearns & Co. (jointly); Blyth & Co., Inc. and The First Boston Corp. (jointly); Glore, Forgan & Co. and Goldman, Sachs & Co. (jointly); Harriman Ripley & Co. Inc. **Bids**—Expected to be received up to 11 a.m. (EST) on Feb. 27. **Registration**—Scheduled for Jan. 27.

Kansas Gas & Electric Co. (2/27)
Dec. 27 it was reported company plans to issue and sell 200,000 additional shares of common stock. **Proceeds**—To repay bank loans and for construction program. **Underwriter** — To be determined by competitive bidding. Probable bidders: Glore, Forgan & Co. and Goldman, Sachs & Co. (jointly); Merrill Lynch, Pierce, Fenner & Beane, Kidder, Peabody & Co. and White, Weld & Co. (jointly); Lehman Brothers; Union Securities Corp. **Bids**—Expected to be received up to 11 a.m. (EST) on Feb. 27. **Registration**—Scheduled for Jan. 27.

Kimberly-Clark Corp., Neenah, Wis.
Nov. 22 it was announced that the company plans further financing, the nature and extent of which has not yet been determined, except it is not the present intention to sell additional common stock. **Proceeds**—To be

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used to pay for further expansion, estimated to cost an additional $37,000,000. **Underwriter**—Blyth & Co., Inc., New York.

Lincoln Rochester Trust Co.
Dec. 19 it was announced stockholders will vote Jan. 25 on proposed offering to stockholders of 100,000 additional shares of common stock (par $20) on a 1-for-4 basis. **Underwriter**—The First Boston Corp., New York.

★ L-O-F Glass Fibers Co. (2/29)
Jan. 11 it was announced company plans to offer to its common stockholders of record on or about Feb. 29, 1956 the right to subscribe for additional common stock at the rate of one new share for each 10 shares held; rights to expire on or about March 26, 1956. **Price**—Expected to be $12 per share. **Registration**—Planned for around Feb. 10.

Louisiana Power & Light Co.
Dec. 19 it was announced company plans some financing during 1956 (probably bonds). **Underwriter** — To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Blyth & Co., Inc.; Equitable Securities Corp. and Union Securities Corp. (jointly); Salomon Bros. & Hutzler; White, Weld & Co. and Shields & Co. (jointly); Merrill Lynch, Pierce, Fenner & Beane, Kidder, Peabody & Co. and Harriman Ripley & Co. Inc. (jointly); The First Boston Corp. and Glore, Forgan & Co. (jointly).

★ Lowenstein (M.) & Sons, Inc.
Jan. 9 it was reported company may issue and sell $40,000,000 of subordinated convertible debentures due 1981. **Underwriter**—Eastman, Dillon & Co., New York. **Offering**—Expected in February.

Mercantile National Bank of Dallas
Dec. 12 it was reported stockholders will vote Jan. 10 on approving a proposed offering to stockholders of 150,000 additional shares of capital stock. **Price**—$25 per share. **Underwriters**—Rauscher, Pierce & Co., Inc., and First Southwest Co., both of Dallas, Texas.

Mississippi Power Co. (3/1)
Nov. 3 it was announced company plans to issue and sell $4,000,000 of first mortgage bonds and 40,000 shares of preferred stock (par $100). **Proceeds**—To repay bank loans and for new construction. **Underwriters** — To be determined by competitive bidding. Probable bidders: (1) For bonds—Halsey, Stuart & Co. Inc.; Merrill Lynch, Pierce, Fenner & Beane; Lehman Brothers; Kidder, Peabody & Co.; Union Securities Corp., Equitable Securities Corp. and Drexel & Co. (jointly). (2) For preferred stock—W. C. Langley & Co.; Glore, Forgan & Co. and Sterne, Agee & Leach (jointly); The First Boston Corp.; Blyth & Co., Inc.; Kidder, Peabody & Co. and White, Weld & Co. (jointly). **Bids**—Expected to be received on March 1. **Registration**—Planned for Feb. 3.

Modern Homes Corp. (Mich.)
Nov. 21 it was reported company may offer publicly $1,000,000 of convertible debentures and some common stock. **Business** — Manufactures prefabricated homes. **Offices**—Dearborn, Mich., and Port Jervis, N. J. **Underwriter**—Probably Campbell, McCarty & Co., Inc., Detroit, Mich.

