Economics in Election Year Interest Rate Trend in 1956
And for the Long-Term

By CARROL M. SHANKS
President, The Prudential Insurance Co. of America

Outstanding insurance executive examines election year pressures confronting economy and specifies need to keep monetary and credit policy aimed at national instead of partisan interests. Mr. Shank's finds: (1) excessively high rates thrust savings formation necessary to cope with our system's inflationary bias caused by huge capital funds and natural resources pressures; (2) large consumer debt discourages new purchases, and (3) unpredictable consumer psychology is due to extent of post-seasonary luxuries in total consumption. Forecasts moderate advance in 1956, and depletes failure of consumers to benefit from rising productivity.

I — The Present Situation

In this early month of an election year we find ourselves at a high level of prosperity and business activity. The American economy has edged over the magic $400 billion mark. Personal income is now running around $314 billion a year. There are three million more persons with jobs than a year ago and unemployment has fallen to a very low level. Our industries are turning out more goods and services than ever before, and the real standard of living of the average American has reached an all-time high.

The economic advance during the past year and a half has been surprisingly rapid, whether measured by gross national product, industrial production, retail sales, business spending on plant and equipment, personal income, or consumer spending. And during this period, inventories remained well in hand. We should note that this advancing prosperity has not depended on added injections of government spending. State and local government expenditures today are...

Continued on page 40

*An address by Mr. Shank's before the Economic Club of Chicago, Illinois, Feb. 20, 1956.

Securities NOW IN REGISTRATION — Underwriters, dealers and investors in corporate securities are afforded a complete picture of issues now registered with the SEC and potential undertakings in our "Securities in Registration" section, starting on page 46.

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BOND DEPARTMENT

AN ADDRESS BY ROGER F. MURRAY
Associate Dean of the Graduate School of Business, Columbia University
Consultant, Bankers Trust Co., New York City.

Money market authority sees the next 3-4 months: (1) sustained demand for funds by state and local governments and non-financial corporations; (2) consumer credit becoming less active, and (3) no protracted bond price advance. Remainer of the year is expected to witness upward interest rate reflecting assumed increase in economic activity. Mr. Murray expects, for longer term, a non-sectarian interest rate range equilibrium peaks of 1953 and 1955 and 1954 low.

Last year the Dean's Day Homemaking Conference was held on March 12, and this same panel tried to give an appraisal of the interest rate outlook which would last for 12 months. In spite of the cooperative spirit of your Committee on advancing the date for a full two weeks, we did not quite make it. Truth to tell, our expectation of persistently rising interest rates under the pressure of a record demand for mortgage money gave way in December. The decline in the Interbank offered rates during the past eight weeks has been quite modest, but obviously "persistently rising" is no longer an apt description of the behavior of interest rates.

Entering a Period of Calm

What is happening to the tight money situation which we were getting used to and which all lenders and investors were enjoying immensely? It seems to me that three factors are primarily responsible for the change: (1) The restrictive credit policies adopted last year were...

Continued on page 53

*An address by Mr. Murray at the Dean's Day Homemaking Conference, New York University, Graduate School of Business Administration, New York City, Feb. 25, 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 construed as, an offer to sell or purchase securities discussed.)

J. WALTER LEASON


Masonic Corporation

Masonic Corporation was a pioneer in the hardwood industry in the United States and is considered a model company. The company is almost considered synonymous with hardwood.

Although there are some competitors, Masonic Corporation still maintains a significant position in this industry. It is the largest supplier of hardwood timber in the United States.

The company's production is centered in its principal facilities in Laurel, Missouri, and a new one at Ukiah, California. In addition to its domestic licensees, foreign licensees located in Canada, South Africa, Australia, New Zealand, and Europe. To ensure the quality of its timber supply and maintain a reserve for future pulpwood needs, the company's timberland holdings now total 1,290,000 acres, of which 150,000 acres are in Minnesota and the balance in Northern California near the principal timberland. At the end of the fiscal year, the company had 21,000 acres in the United States and 37,000 acres in Canada. These holdings are worth $35-$44 million or a range of $23 to $32 a share.

Sales and Earnings

Sales increased from $151 million in 1956 to $165 million in 1957. The increase was due to higher prices and a marginally larger volume of sales. Earnings per share for 1957 were $8.90.

Labor relations are now apparently satisfactory. In 1955, the company's largest share of profit. Penalties imposed for late payments have increased over the past few years, and the company has been able to reduce the cost of labor and delay in getting the United, Calif. mill into full operation. However, the losses of hardwood in domestic markets by Scandinavian producers.

Company Position

The company is considered primarily as a supplier of a business of various sizes, thicknesses and finishes in the building industry. Many new industrial developments have been found in recent years that today less than half of sales come from uses in furniture and home. It is used in furniture, boxes, office equipment, TV sets, office walls, and a host of unique applications.

Wires for Scott, Horner & Mason, Inc.

The company is considered to be more than a supplier of products. It is a supplier of services, and its position is strengthened by its ability to provide services that are needed by its customers. The company's ability to provide services has been enhanced by its ability to provide services to customers who are located in different parts of the country.

Charles E. Stoltz

Senior Partner, C. E. Stoltz & Co., New York City.

American Exploration Ltd.

American Exploration Ltd. was incorporated under the laws of the Province of Alberta on Feb. 11, 1905, and has since engaged in a business of prospecting, acquiring and developing oil and gas properties in Canada. In three and a half years, it has developed oil wells which are producing or capable of producing. The company has been successful in its operations, and the company has also expanded its operations to other areas.

The company's operations have been profitable, and the company has been able to pay dividends to its shareholders. The company has been able to pay dividends regularly since its inception.

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Bank and Quasi-Bank Stocks

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Editorial

Note—On account of the fluctuation in the rate of exchange maintained for foreign subscription and advertisements, rates may be made in New York funds.

**Stock Market Outlook in 1956 and Next Decade**

By HAROLD X. SCHREDER

Executive Vice-President, Directors Group Incorporated

Investment expert expects high 1956 output, and a prosperous outlook ahead. Mr. Schreder terms stock market neither bull nor bear in its present "character change" shifting phase from market foremost leaders to less advanced, more style type of stocks. Propelled by increasingly large capital outlays required to fill the gap between labor shortages and 20% increased output demand, the next decade is expected to witness: (1) corporate earnings, measured by Dow Jones Industrial Average stocks, to increase from present $36 per share value to $50 to $55; dividends $21 to $30.50; (2) average stock's normal trend value to rise 700 or more, with possible doubling of stock prices; (3) inflationary pressures, and $4,500 billion output in a high levels of employment and savings. Moderate tax cuts and eased credit are expected in 1956.

In a word, I could easily answer, with a sentence in the title of my remarks today by reviewing a word and saying: "Lookout!" (for the stock market in 1956).

But what do the numbers mean? In our deliberately ambiguous language, trends mean many things, and often opposite things. Essentially, if I say to my motoring companion: "Lookout!"—to call attention to the beautiful countryside, I'm a delightful "buff." If, however, I holler: "Lookout!"—to warn him of an impending crash, I am screaming "bear." (Now, you all know how easy it is to be a "good forecaster"—just use a lot of multiple-meaning words and interpret them as they fit subsequent events.)

Today, time is short, so shadowing every day my mind has brought along a few charts which I hope will make my position quite clear. Therefore, in the audience who know me best, you know that I just "can't stand" the popular hot or cold, love or hate, bull or bear approach to thinking about the stock market. Just as people must "go on living" intelligently despite the ebb and flow of life's daily events, so must money "go on working" intelligently despite the ebbs and flows of daily investment events (political—or otherwise). I, like, therefore, to think of the market as gradually going through a series of Character Changes rather than bull and bear markets—because that is what a carefully analyzed record of the securities market shows to be true.

Today is a perfect example. In my opinion, a stock market which is neither bull nor bear, but rather a market which is clearly in the midst of a healthy Character Change. This is my thesis today, as I try to show you what I mean, and what this current character change in the market means for today's investor.

1956—Fork in the Road to Prosperity

The booming rise in the stock market and in business that began late in 1953 appears — for the present—to have come to a "fork in the road." But how many years should we stand? Frankly, I think that we should rejoice that we haven't gone "crazy" about the future (as in 1929)—because the Future IS SO Bright.

Certainly, as one representative of Wall Street and (I think I generally represent that vital area in our economy), I am greatly pleased that our sound government—sound government, our businesses and our people generally—and certainly the nation's investors—certainly the American public—"are dog wild" these days, but rather they are quite soberly and intelligently curbing the appetites for the clearly delicious future.

To get the rest of the year 1956 into proper focus—and remember actually it is only a short 9-month period on the curvilinear line between our past and future—we just take a quick look at the powerful driving forces working Forwrd in our economy and building up great strength for its prosperous future.

Our Bright Future

As I mentioned earlier, money, like machines and men, must work and be taken care of; otherwise they will molder, rust, and die. This scholarly audience certainly knows its American economic history.

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Norwich Pharmacal Company

BY IRA U. COBLEIGH

The Outlook for Interest Rates—Long-Term and Short-Term

By GEORGE T. CONKLIN, JR.
Financial Vice-President
The Guarantors Insurance of America
Adjunct Professor of Finance, School of Business, New York University

Finance authority perceives in 1956, compared to the surprising 1955 year: (1) long-term market and demand less heavy; (2) mortgage demand not too much lower, and credit supply grows with easing terms and substantially same interest rate; (3) short-term demand exceeding long-term demand; (4) demand exceeding long-term funds, though not by the same high margin and pressure, with no material interest rate changes; (5) lowering in business activity rate of increase reflected in reduced short-term market and bank loans, and (6) banks concentrating any buying to short terms as they became net sellers of governments. Pro-forma, net profits, and adjustments averaging out to a level ahead of last year. Asserts the non-cyclical long-term interest rate outlook should be gradually upward due to savings limitations and not back to previous levels.

Last year I contrasted the prospective situation in 1955 with that in 1954, and found the two situation sharply different. Whereas the demand for long-term funds set a new record in 1954, there was a striking decline in the demand for short-term funds, a result of the basic recession. This decline in the demand for short-term funds, coupled with the con¬ tinuing need of government agencies for Federal Reserve Policy to one of monetary ease, meant that the commercial banks could not find outlets in bank loans for their increased funds and consequently resorted to the government bond market to put funds to work, increasing their holdings of governments by more than $5 billion. Generally there was a year of relative ease in the money market enabling the financing of record long-term demands at gradually declining interest rates until the situation changed in the second half of the year.

1955 Reviewed

In contrast, the prospective situation a year ago at this time was one of certain new record demands and short-term funds, accompanied not by a decline in the demand for short-term funds as in 1954 but by a very slight increase in such demand. Consequently the picture outlined then was that the rate was for gradually in¬ creasing interest rates in 1955. Te¬ nant, again once the basic situation has materially changed from that of a year ago at this time. But before we go into this prospect I want to review 1953 a little more carefully, for cer¬ tainly the year 1953 will go down in money market history and theory as a most intriguing year. High during the second half of 1953. The net increase in mortgages would amount to some $17 billion, representing $4.5 billion, or 36% over 1954; (2) the government would offer about $3 billion of long-term issues; (3) Personal savings would de¬ cline to about $2 billion, (4) short-term credit demands grew from banks over $5 billion, netting a substantial increase in bank loans, and that the policy of the Federal Reserve would become one of ac¬ tive restraint, then I am sure most of you had predicted a very sharp rise in long-term yields. Actually, however, 1955 was a period of only moderately upward pressure, and one of considerable bond market. Aaa corporate bond yield averages, for example, were between 2.75% and 3.00% low in 1954 to high of about 3.3% in 1955, and the average long-term yield last year had already increased $2 so that there was not likely to be a further increase of 21 basis points ahead in the balance of 1955. In the government market, yields in¬ creased from a low of about 2.66% in 1954 to 3.2% a year ago at this time, and the year-end the 3s were still selling on approximate¬ ly 3% basis.

How then can we account for this apparently surprising behavior of the long-term bond market in

Continued on page 33
The steel market is struggling to cope with changing conditions. The mills are underwriting to levellag themselves in a precarious position, according to "The Iron Age," national metalworking weekly this week. The steel market is struggling to cope with changing conditions. The mills are underwriting to levellag themselves in a precarious position, according to "The Iron Age," national metalworking weekly this week.

Some mills are offsetting the slightly easier cold-rolled sheet market by resuming sale of hot-rolled sheet after an absence of turning down such business. Others are producing light plate on certain mills to help relieve the inventory situation.

But, continues this trade paper, the producers cannot afford to lay off the hot-rolled sheet market. One reason is that the auto business is a lot better than the so-called experts expected. Early February sales were good and indications are that heavy dealer stocks were cut by almost one-third. When the figures are in, they may show current stocks of between 450,000 and 500,000 new cars. Detroit sources say this is not an unusually high number of cars for the spring selling season.

Meanwhile, unfinished inventories have been building up fast in some industries, particularly construction. For example, a large project halted in mid-December for lack of fabricated structural steel has been in its position for the delayed order was filled. More delays of this kind will happen in the months ahead. Shortages of structural steel are sufficient to give no better as the construction season gets into full swing, declares this trade authority.