Narragansett Electric Co.
Jan. 3 it was announced company plans to issue and sell $10,000,000 of first mortgage bonds. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; The First Boston Corp.; Kuhn, Loeb & Co.; Salomon Bros. & Hutzler; White, Weld & Co.; Blyth & Co., Inc. and Harriman Ripley & Co. Inc. (jointly); Union Securities Corp.; Kidder, Peabody & Co. and Stone & Webster Securities Corp (jointly); Lehman Brothers and Goldman, Sachs & Co. (jointly). **Bids**—Expected to be received sometime in March, 1956.

New England Electric System
Jan. 3 it was announced company plans to offer to its stockholders 834,976 additional shares of common stock on the basis of one new share for each 12 shares held. **Underwriter**—To be determined by competitive bidding. Probable bidders: Blyth & Co., Inc., Lehman Brothers and Bear, Stearns & Co. (jointly); Carl M. Loeb, Rhoades & Co., Ladenburg, Thalmann & Co. and Wertheim & Co. (jointly); Merrill Lynch, Pierce, Fenner & Beane, Kidder, Peabody & Co. and White, Weld & Co. (jointly). **Bids**—Expected sometime in May, 1956.

★ New England Electric System
Jan. 3 it was announced company plans to merge its subsidiaries, Essex County Electric Co., Lowell Electric Light Corp., Lawrence Electric Co., Haverhill Electric Co. and Amesbury Electric Light Co., into one company during 1956. This would be followed by a $20,000,000 first mortgage bond issue by the resultant company, the name of which has not as yet been determined. **Underwriter** — May be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Kuhn, Loeb & Co., Salomon Bros. & Hutzler, Union Securities Corp. and Wood, Struthers & Co. (jointly); Lehman Brothers; The First Boston Corp.; Equitable Securities Corp.; Merrill Lynch, Pierce, Fenner & Beane, Kidder, Peabody & Co. and White, Weld & Co. (jointly).

New England Power Co.
Jan. 3 it was announced company plans to issue and sell $10,000,000 of first mortgage bonds during October of 1956. **Underwriters**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Kuhn, Loeb & Co., Salomon Bros. & Hutzler, Union Securities Corp. and Wood, Struthers & Co. (jointly); Lehman Brothers; The First Boston Corp.; Equitable Securities Corp.; Merrill Lynch, Pierce, Fenner & Beane, Kidder, Peabody & Co. and White, Weld & Co. (jointly).

New York Central RR.
Nov. 28 company asked ICC for authority to sell $6,600,000 equipment trust certificates to mature Dec. 15, 1956-1970 to Despatch Shops, Inc., a wholly-owned subsidiary, with latter to ultimately offer the certificates through competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Salomon Bros. & Hutzler; Kidder, Peabody & Co.

New York, New Haven & Hartford RR.
Dec. 21 stockholders approved a plan of exchange providing for the issuance (a) of not exceeding $58,131,150 of new unsecured non-convertible 100-year 5% debentures, dated Jan. 1, 1956, in exchange for present $55,363,000 par value 5% convertible preferred stock, series A, on the basis of $105 of debentures for each $100 par value of preferred stock, plus $5.25 in cash ($5 of which will be paid as dividend on preferred for year 1955); and (b) of $72,638,265 of new 5% non-convertible general income mortgage bonds, series B, dated Jan. 1, 1956, in exchange for present $69,179,300 of 4½% convertible general income mortgage bonds, series A, due July 1, 2022, on the basis of $105 of new series B bonds for each $100 of series A bonds plus $5.25 in cash, which will include 1955 interest. **Dealer-Manager**—Francis I. du Pont & Co., New York.

● New York Telephone Co. (3/27)
Jan. 9 Keith S. McHugh, President, announced that the directors have authorized the sale of $55,000,000 of refunding mortgage bonds. **Proceeds**—Together with funds from sale of 1,100,000 additional shares of common stock at $100 per share to American Telephone & Telegraph Co., to be used to repay bank loans. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Morgan Stanley & Co. **Bids**—Expected to be received on March 27.

Northern Pacific Ry. (1/25)
Bids are expected to be received by the company on or about Jan. 25 for the purchase from it of about $5,500,000 equipment trust certificates. Probable bidders: Halsey, Stuart & Co. Inc.; Salomon Bros. & Hutzler.