Apparently there has been no significant build up in inventories. The mills keep a running check on steel stocks to avoid being caught by surprise when they may have been in the past. But they have uncovered no danger signals to date.

The steel industry is facing cutback in steel prices, with no new hot-streets in the offing. Definite signs of strength are showing in some areas. The market is holding firm, in many Steel streets, with nearly all hot blast furnaces in operation. Some are privately worried about a possible scrap upturn later, should they not be able to maintain a high scrap level and thereby minimize dependence on scrap, "concludes The Iron Age.

Production of cars in the United States is running 16.5% behind schedule," Ward's Automotive Reports" on Friday last. The to-date count this year, said the company, is 1,085,253 car completions, compared with 1,304,504 at the same period a year ago. The difference at the latest point of production is nine working days, "Ward's" noted.

The construction of the new Ford plant is expected to reach 597,200 units, an 8.8% decline from January's 611,190 total. All companies now look for drops from last month's output—Chrysler 25.6%, Ford 10.7%, General Motors 14.2%, and Studebaker-Packard combined 20.8%.

Inventory of new cars is estimated at 124,453 units—the lowest total of the year.

Ford division last week scheduled three, four and five-day activity at various plants, while two new construction schedules were fixed on Friday last.

Steel production scheduled at a Fractionally Lower Level of 38.4% of Capacity This Week

Steel producers anticipate little trouble in booking all the tonnage they can handle in the second quarter, despite evidences

Continued on page 44
Rail Stocks Currently Attractive

By HERBERT F. WYETH*
Sheraton, Hammill & Co., New York City

Railroad investment expert justifies highly constructive investor view toward railroad industry by citing: (1) competitive return of rails; (2) larger bond dividend figures; (3) competitive share of railroads, (4) a new dividend record from the large railroads; (5) a larger dividend as a percentage of net earnings; (6) the fact that railroads have increased their dividend payments; (7) the fact that they are paying a larger percentage of their net earnings; and (8) the fact that they are paying a larger percentage of their net earnings.

Railroad investment represents a wide field for both investment and speculation. It is, in a wide sense, an industry that is not easily understood, and generally misunderstood. It is true that during the past couple of years railroad bonds and some categories of railroad stocks have enjoyed wider acceptance in the general institutional quarters, but this does not mean that railroad stocks have not spread out universally and for the most part it is only the public that has remained aloof.

I would like to start out by stating emphatically as possible that in my opinion a highly constructive outlook toward the future of the railroad industry is fully justified on the record. I would like to add, moreover, that whether you realize it, or whether you like it, virtually every person in the United States has a direct and important financial stake in the railroad securities through life and business insurance policies and through savings banks accounts. When I say I am constructively inclined toward railroad securities I do not want to leave the impression that I consider that every railroad stock is attractive and represents good investment value at the present time. Nothing could be further from the truth.

*An address by Mr. Wyeth at Columbia University, New York City, Feb. 25, 1955.

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leased steel will be used largely to do constitute railroad traffic. On the other hand, just to what extent some of that aggregate will be used by the public, the Federal Reserve Bank of St. Louis, said in its December 1953, we refer here, is immeasurable. On balance, then, and despite the fact that aggregate income for the first two months may be off, it seems to me the prospect for a bumper crop of all-time peak in railroad earnings this year. As finances are strong and few, if any, roadways face any debt maturity problems, I would anticipate that these record earnings would result in a continuation of the trend towards individual railroad dividends.

Diverse Competitive Factors
As I have said before, it is possible to judge all railroad prospects favorably on a yardstick. In addition to that, the whole economy is in a constant state of flux and conditions affecting the fortunes of the individual railroad will naturally reflect these changes. I would just like at this time to touch on a few of the factors that have led to a continually improving performance in the industry and prospects for the individual railroad.

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Nuclear Science Impact Upon American Industry

By LAUCHLIN M. CURRIE*
Vice-President, Union Carbide Company

Nuclear expert expects major impact of nuclear energy upon American industry to occur between now and 1980, and to affect all industries—large and small—by a special, logical thinking. Future nuclear power depicted as a must in spite of present competitive fossil fuel deposits. Report is made AEC has started five research reactors and commercial firms are pursuing reactors of nuclear electric power. More efficient nuclear uses where military and non-cas factors will control seen as: special land, air and sea transport, special plants, and for operating industrial plants, and furnishing fresh water from sea water. Mr. Currie pictures increasingly numerous peaceful non-power uses in industry, agriculture and medicine of tremendous potential.

It is my sincere belief that nuclear energy has already had a very significant impact on American industry and is destined to have even more effect. If, in the following, I appear to keep repeating the use of the word, "I'm afraid I lean..." it only justly—it only justly reflect my belief—(1) that the major factors controlling our world today and tomorrow, and (2) that its abuse may well cause such an impact so as to result in a "technical knockout." Some wag wasn't far wrong when he classified bombs as "Hydrogen" and "Where's Everybody?"

But I shall not attempt to spend much time discussing atomic bombs. When two countries (like U.S. & U.S.S.R.) have atomic weapons, "peace" power is expressed in millions of tons of "ordinary" high explosives, there is little room for discussion except on one point: can either nation disarm—or afford—to use such weapons? The discussion of this point still has an important impact on your life and mine.

For our purposes today it is convenient to consider nuclear energy under these three headings:

I Atomic Weapons
II Atomic Power
III Applications of nuclear energy to peaceful uses, other than power

I Atomic Weapons
I have just mentioned atomic weapons. I cannot—and should not—go further except to state that our defense requirements must be cared for and that in this defense we must consider atomic power, and other peaceful uses, will have to take second place. The weapon plays a part; therefore, will continue to have a very important role in our defense. I do not see—nor apparently others do his bidding—in the nucleus of industry recognizes that nuclear power will some day be absolutely vital to support and supplement coal compete with, or supplant) fossil fuels. With our growing demand for power, it is doubtful that fossil fuels—and hydroelectric power—can maintain the proper growth rate, hence nuclear power is a must.

Our U.S. Atomic Energy Commission long has taken the lead in research and development of data and prototype construction and operation of nuclear power reactors. In a major (so far five-year reactor development) program, the AEC has contracted for and started work on at least five different types of full scale reactors. These units will produce almost 500 megawatts (H) and cost around $200,000,000 each. These are not intended to furnish economical electric power. They are simply planned to show us operating and materials data required for erection of optimum power units.