Northern States Power Co. (Minn.) (2/29)
Dec. 12 it was reported that company plans to issue and sell some additional common stock (probably first to stockholders). **Underwriter**—To be determined by competitive bidding. Probable bidders: The First Boston Corp., Blyth & Co., Inc., and Kuhn, Loeb & Co. (jointly); Lehman Brothers and Riter & Co. (jointly); Smith, Barney & Co.; White, Weld & Co. and Glore, Forgan & Co. **Bids**—Expected to be received on Feb. 29.

Offshore Gathering Corp., Houston, Texas
Nov. 18 David C. Bintliff, President, announced company has filed an application with the Federal Power Commission for a certificate of necessity to build a 364-mile submarine gas pipeline off-shore the coast of Louisiana from the Sabine River to the Gulf Coast of the State of Mississippi. It is estimated that this gathering system will cost approximately $150,000,000. Type of financing has not yet been determined, but tentative plans call for private sale of first mortgage bonds and public offer of about $40,000,000 of securities (probably notes, convertible into preferred stock at maturity, and common stock). **Underwriter**—Salomon Bros. & Hutzler, New York.

Pennsylvania Electric Co. (2/15)
Dec. 19 it was reported company plans to issue and sell about $25,000,000 of first mortgage bonds. **Proceeds** — To repay bank loans and for new construction. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; The First Boston Corp.; Kuhn, Loeb & Co.; Kidder, Peabody & Co.; Equitable Securities Corp.; Harriman Ripley & Co., Inc. **Bids**—Expected Feb. 15.

Pennsylvania Electric Co. (2/15)
Dec. 19 it was reported company proposes issuance and sale of $9,000,000 of preferred stock early next year. **Proceeds**—For construction program. **Underwriter**—To be determined by competitive bidding. Probable bidders: Kuhn, Loeb & Co.; W. C. Langley & Co. and Glore, Forgan & Co. (jointly); Kidder, Peabody & Co.; The First Boston Corp.; Smith, Barney & Co.; Harriman Ripley & Co. Inc. **Bids**—Expected Feb. 15.

Pigeon Hole Parking of Texas, Inc.
Oct. 22 it was announced that about 800,000 shares of additional capital stock would be offered for public sale after the first of January. **Proceeds** — Estimated at about $2,000,000, will be used to pay for expansion program. **Underwriters**—Porter, Stacy & Co., Houston, Tex.; and Muir Investment Corp., San Antonio, Tex.

Pike County Natural Gas Co.
Oct. 17 it was reported company plans to sell about $600,000 of common stock. **Underwriter**—Bache & Co., New York.

Plantation Pipe Line Co.
Dec. 19 it was announced that company may do some financing in 1956 in connection with its proposed expansion, costing about $23,500,000. **Underwriter**—Morgan Stanley & Co., New York.

★ Reynolds Metals Co. (2/6-10)
Dec. 29 it was announced stockholders on Jan. 27 will vote on approving a new issue of 800,000 shares of cumulative preferred stock (par $50). **Proceeds**—From this sale, together with funds to be received from borrowing $60,000,000 from institutional investors and $15,000,000 from commercial banks, to be used to finance construction of company's seventh aluminum reduction plant. **Underwriters**—Dillon, Read & Co. Inc. and Reynolds & Co., both of New York. **Registration**—Expected this week or next week.

Riverton Lime & Stone Co., Inc., Riverton, Va.
Dec. 19 it was reported company plans to finance its expansion, which, it is estimated, will cost between $9,000,000 and $10,000,000, part by private placement, and part publicly. **Underwriter**—J. C. Wheat & Co., Richmond, Va.

★ Royal McBee Corp. (1/31)
Jan. 11 it was announced company expects to file today (Jan. 12) a registration statement with the SEC covering a proposed issue of additional common stock to be offered for subscription by common stockholders of record Jan. 31, 1956 on the basis of one new share for each seven shares held; rights to expire on Feb. 14, 1956. **Price** — To be supplied by amendment. **Proceeds**—For improvements and working capital. **Underwriter**—Kuhn, Loeb & Co., New York.

★ Ryder System, Inc.
Jan. 9 J. A. Ryder, President and Chairman, announced that the company is planning to issue and sell 151,050 additional shares of common stock. **Proceeds**—To help finance purchase of four other truck lines. **Underwriter**—Blyth & Co., Inc., New York.

Seattle-First National Bank, Seattle (1/18)
Nov. 22 it was announced bank plans to offer its stockholders of record Jan. 18, 1956, the right to subscribe on or before Feb. 24 for 100,000 additional shares of capital stock (par $20) on the basis of one new share for each eight shares held. **Price**—To be not less than $85 per share. **Proceeds**—To increase capital and surplus. **Underwriter**—Blyth & Co., Inc., Seattle, Wash.