On the other hand, five large power companies (or groups of companies) are planning construction of five large reactors to produce— at construction costs totaling another quarter of a billion—approximately 750 megawatts of electric power. These five units are all planned for completion by 1969. Their combined output-at an average cost to seven to eight mills/Kwhr—will be sufficient to supply energy to the inhabitants of all of Westchester County, or all of Nampa County, or twice the total requirements for the State of Delaware. These five, admittedly, just figures, and these five units are just a start. (It is estimated by Admiral Currie, Cleveland, Dec. 14, 1955) that nuclear power by 1975 will be 100 times this figure and that the generation of Atomic Power will get under way. This "grids" is but one of the important uses of nuclear energy. Actually—because of low thermal efficiencies through the turbo-generator systems—it is perhaps one of the least efficient. There are, however, many uses where strict thermal efficiencies are not the dominant factors. Such may prove to be true in the case of special nuclear-powered units for transportation—particularly for military purposes.

The nuclear-powered U.S. Submarine "Nautilus" is now a finished product and the forerunner of many more units in the development of an American nuclear-powered submarine navy. From New London to San Juan, P. F. it traveled 1,300 miles—submerged — and bettered the time on any previous submarine, submerged or surfaced. That trip represented the greatest distance, by a factor of 10, ever steamed, completely submerged, by a submarine. Since nuclear engines require no oxygen for operation, nuclear-powered submarines may remain submerged almost indefinitely. One Navy wag admitted that they would have to surface to permit the crews to re-embark.

Six new nuclear-powered submarines will (undoubtedly) be followed by nuclear-powered surface vessels—airplane carriers, troop transports, tankers, commercial vessels—perhaps in that

Dr. L. M. Currie

Continued on page 24

These Shares have not been and are not being offered to the public.
This announcement appears as a matter of record only.

224,880 Shares
Kerr-McGee Oil Industries, Inc.
4 1/2% Cumulative Prior Convertible Preferred Stock
Par Value $25 per Share

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Boston Philadelphia Cleveland Chicago
San Francisco Dallas West Palm Beach

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4% Promissory Notes due January 1, 1966

Direct placement of the above Notes has been negotiated by the undersigned.

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Boston Philadelphia Cleveland Chicago
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$5,500,000
Financial Institutions' Role in Underwriting Economic Growth

By DAVID ROCKFELLER
Executive Vice-President, The Chase Manhattan Bank

Bank officials chart financial institutions' role in economic growth in an essay on growing investment needs. Mr. Rockefeller believes: (1) Americans should resume, unlike last year, the historical 8% savings rate; (2) this rate is not going to do it by working harder but by making more money; (3) it's unlikely forRemarks about the economic growth are summarized in percentages of new capital they have been able to call upon to raise their loan and capital needs; (4) credit is not available to all persons and for all purposes, but it has been available to millions of people. In fact, in recent years, the credit and installment buying have been almost unlimited, which is a significant fact, moreover, that with the exception of the postwar period, there has been a downward trend. In the past two decades, the availability of new financial institutions has helped maintain the pace of economic expansion.

Financial Debt

Consumer Debt

Consumer credit has grown at a rate of more than 10% per year. Although many factors have contributed to the growth in consumer credit, one important factor has been the increase in the use of credit cards and other forms of revolving credit. These cards allow consumers to make purchases on credit and then pay off the balance over time. This has made it easier for consumers to purchase items they otherwise might not have been able to afford. However, it has also led to increased levels of debt and debt-related problems for many people.
rates are bound to rise; and so forth. While one can say with certainty that productivity is increasing, it is, I think, possible to form intellec
tual judgments based on a look at the long term trends in the light of the past.

Future Credit Needs
First of all, it is clear that, if anything, the need for credit is going to grow in the years ahead. We need to be prepared to see a marked rise in consumer credit, in future industrial enterprises, in the housing market, and in the demand for intermediate credit. The 4.4 million new families that are expected to be formed this year will demand a great deal of credit in the years ahead in order to maintain the level of living to which they have become accustomed.

Stable Savings
But if we turn now to the matter of savings, there is much less to be said. Despite the form of the recession and the expectations that were built up, it is clear that the level of savings has not changed much in the past year.

More Savings Needed
Our financial institutions have a great responsibility in helping us achieve this balance between production and consumption. To do so in the next decade, they must be prepared to expand credit and expand savings. Certainly one source of credit which must be expanded in this regard is the fast-growing life insurance industry. Moreover, we need to see a much greater flow of savings into the life insurance industry if we are to meet the future demands for adequate retirement funds.

Gold Supply
There is nothing in the picture to day that should prevent banks from creating additional credit as it becomes necessary. In many respects, our commercial banks are in the best shape in their history — reserves are strong, muni-
gagement is experienced, and port-
folios are sound. Banks will need more capital over the next decade, but much of this can be raised internally. Then, too, the nation's gold supply, which is an ultimate basis for bank reserves, appears fully adequate. Under present laws, our gold supply could sup-
port a doubling of bank deposits to $2 trillion. Nothing like this will, of course, be needed. Bank deposits may have to grow to around $250 billion in 1956 as compared with $107 billion today.

Long Run Interest Rates
All these matters of course, have a bearing on interest rates. Fundamentally, rates are deter-
mixed by the interaction between oil prices on the one hand, and the demand for savings and credit on the other. Looking to the period ahead, and the amount of savings that are likely to be generated, I find it hard to forecast any long-run upward trend in interest rates. Nor do I think that the market for savings and credit will become abnormal low levels in the years ahead.

This will not forecast a major upheaval in the credit market. With improved knowledge and ability to influence the business cycle, and with the Federal Reserve System in a position to adjust the availability of bank credit, drastic changes in rates in this country seem improbable in the foreseeable future.

As we look at the complex problem of growth, it is clear that one is questions but that our financial institutions have a significant and active role to play. Growth is a team effort, requiring the comp-
4.4 million new families that are expected to be formed this year will demand a great deal of credit in the years ahead in order to maintain the level of living to which they have become accustomed.

This is the moment at which the growth of the American economy is likely to accelerate most significantly. Whether the growth will be strong or moderate will depend to a great extent upon how well we are able to provide the additional credit that is necessary.

This is an announcement is not an offer of securities for sale or a solicitation of an offer to buy securities.

New Issues
February 29, 1956

Laird & Co. Corp. To Be Formed
WILMINGTON, Del.—Laird & Company Corp., members of the New York Stock Exchange, will be formed as of March 1st. Offi-
cers of the firm, which is located in the Nemours Building, will be Gerald W. Laird, chairman of the board; Martin Fenton, president; E. Carroll Stollen-
werck, vice-president, secretary and treasurer; and O. Chester Jones, New York, H. H. Stollman, Walter G. Guy, Benjamin B. McAlpin, Al-
fred L. Beveridge, Jr., vice-president; and James F. Donigian, assistant treasurer and comptroller.

The partnership of Laird & Co. will be dissolved.