South Texas Oil & Gas Co.
Aug. 30 stockholders authorized issuance of 110,000 shares of cumulative convertible preferred stock (par $10). **Proceeds**—For exploration and drilling program, etc. **Underwriter**—Previous common stock financing was handled by Hunter Securities Corp., New York, who it is stated, will not underwrite the new preferred issue.

Southern California Edison Co.
Dec. 27 company filed with the California P. U. Commission an application for exemption from competitive bidding of a proposed new issue of cumulative preferred stock. **Proceeds**—To retire outstanding bank loans and for construction program. **Underwriters**—Probably The First Boston Corp. and Dean Witter & Co. **Offering**—Expected during the first quarter of 1956.

Southern Indiana Gas & Electric Co. (2/23)
Dec. 20 company sought permission from the Indiana P. S. Commission for authority to offer to its common stockholders of record Feb. 21, 1953, an additional 83,030 shares of common stock on the basis of one new share for each 11 shares held. Rights are to expire on March 8. **Underwriter**—Smith, Barney & Co., New York, underwrote previous rights offering. **Registration**—Expected about Feb. 2.

Southern Nevada Power Co.
Nov. 7 it was announced company plans to sell in 1956 approximately $10,000,000 of new securities (probably $7,000,000 first mortgage bonds and $3,000,000 preferred and common stocks). **Proceeds**—For construction program. **Underwriters**—For stocks: Hornblower & Weeks, New York; Wiliam R. Staats & Co., Los Angeles, Calif.; and First California Co., San Francisco, Calif. **Bonds** may be placed privately.

Tennessee Gas Transmission Co.
Dec. 29 it was announced company plans a public offering in the first quarter of 1956 of a new issue of second preferred stock. Stockholders on Feb. 7 will vote on approving an authorized issue of 1,000,000 shares of this new second preferred stock, which would be issued from time to time, in series. **Underwriters**—Stone & Webster Securities Corp. and White, Weld & Co. (jointly).

Texas Electric Service Co. (2/28)
Nov. 28 it was reported company plans to issue and sell $10,000,000 first mortgage bonds due 1986. **Proceeds**—To repay bank loans and for new construction. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; The First Boston Corp.; Union Securities Corp.; Kuhn, Loeb & Co., Lehman Brothers and Blyth & Co., Inc. (jointly); Hemphill, Noyes & Co. and Drexel & Co. (jointly); Kidder, Peabody & Co. and Merrill Lynch, Pierce, Fenner & Beane (jointly); Harriman Ripley & Co. Inc. and Stone & Webster Securities Corp. (jointly). **Bids** — Tentatively scheduled for Feb. 28.

Texas Industries, Inc.
Oct. 11 stockholders authorized a new issue of 30,000 shares of new common stock (no par value), of which it is planned to initially issue 10,000 shares bearing a $5 dividend and having a redemption value of $105 per share. **Proceeds**—For expansion program. **Underwriter**—Rauscher, Pierce & Co., Inc., Dallas, Tex.

Union Planters National Bank
Nov. 29 directors authorized an offering to stockholders of 60,000 additional shares of capital stock (par $10) on the basis of one new share for each 10 shares held Jan. 11, 1956; rights to expire on or about Feb. 1. **Price**—$35 per share. **Office** — Memphis, Tenn. **Underwriter** — Equitable Securities Corp., Nashville, Tenn. **Meeting**—Stockholders were to vote Jan. 11 on increasing authorized capital stock from $6,000,000 to $7,000,000.

Westcoast Transmission Co., Ltd.
Nov. 21 it was reported company now plans to issue and sell publicly over $20,000,000 of securities, probably in units of debentures and stock. Bonds are expected to be placed privately. **Proceeds**—For new pipe line. **Underwriter**—Eastman, Dillon & Co., New York.

Our Reporter's Report

Activity in the corporate new issue market continues at a snail's pace but with growing indications of a marked pickup toward the end of the month. Meantime, underwriters and dealers are employing the current lull to put their houses in top shape through clearing away of remnants remaining over from recent operations.

Behavior of these issues in the secondary market indicates that the process is having a healthy effect since many of the bonds, which syndicates decided to turn loose, have recovered at least to the price equivalent paid for them although not fully to the reoffering prices.