Thos. Watson Partner in Bartow & Co.
Thomas Watson, a member of Bartow & Co., 97 William Street, New York City, since Jan-
yary, 1953, will be admitted as a general partner effective March 1, 1956, the company announces. Mr. Watson will be manager of the municipal department.

Prior to joining Bartow & Co., Mr. Watson was associated with C. F. Chilbl & Co., Inc.

Ronald K tilde With Nesbitt, Thomson Co.
Ronald K tilde has become asso-
ciated with Nesbitt, Thomson and Company, Inc., 90 Broad Street, New York City, Mr. K tilde was formerly with the First National City Bank and prior thereto with Dominon Securities Corporation.

Southwestern Public Service Company
$10,000,000 First Mortgage Bonds, 3.35% Series due 1981
120,000 Shares 4.40% Cumulative Preferred Stock
Par Value $5 per Share

Prices
100.25% for the Bonds
$25 per share for the Preferred Stock
plus accrued interest and accrued dividends, respectively, from February 1, 1956

Copies of the prospectus may be obtained from each of the underwriters (who are among the underwriters) who are acting as agents for the securities under applicable securities laws.

Dillon, Read & Co. Inc.
Eastman, Dillon & Co.
Goldman, Sachs & Co.
Lazard Freres & Co.
Merrill Lynch, Pierce, Fenner & Beane
Stone & Webster Securities Corporation
Blair & Co., Inc.
Harriman Ripley & Co.
Kidder, Peabody & Co.
Carl M. Loeb, Rhoads & Co.
Smith, Barney & Co.
Blyth & Co., Inc.

White, Weld & Co.
G. H. Walker & Co.
Rauscher, Pierce & Co., Inc.
Long-Run Interest Rate Trend and Currency Inflation

By NORRIS O. JOHNSON* Vice-President, The First National City Bank of New York

Mr. Johnson describes Governmental pursuit of currency inflation to keep interest rates down and predicts unintended higher money rates, than would prevail under natural, competitive saving and investment pressure. It he concludes that the inevitable pressures on banks to lend at lower rates than their costs of raising their capital in the bond market will force them eventually to charge a little more for their money, and that the pressure on the banks will force them to tell you which way the cat will jump, whatever government may do, in order to get your money to supply the Government's need for funds.

Norris O. Johnson

*An address by Mr. Johnson at the National Tax Association Conference, Brooklyn, N. Y., Feb. 24, 1956.

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The Business Outlook—1956

By EZRA SOLOMON

American Institute of Finance

School of Business, University of Chicago

Finance Professor envisions a 1956 Gross National Product of $400 billion. In not anticipating the extraordinary 1955 growth rate, Professor Solomon expects, with continued capabilities, deferred demand, a real increase of 5% for 1956 despite these changes in the economy’s composition: (1) decline in business inventory accumulation and short-term consumer credit; (2) real estate and consumer durables growth. It is very experienced a 5% increase in consumer durable goods to equal 1955, despite auto sales. Unlike 1929, increasing demand is found to exceed supply, necessitating increased plant and equipment, and labor productivity.

At this time last year, there was little doubt about the direction in which gross national product was going to move in 1955. There was, however, some doubt about the level, the strength and duration of the move. The consumer has been understated the recent movement in levels of demand and have just experienced. We have the expectation. We enter 1956 with gross national production 5% higher than in 1955. Few people expect this level to change by very much in 1956. But there is definitely a feeling about whether this change will be in the upward direction. The doubt is expressed very well in a recent paragraph in Business Week (January 14, p. 17): “It may be that we have passed the peak of the boom and are now about to experience a decline. However, this could be a plastering operation, a mere respite before a resumption of the boom.”

It is clear that we cannot expect the level of activity to keep increasing at the rate we have had in the last five quarters. Between the third quarter of 1955 and the fourth quarter of 1955, gross national product rose by over $30 billion, equal to a rate of about 9% per annum even after we remove the effects of slightly higher prices. This is about three times our normal rate of growth. Since we are now operating close to capacity, we can hope that we can go back to a 3% or 3 1/2% rate of real growth.

Now there are several factors which suggest that demand in 1956 will not be strong enough to support this level of activity. The level above the $30 billion rate receded in the last quarter of 1955. Of the $220 billion in new capital expenditures, since the third quarter of 1954, 50% of the increase in these expenditures was due to increased inventory accumulation and business inventory accumulation and consumer credit. For reasons which I will not go into here, some of these sources are likely to decline in the near future. In order simply to maintain the current level of GNP, increased demand will have to come from other areas.

I think that these increases will be forthcoming, perhaps the largest will come particularly from increased purchases of plant, equipment, and tools by builders and Government. Were it not for this support from these sources, we would have to conclude that the 1956 level of activity will not be the peak level which we have been experiencing over the past five quarters. If, however, this level of activity is to take place, the total will be stable at this level. If this analysis turns out to be correct, it will be the first time that we have been able to talk about whether the consumer has not experienced any new deficit in total activity. A new word will have to be invented to describe the phenomenon and we will probably be talking about the “intermediate peak.”

Having taken a quick look at the broad picture, let us turn to a more detailed analysis of the changes we can expect in the industrial segments of demand in 1956.

Federal Government Purchases. These expenditures declined rapidly after they reached a peak in the spring of 1953. During 1955, they were stable at around $40 billion. In 1956, they are expected to increase slightly because of increased outlays for defense procurement. Even more significantly, government appropriations are also higher in the new budget which they reach. This means that the slight rise in Federal spending will continue for some time. The increase in demand from this source is expected to be about $1 billion.

The revenue and tax side of the budget is being scaled. At the time that the budget message was being prepared, we were in the midst of a boom that had begun to put very definite pressures on industrial prices. It was in this setting that the administration proposed that surpluses should be used to reduce tax rates. In the new budget, this order that the importance of rising Federal spending was emphasized. This is the official federal budget for 1956 and this rise will certainly continue into 1957. In the past, survey data has almost always underestimated the actual size of plant and equipment outlays.

Even more significant, support for private expenditures would be examined the basic determinant of demand for plant and equipment. Large changes in the birth rate over the last 50 years have caused distortions within our population structure. As a result of these distortions, and also of significant changes in retirement age and the trend toward college education, the period 1950-1965 will witness the greatest phenomena. Between 1950 and 1965, and the high school-age groups in society—those from 16-18 years of age, will increase from 73.7 million to 91.1 million—an increase of 23%. During the same period, an additional 6.9 billion people will be added to the labor force, thus increasing the total population which will increase from 131 million to 190 million—an increase of about 26%.

On the demand side, an additional 5.6% of demand in 1956 as well will be from sales increases, and in 1956, the 1954-1955 period will be an even wider if we take some of these other relevant factors into account. On the supply side, a continuation of the strong trend toward a shorter work week will mean that the potential increase in man-hours available from the active age groups will be lower by only 6% or 8% instead of 13%.