Reports indicate that the rank and file of dealers, helped by the fact that insurance companies and other big investors have reopened their books, have been making real strides in bailing out of inventories.

Moreover, as the current week got underway, investment interests were able to point to other straws-in-the-wind, suggesting that the firmer tone in the market is well-grounded. Outstanding among these developments was the rather marked strength which developed in the Treasury's long 3% bonds.

The firming here was taken as perhaps suggesting that the Treasury is not likely to be a long-term borrower in the immediate future, although what happens in the matter of Congressional tax action naturally will have plenty of influence on that score.

Things Looking Up

While underwriters have not been overburdened with corporate new financing since mid-December, there are definite indications that things are looking up as far as potential new business is concerned.

Already two large firms, one a finance company and the other a utility, have signified their intentions of coming into the market in a big way. Commercial Credit Corp. has announced plans for an issue, $50 million, which of course will be floated by the negotiated route.

Meantime, New York Telephone Co. has plans to issue $55 million of new refunding bonds, plus 1.1 million shares of $100 par common stock, the latter to be sold to American Telephone, parent firm.

And there is current conjecture suggesting that C. I. T. Financial Corp., may be giving consideration to a substantial new issue.

Ford Focus of Interest

But for the present the impending sale of Ford Motor Co. stock by the Ford Foundation continues to occupy the attention of those who operate the financing machinery pretty much to the exclusion of all else.

There is a disposition to regard much of the selling in the stock market currently as based, in no small measure, on the disposition of many people to put themselves in cash to pay for their subscriptions for the Ford shares.

Realizing that they could have the proverbial "bull-by-the tail", those who are slated to take part in the Ford distribution are hopeful that the remarks of Henry Ford II relative to the outlook for business in the automobile field this year will have something of a sobering effect on prospective buyers.

Smith, Barney Group Offers Gen. Shoe Stock

Public offering of 160,000 shares of common stock of General Shoe Corp., one of the country's largest manufacturers and retailers of shoes, is being made today (Jan. 12) by an investment banking group headed by Smith, Barney & Co. The stock is priced at $60.50 per share.

Net proceeds from the sale of the shares will be used, General Shoe said, to provide additional working capital necessary to enable the company to keep pace with continuing demand for its products. During the past five years net sales of General Shoe increased by almost 100%, amounting to approximately $167,800,000 in the fiscal year ended Oct. 31, 1955 compared with approximately $84,400,000 for the fiscal year ended Oct. 31, 1950. During the five year period the number of plants operated by the company increased from 23 to 41 while company-operated retail outlets increased from 212 to 526, including 48 outlets added in the 1955 fiscal year.

Consolidated net income of the company and subsidiaries in the 1955 fiscal year amounted to $5,262,135, equal after preferred dividends to $4.62 a share on the 1,074,329 shares of common outstanding on Oct. 31.

Dividends of $2.50 a share annually, at the rate of 62½ cents quarterly, have been paid on the common stock for the past nine years. On Dec. 21, 1955, the company announced that the board of directors had approved a two-for-one split of the common stock and that, subject to approval of the split by stockholders at the annual meeting on March 5, 1956, a quarterly dividend of 37½ cents a share will be paid on the new shares; such dividend would be equal to 75 cents a share quarterly or $3 annually on the presently outstanding shares, including the shares being offered today.

Other members of the offering group are: Blyth & Co., Inc.; Equitable Securities Corp.; The First Boston Corp.; Goldman, Sachs & Co.; Kidder, Peabody & Co.; Merrill Lynch, Pierce, Fenner & Beane; Union Securities Corp.; A. G. Becker & Co. Inc.; Hemphill, Noyes & Co.; Lee Higginson Corp.; Hayden, Stone & Co.; Reynolds & Co., Inc.; Stroud & Co., Inc.; Bacon, Whipple & Co.; Newhard, Cook & Co.; Reinholdt & Gardner; Alfred D. Sharp & Co.; J. C. Bradford & Co.; Courts & Co.; The Robinson-Humphrey Co., Inc., Arnholt and S. Bleichroeder, Inc.; Julien Collins & Co.; Janney Dulles & Co., Inc.; Mason-Hagan, Inc. and Yarnall, Biddle & Co.

Joins Newhard, Cook

(Special to The Financial Chronicle)

ST. LOUIS, Mo. — Joseph L. McDonough is now connected with Newhard, Cook & Co., Fourth & Olive Streets, members of the New York and Midwest Stock Exchanges.