On the demand side, a continuation of the long-run -14% per annum increase in per capita living standards will mean that the 28% increase in population will be a substantial increase over our demand.

Now, society can do a lot of things to adjust the 8% or 9% increase in man-hours so that it will be small. One is by a fairly large part of people to a smaller part of their earning power by forcing people to work longer hours. By far the most important source of increased supply is through increases in productivity per manhour. This is in turn means a tremendous increase in the quantity and quality of equipment per worker, not only in the firm and on the farm, but in the office and in the home. This is the principal factor underly the boom in plant and equipment spending.

Continued on page 53

The Trane Company

Common Stock

(Pair Value $2 Per Share)

Price $49.50 per Share

Copies of the Prospectus may be obtained from the undersigned only in those States in which the undersigned may legally offer those securities in compliance with the securities laws of the respective States.

Smith, Barney & Co.

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Lehman Brothers

Merrill Lynch, Pierce, Fenner & Beane

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Clark, Dodge & Co.

Dominick & Dominick

Hornblower & Weeks

February 24, 1956

120,000 Shares

This is under no circumstances to be construed as an offering of these securities for sale, or as an offer to buy, or as a solicitation of an offer to buy, any of such securities. The offer is made only by means of the Prospectus.
Return to Gold Coin Standard Opposed by
New York Chamber of Commerce

Financial leaders base views opposing gold standard return on:
(1) past three years satisfactory stable price level; (2) emi-
tional international dollar policy; (3) dilution of money supply, limit Federal spending, prevent
money market impact of hoarding and hoarding, and (4) better results accomplished with prudent fiscal and flexible
Funds.

Seven of the nation's top financial leaders said Feb. 27 that return to the gold standard would return to a "good idea" and might prompt United States leaders to become an activist.
Such a move, cautioned the New York Chamber of Commerce, is "up for grabs" on currency, would shift a "significant credit of dollar out of" Federal Reserve and Treasury authorities, "into the hands of people swayed by rumor and mass psychology.

Their views were offered in a unanimous report signed by Henry P. Davison, President; J. Morgan & Co., Inc.; Gerald F. Beal, Presi-dent; J. Henry Schroeder Banking Corporation; William Proffitt, Chairman of the Board; Guaranty Trust Company; F. H. Halsey, Managing Partner; Morgan Stanley & Co.; Devereux C. Jernigan, President; New York Life Insurance Co.; and Roy LeClair, Chief Vice-President, Ban-

The text of the Committee's report reads:

The Committee on Finance and Currency, of which Mr. Proffitt is the Chairman, presented a resolution proposed on Oct. 6, 1955, by Colonel Edward W. Proffitt, of which is as follows:

"Resolved,

That the Chamber of Commerce of the State of New York . . . reaffirm its support of the present gold standard in its present form. The Standard is the most satis-
factory international monetary system and expresses the belief that, as a policy decision of a definite character will make the policy more difficult, measures will be taken with promptness, looking toward a well-regulated and satis-
factory Gold Standard in the United States.

Colonel Proffitt favors a prompt return to the gold coin standard and believes that the present monetary policy is "too costly and too im-
important to be maintained."
Somewhat similar resolutions were reported by the Commit-
tee on Finance and Currency, 1954 and 1955. In each of these instances an adverse report was presented to the Chamber by its Committee on Finance and Currency as then constituted.

The present Committee finds itself unable to recommend that the Chamber of Commerce of the State of New York, act on the resolution proposed on Oct. 6, 1955 by Colonel Edward W. Proffitt.

The current monetary system of the United States is, in effect, a fiduciary one, under an arrangement that is generally described as an international gold coinage system. The standard unit (the dollar) is defined as a fixed weight of gold in the mint, and the currency (gold) is created by Federal banking operations and local bank.

The current system is essentially that of the gold standard under an arrangement that is generally described as an international gold coinage system. The standard unit (the dollar) is defined as a fixed weight of gold in the mint, and the currency (gold) is created by Federal banking operations and local bank.

A return to the pre-1933 gold coin standard would involve the circulation of gold coins, unminted or minted through the coinage into gold coin of currency and indirectly but, in practice, of bank deposits as well.

The Committee is in accord with the views of those who seek to provide safeguards against the consequences of the unrestrained, and rising price of dollar. The uniformity of the economy should not be ignored. Obviously, continuing vigilance is required to prevent inflation in the purchasing power of the dollar.

Nevertheless, under the international gold bullion standard, the dollar of the present time has been more stable than under the present system, has maintained its preeminent position among the world's reserve currencies. The cred-

The Chamber believes, moreover, that the dollar is the fully viable gold coin standard would result in a better and more ade-
quate means of providing the projected benefits for a continued stability in the price level. Under the present gold standard, the United States experienced wide fluctuations in its commodity prices even during periods of economic stability. This could not be in itself operate automatically to change this situation in the United States; it would not be the dollar's role of the credit policy the Reserve authority; it is possible only by a return to such a standard. The problem faced by the monetary authorities in the determination of an appropriate credit policy would not be made easier; a return to the gold coin standard, those problems could not. The dollar is a highly successful because of the impact of hoarding and hoarding, domestic and international, on the monetary re-

The principal argument advanced by the sponsor of the resolu-
tion of Oct. 6, 1955 is that a return to the return to the gold coin standard is necessary to impose restraint upon Treasury expenditures and to thus help check inflation. The Committee feels that the large Federal deficits contribute to in-
flationary pressures. However, it believes that under the gold coin standard the Treasury deficits are limited, and that a return to the gold coin standard is an effec-
tive way of controlling Federal spending. Nor does it believe that any such deficit would prove to be effective in forestalling tax reductions that could lead to budget deficits. Under a gold coin standard the power over the money supply, the power of Federal spending and of taxation, would be reversed upon the people of the United States, and the Department of the Treasury and the Ad-
ministration.

The committee's opinion, as far as the restraint upon gov-
ernment spending and caution in the use of monopolistic powers are basic prerequisites to sound fiscal and monetary policy.

The Committee also is of the continuing necessity for large outlays for national defense. The Adminis-
trative and the Congress have made substantial progress toward a balance budget and the current fiscal year seems likely to bring success in this effort. That Fed-
eral spending at high levels for some time to come is evident, and that ability may pose continuing prob-
lems. The Committee feels that the price level of the dollar should be a matter of the greatest concern in any plan to return to the gold coin standard or to return to any similar system.

The Committee further believes that a return to the pre-1933 gold coin standard would involve risks that seem to be highly unwise to incur. Admittedly, such a return would bring a decline in the standard price of gold. However, it seems wise to assume known risks in the present monetary system, rather than the unknown risks of an unknown and potentially hazardous situation.