Semple Jacobs Adds

(Special to The Financial Chronicle)

ST. LOUIS, Mo. — Victor Jacquemin, Jr. is now connected with Semple, Jacobs & Company, Inc., 711 St. Charles Street, members of the New York and Midwest Stock Exchanges.

Joins H. L. Robbins

(Special to The Financial Chronicle)

WORCESTER, Mass. — Thomas L. Spinney has been added to the staff of H. L. Robbins & Co., Inc., 40 Pearl Street.

NSTA Notes

BOND TRADERS CLUB OF CHICAGO

The Bond Traders Club of Chicago will hold their annual mid-winter dinner party at the Drake Hotel on Monday, Jan. 30, 1956.

Edward A. Roob — J. F. Marquardt — Norman B. Baum — John J. Coinitis

The following officers have been elected for the coming year and will be installed at the party:

President—Edward A. Roob, Salomon Bros. & Hutzler.

Vice-President—Jerome F. Marquardt, William A. Fuller & Co.

Secretary—Norman B. Baum, Cruttenden & Co.

Treasurer—John J. Colnitis, A. A. Harmet & Co.

The National Security Traders Association will hold its committee meetings on Jan. 29 and 30 at the Drake Hotel in conjunction with the dinner party. Many of the Nation-wide affiliates will be represented. The usual inter-city bowling tournament will be held at the Sherman Hotel Alleys starting at 2 p.m. Jan. 30. John D. Kipp, A. G. Becker & Co., is chairman of the bowling committee.

General chairman of the dinner party is John J. Hack Jr., F. S. Moseley & Co. Edward A. Roob is in charge of hotel reservations and Joseph G. Ballisch, A. C. Allyn & Co., will handle the dinner reservations. A block of rooms and suites have been reserved at the Drake Hotel for out of town guests. A cocktail party will be held in the French Room at 6:00 p.m. followed by dinner in the Gold Coast Room at 7:00 p.m.

SECURITY TRADERS ASSOCIATION OF NEW YORK

Security Traders Association of New York, (STANY) Bowling League standings as of Jan. 5, 1956 are as follows:

Serlen (Capt.), Gold, Krumholz, Wechsler, Gersten	51
Krisam (Capt.), Farrell, Clemence, Gronick, Flanagan	48½
Bradley (Capt.), C. Murphy, Voccolli, Rogers, Hunter	45½
Meyer (Capt.), Corby, A. Frankel, Swenson, Dawson Smith	42½
Growney (Capt.), Define, Alexander, Montanye, Weseman	40½
Manson (Capt.), Jacobs, Barrett, Siegel, Yunker	39
Donadio (Capt.), Brown, Rappa, Seijas, Demaye	38
Barker (Capt.), Bernberg, H. Murphy, Whiting, McGovan	38
Leinhardt (Capt.), Bies, Pollack, Kuehner, Fredericks	37
Topol (Capt.), Eiger, Nieman, Weissman, Forbes	36
Leone (Capt.), Gavin, Fitzpatrick, Valentine, Greenberg	33
Kaiser (Capt.), Kullman, Werkmeister, O'Connor, Strauss	31

200 Point Club

Will Krisam	225
Jack Barker	202

5 Point Club

Bob Topol
Grampa Kaiser

Write Their Own Ticket?

"If they will accept a bill that includes the best recommendations of farmers, farm organizations, the Department of Agriculture and Congress, I think we can act quickly.

"If they come up here with an Administration bill and say 'it's that or nothing,' then I will take that as a signal they want a political advantage rather than a real solution to our farm problems." —Senator Allen J. Ellender.

Here is clear evidence of the political atmosphere into which the President's farm program was introduced one day after Senator Ellender had spoken his piece. It was President Roosevelt who a couple of decades ago blandly told the farmers to write their own ticket.

Barrington Inv. Adds

(Special to The Financial Chronicle)

WORCESTER, Mass.—Harry R. Worth is with Barrington Investments, 390 Main Street.

Lamont Dominick

Lamont Dominick, former member of the New York Stock Exchange, passed away at the age of 82.

With Palmer, Pollacchi

(Special to The Financial Chronicle)

BOSTON, Mass.—Guy A. Mobilia is with Palmer, Pollacchi & Co., 84 State Street.

With Geo. K. Baum

KANSAS CITY, Mo.—Robert P. Thompson is now connected with George K. Baum & Company, 1016 Baltimore Avenue.