The Committee believes, moreover, that a return to a gold coin standard would in-
vite the possibility of withdrawal of gold by foreign holders of dollars, of dollar balances, or of dollar securities. Under the present system, foreign creditors may find it advantageous to obtain gold for legitimate reasons. However, the Com-
mittee believes that if such a return were to occur, the Treasury should be able to cover the gold that could be taken out for gold credits of the foreign country, or for payment of the monetary authorities.

Moreover, if the domes-
tic hoarding does not increase, the same large proportion, that, too, would be accorded to the monetary author-
ities. Whether such a return to gold coin be prove to be insignificant in its proportions, a return to the gold coin standard for practical and real purposes.

The dollar's role as a world currency again in a decline in value is a complex and arduous undertaking, espe-
cially with the "full employment" philosophy in mind. The objective of this resolution requires the exercise of prudence and re-

Continued from page 2

The Security I Like Best

s

Anglo American also owns all of Petro Oil Canada Ltd., Scotia Oil & Gas Co. Ltd. This company was organized in 1956 to explore for oil and gas in Canada. In the year of its incorporation, exploration and development work has been undertaken to date, a geological examination of the property made by an emi-
nental geologist, exploration and development of the possibility of oil and gas in the Province, and with the assistance of Scotia Oil & Gas Ltd. This company was organized in 1956 to explore for oil and gas in Canada. In the year of its incorporation, exploration and development work has been undertaken to date, a geological examination of the property made by an emi-
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m
The initial stock market reaction to the news of the control decision to run for reelection was the disappointment of the week. Industries had been purchased at a public high time pending on the decision, but couldn't generate the necessary strength to make the grade after the announcement.

Apparently his candidacy had been well discounted in advance, accounting for the list's surge uphill some 20-old points in the last few weeks, but it was a case of selling on the goods news for the timely buyers keeping the list restrained.

A $20 D-J Ceiling?

Investment sentiment continued somewhat wary, regarding the ultimate decline in value of the Canadian oil industry. Anglo-American Exploration Ltd. in two years has made a record for growth and success, with its members, to the Canadian oil industry. Anglo-American Exploration Ltd. and other major subsidiaries, affords an unusual opportunity to gain a hesitating appreciation, in the integrated oil organization. It is the fastest growing company in Canada. It was recently estimated (New York "fluva", Sunday, Nov. 27, 1955, by Stuart King, Vice-President of Merrill Pet,) that the over-all market for Canadian oil exploration will be $264,592 a share, from its present level in the next five years. This will give you some idea of the price at which Canada is moving.

Fred Wegovitch, who wants to make an investment in Canada, and can afford dividends for several years, Anglo-American Exploration Ltd. list on the American Stock Exchange, selling at or near $15.00 a share (which is more than twice its net asset value) is an outstanding prospect for all investors. Any investor buying this stock sold as high as $20.00 a share (Canadian).

Fred W. Vegell With Globe Securities

Fred W. Vegell has become associated with Globe Securities Corp., 49 Exchange Place, New York City.

With Auchincloss Co.

Auchincloss, Parker & Redford, testified before the American Securities Company of Colorado, Denver.

The MARKET... AND YOU

By WALLACE STREETEE

The market is quite a lively place today, but don't lose your head over the market correction set in on the President's heart attack last September. Magma has that distinction, too.

An Atomic Favorite

One of the more popular issues in the market is Continental Engineering which is linked to atomic energy by virtue of its steam generation work for the electrical industry. The stock's forecasts for 1955 results are somewhat hedged over what business generally will do in the second half of the year, but there are some who eschew any such qualifying in the case of Continental and predict gains at least a quarter this year over the good 1955 results.

Oils continue in high favor, with bright prospects for the year conceded rather generally. A favorite occupation is detailing the value of Standard Oil of Jersey's principal stockholdings to prove that the market has yet to reflect the value of its operations as well as its middle east operations which also are hardly to be depreciated.

Added Starter With the Petroleum

Filtrol, which is a sideline issue that also merits inclusion in any broad petroleum group because of its products for petroleum refining, was the subject of several discussions that gave it some good market moments. The stock has sold at levels that leave plenty of room for advance, and is maintained in the face of higher earnings anticipated for this year. Like the oil companies, with their large market correction, Filtrol has its tax rate to around 20% less than that of many of the machinery companies to give it the same tax shelter that petroleum companies enjoy. Except for its yield of less than 3%, all other technical indications point to a neglected situation, probably unknown to the bulk of investors and particularly the newer ones. Even in the dividend category the company's pay-out is conservative with plenty of room for higher payments in the future.

National Distillers was also a market letter discussion subject, and was at 1955 and predict gains above the 1955 levels.

Railways have been anything but wonder workers market-wise but on balance factors have still reached the comparatively higher levels of some of the other industries. It naturally projects a road here and there to at least statistical attention, including even Pennsylvania Railroad which has had but anything a comforting postwar history as operating costs kept climbing. But the line last year staged something of a comeback, more than doubling profit in addition to getting off this year to a flying start. Considerable attention is being called the operating ratios of lines such as this and a big point trim was made in this important figure last year. Each one-point decline in the operating ratio is equivalent to $10,000,000 more for operating profits, and the line is moving much towards a good 1956 chance to equal, or come close to, making another trim comparable to that of 1955. Like other carriers, the forthcoming $7 freight increase is the pivot around which the market sentiment toward Pennsylvania revolves. Approval of this increase alone would be about equivalent to reducing the operating ratio another three points.

A Gas Bill Survivor

Phillips Petroleum was the company around which the natural gas controversy revolved originally, but the fact that the stock was able to take this men's trip in stride to the extent it has heightened interest in this situation. The company estimated a profit gain of 25% for 1955 and topped it off with an official projection that this year's result will be even better. Offseting the chagrin over controlled natural gas prices is the fact that the company has been expanding actively in the petroleum field. Profits from this operation suffer no such restraints as Federal control of natural gas. It is obvious that it will use its base materials where the greater profits lie.

Fred W. Vegell With Globe Securities

Fred W. Vegell has recently been with Starmore Trading Co.

Globe Securities Corp. has just installed a new service list operated by the American Securities Company of Colorado, Denver.

Auchincloss Co.

Auchincloss, Parker & Redford, testifying before the American Securities Company of Colorado, Denver.

The views expressed in this article do not necessarily reflect those of the "Chronicle." They are presented at those of the author only.