With B. C. Christopher

(Special to The Financial Chronicle)

KANSAS CITY, Mo.—Eldon W. Michaels is now with B. C. Christopher & Co., Board of Trade Bldg., members of the New York Stock Exchange. Mr. Michaels was previously with Burke & MacDonald.

With Ashton & Co.

(Special to The Financial Chronicle)

DETROIT, Mich. — Frank G. Smith has joined the staff of Ashton & Company, 15315 West McNichols Road.

With B. C. Morton

(Special to The Financial Chronicle)

SPRINGFIELD, Mo. — Thomas L. Walsh is now with B. C. Morton & Co. He was formerly with King Merritt & Co., Inc.

Joins Burns, Potter

(Special to The Financial Chronicle)

OMAHA, Neb. — Darrel H. Gottsch has joined the staff of Burns, Potter & Co., 202 South Seventeenth Street.

With Wise, Hobbs

(Special to The Financial Chronicle)

BOSTON, Mass.—A Lawrence Eastman has been added to the staff of Wise, Hobbs & Seaver, Inc., 15 Congress Street, members of the Boston Stock Exchange.

Washington . . . And You

Behind-the-Scene Interpretations from the Nation's Capital

WASHINGTON, D. C.—President Eisenhower's opening or Annual message to Congress sets forth, of course, the main boundaries of Administration policies and programs. These are intended not only for Congress to work upon, but as the Administration's bid for a fresh electoral mandate.

Like all such messages by the present occupant of the White House, it is long. Only this one is a little longer, running between 8,000 and 9,000 words. It is so replete with such a very great many proposals which could not be digested properly without hours of reading and re-reading, that there may be a benefit in summarizing them as they impinge on business. The length and numerical diversity and variety of proposals is present even without the addition of the promised more detailed special messages of which several will be forthcoming, like this week's special message on the farm problem.

Organization

Mr. Eisenhower groups his proposals under five main headings. If the sequence the President uses is any indication of the relative weight he attaches to different subjects, then world aid is his first concern. For the No. 1 heading is "The Discharge of Our World Responsibility." Other headings in the sequence used in the message are as follows:

"The Constant Improvement of National Security."
"Fiscal Integrity."
"To Foster A Strong Economy."
"The Response to Human Concerns."

Vetoes Tax Cut

Probaly the outstanding policy adopted by the President from the standpoint of business and finance was his withdrawal of the conditional commitment of early 1955 for tax reduction. The President seemed to offer no actual or contingent hope that taxes will be reduced now or in the foreseeable future. He did not even suggest a postponement until later this fiscal year of the subject of tax reduction, as some thought he would.

Tax Extension

Mr. Eisenhower further, as expected, asked for the continuation for one more year of the presently technically-temporary higher rates of taxation on corporation income, and the rates of excises on motor vehicles, tobacco, and liquor. Implicit in the whole message is the inescapable conclusion that the time will not come at any foreseeable future date when the government can afford to let these rates drop back to their "permanent" and lower levels.

"Balanced Budget"

Mr. Eisenhower said that "I expect" the current year's budget to be balanced, and added that "I shall propose" a balanced budget for fiscal 1957.

At the same time the President, under the heading of "Fiscal Integrity" gave the strongest kind of an argument a most conservative individual might use on the "trustee" responsibility of the government to balance its budget and pay down on the Federal debt. To do otherwise, the President said in the most orthodox manner, would be to depreciate the value of pension funds and all money everyone saved for his security and old age.

Thereafter the President went forward to list scores of spending proposals to solve one or another group's economic or social problems. The list of the minor as well as the major spending proposals is so formidable that this column would have to stop off with summarizing the President's message and instead merely give a sentence or so to each such spending proposal—they are that numerous. They would take up the balance of the space or more.

Major Spending Aims

Mr. Eisenhower's major spending proposals (most of them reaffirmations of earlier recommendations), are as follows:

(1) A long-term foreign economic aid program **(new)**.

(2) A much heavier farm income subsidy **(new)**.

(3) A comprehensive water conservation program.

(4) Approval of specific water "conservation" projects.

(5) Additional funds for U. S. Information Agency **(new)**.

(6) Better medical care and survivor benefits for military personnel dependents.

(7) More money for Civil Defense.

(8) Flood damage indemnities.

(9) Technical and loan assistance to areas of chronic unemployment.

(10) A "vigorous" interstate highway construction program.

(11) Federal undertaking of a share of cost of local school construction.

(12) Continuation of the large Federal subsidies for building and operating schools in "Federally-impacted" areas.

(13) Health operations, several facets, including construction of facilities for medical schools and research, and health re-insurance.

(14) More public housing and subsidies for urban planning, more money for mortgage support, more government loan insurance authorization.

Balancing Elusive

While there appears to be a fair chance of a hairline balance of the Federal budget in the current fiscal year due to swelling revenues, in view of the above list of spending proposals, Mr. Eisenhower's "proposal" of a balanced budget for fiscal 1957 would appear to be predicated upon two contingencies:

(1) It may be that the White House has little expectation that much of this broad program will pass, or

(2) It will take a year for the new or expanded spending programs to get organized, so that actual outpayments will not show up until after the fiscal 1957 budget.

In any case, the President's ambitious spending and welfare programs add additional evidence suggesting that the chances are remote for a balance of the budget in future years beyond fiscals 1956 or maybe 1957.

Avoids Anti-trust Issue

Another facet of the President's message which bears on business is the absence of any indication that the President will project the Administration into the present competition between, on the one hand, Senator Joseph C. O'Mahoney (D., Wyo.) and Chairman Emanuel Celler (D., N. Y.), and on the other of Stanley N. Barnes, Chief of the Anti-trust Division of the Department of Justice, to see who can growl loudest and most effectively about big bad monopolies.

Mr. Eisenhower's remarks on the monopoly question were almost all but absent.

Collective Security "Gains"

While lay observers note the gradual retreat of the Western World before the fresh intrigues and disturbances fostered by the Reds, the failure of the Germans to make a substantive start with their Army, the miring of French military power in Africa, the current threat of further and worse French governmental instability, etc., the President appears optimistic about the entire collective security concept. In fact, he stated:

"In the last year, the free world has seen major gains for the system of collective security . . ."

Whether collective security is or is not losing ground is perhaps not the point which will bear on domestic policy. That the President holds this optimistic view of the present keystone of U. S. foreign policy, would seem to suggest that he would not come forward and ask Congress to revise U. S. military power drastically upward, with the manifold implications this would have upon the current boom economy.

The President, however, clearly indicates his disillusionment of hopes resulting from the July "summit" Geneva conference.

His Highway Pitch

In renewing his plea for a vast program to construct and re-construct 40,000 miles of interstate highways, the President avoided for the time being suggesting how money for these highways should be provided. He said only that they should be "adequately financed."

On the other hand, the President emphasized that he wanted the program to go forward without interruption to the completion of construction. This would evaporate the predictions of those who have said that the highway scheme was to be an "on tap" objective to use for spending money in case of a business decline, or that the President might withhold or delay construction, if he had his way, while steel, cement, and labor are in such short supply.

For "Free Economy"

President Eisenhower wrote a ringing praise of the "competitive enterprise system . . . using free markets to plan, organize, and distribute production . . . (spurring the) prospect of reward for successful effort." In its economic orthodoxy, it was a companion piece to his remarks about the government's responsibility as a trustee not only to balance the budget but to pay down on the debt.

While philosophically praising the free economy, however, the President said the government must intervene to help farmers get more income; to develop the nation's resources of several varities; to cushion the damage of disasters; to wipe out "pockets of chronic unemployment"; to help small business; to provide better schools in areas whose economies can not support them; to aid dependent children and the mentally retarded; to extend social security and add unspecified advantages thereto; to help states promote more occupational safety; to protect the safety of pension funds; to encourage construction of housing of many varieties; to give certain wage earners the benefits of the Wage-Hour act; to strengthen the nation's transportation facilities; to broaden insurance against medical costs; and to provide foreigners with a chance to immigrate more freely into the U. S. (quite conceivably also to get government benefits).

[This column is intended to reflect the "behind the scene" interpretation from the nation's Capital and may or may not coincide with the "Chronicle's" own views.]

BUSINESS BUZZ

"Trouble is I'm liable to GO before I can PAY!"

Business Man's Bookshelf

Book Manuscripts—Booklet CN describing publication, promotion and distribution of books—on request—Vantage Press, Inc., 120 West 31st Street, New York, N. Y.

Club Member's Handbook: Guide to Club Activities and Parliamentary Procedure — Lucy R. Milligan and Harold V. Milligan — Barnes & Noble, Inc., 105 Fifth Avenue, New York 3, N. Y. (paper), $1.50.