$7,230,000

(first installment of a proposed issue of $18,510,000)

Boston and Maine Railroad Equipment Trust, Series 1

4 1/2% Equipment Trust Certificates

(Philadelphia Plan)

To mature annually $420,000 on each March 1, 1957 to 1971, inclusive

To be guaranteed unconditionally as to payment of principal and dividends by endorsement by Boston and Maine Railroad

Priced to Yield 4.25%

Issuance and sale of these Certificates are subject to authorization by the Interstate Commerce Commission. The Offering Circular may be obtained in any State in which this announcement is spread from any of the undersigned and other dealers as may legally offer these securities in such State.
Unparalleled Opportunities in the Latin American Market

By RALPH S. STILLMAN

President, Grace National Bank of New York

Baker and industrialist points out Latin America's vital business opportunities in its purchase of $3 billion worth of American goods, growth at a faster rate than elsewhere, and in the U.S. businessmen have invested there more than in any other area of the Western Hemisphere.

Unparalleled opportunities in the Latin American market are available to business, industry and the public sector. The increasing demand for goods and services in the Americas has created a market hungry for new and innovative products. The opportunities presented by the Latin American market are significant and cannot be overlooked.

The Latin American market offers a vast opportunity for businesses to expand their operations and increase their profits. With a population of over 600 million people, Latin America is a vast and diverse market with a growing middle class and a strong consumer demand. The region is also becoming increasingly integrated, with a common currency and a growing middle class.

In summary, the Latin American market offers a vast opportunity for businesses to expand their operations and increase their profits. With a population of over 600 million people, Latin America is a vast and diverse market with a growing middle class and a strong consumer demand. The region is also becoming increasingly integrated, with a common currency and a growing middle class. Businesses that take advantage of these opportunities will be well positioned for long-term success.
Educational Cost Reduction And More Efficiency

BY ROGER W. BABSON

Note: New England financier advocates fewer teachers with higher "dealters," higher salaries; better schools, libraries and equipment; more self-education, and greater freedom for school principals and superintendents. Mr. Babson stresses "how to live" courses and instilling desire to seek knowledge. His latest campaign is that teachers in these days need today is to tackle the educational problem as we have T.B. and polo and cancer. I have in mind a family of grown-up brothers all of whom attended the same schools and had the same teachers. Yet three of the men are today useful in their communities and hold good positions. One of the boys was a "delinquent" and is now a never-do-well supported by the first three. The question the mother asks is: Did the schools have and effect on the character or "life" of these boys?

Traveling to the Moon

The books most popular with the youth of today are books of "space travel"—that is, going to other planets. It is said that Washington is having more inquiries about the earth "satellite" which are to be released than about any other subject. Why is it that you may be much interested in other worlds than in learning about our own world and how to live in it? Something is wrong somehow. Education should teach how to live. It should help parents mold character.

Some teachers should show the way to freedom.

If those of us in the Investment Business are negligent of our own welfare and the welfare of our country, then what can we expect of a younger generation of citizens who are receiving subtle doses of socialism, paternalism, and demagogic politicians, someday to be leaders of our nation? The schools are being set up as a kind of window dressing, a kind of "space" with no real content. It is a way to keep the people down. But it is not true that the teacher who canettes the mind, who can write books that are curious and none too lazy, too nor too busy, too centered. They are dedicated, clever and persevering, in their efforts to constantly unself the American people on free enterprise and on capitalistic freedom.

The prosperity school board known to begin with, you probably don't know who are on your local school board. Here is your Superintendent of Schools and ask for a list of the members and the officers of the board. You are employed and the number of children which each has in the schools. You may be surprised to find how poorly some of the men and women are for this work.

In too many cities, school board members are interested in getting income for themselves or their friends, doctors, builders, insurance agents, bank officials, storekeepers, etc. These school committee members naturally take the advice of the Superintendent of Schools who is an expert in his own field but is ignorant of what the teachers do or the work which shall be taught and how. The Superintendents and School Boards are too often judged by the number of students they pass along and the scores they make, according to the city. The teachers are fine men and women, but some of them are not paid their very little freedom.

What Is Education?

I have just been reading reports of the recent Conference on Education held in Washington. The great demand there was for Federal aid for the younger. Intervimony. Very little discussion was devoted to what should be taught our children and how. No time was given to discussing lowering the cost or raising the efficiency of the schools.

The First Boston Corporation

New York Boston Pittsburgh Chicago

Philadelphia Cleveland San Francisco

Form Penick & Mcclure

In Dallas, Texas

DALLAS, Texas — Penick and Mcclure, Inc., has been formed with offices in the Kirby Building to engage in a securities business. Officers are Thomas J. Penick, President and Treasurer and Fred L. McClure, Jr., Vice-President and Secretary. Mr. McClure is formerly a member of Penick, Stant & Co., Inc., for which Mr. Penick was trading manager.

C. W. Fieth Opens

KANSAS CITY

February 18, 1954

Hardy F. Glass Opens

Hardy F. Glass has opened offices at 55 Liberty Street, New York City to engage in a securities business.

150,000 Shares

Aluminum Company of America

Common Stock

Price $87 per share

Not A New Issue

February 18, 1954

This advertisement is neither an offer or solicitation of an offer to buy any of these securities. The offering is made only by the Prospectus.

Cabinet of the President may be obtained from one of the several underwriters, including the undersigned, only in States in which the securities are qualified for sale and in which the Prospectus may legally be distributed.
Gold Shares as Investments

By FORREST WATSON


Securities dealer describes monetary system as indifferently inflationary. Recommends including gold mining shares in investment portfolio in preference to bank deposits, bonds, or paper currency due to the basic (1) independence on currency, (2) ultimate salutation of the economy, and (4) inevitable price increase. Mr. Watson finds substantiation of his view that gold is a possible source of financial security.

INTRODUCTION

In every historical period of paper money inflation, the money that is put forth by the government is more than its face value in terms of goods and services, and the experience of the country today is no exception to the golden rule that the value of money is inversely related to the amount of goods and services that it can buy. The experience of the United States today is that the value of money is related inversely to the amount of goods and services that it can buy.

In terms of daily living, the average American is faced with a daily struggle to buy the necessities of life. This struggle is due to the fact that the value of money is inversely related to the amount of goods and services that it can buy.

The experience of the United States today is that the value of money is related inversely to the amount of goods and services that it can buy.

One Solution

It is evident that an investor should assign some portion of his accumulated savings at this time to a carefully selected portfolio of gold mining company stock. Note that I suggest only "some portion" because I realize that investors must speculate under present conditions in an effort to be in the right direction. The investor who invests in gold mining company stock must be interested in the gold market, in the philosophy of investing in gold, and in the fact that gold is the only positive aspect of the monetary system.

Inflation Unavoidable

Now if the present-day investor is really thinking in the long terms of today's history, he will take the proceeds in cash or money, i.e., paper currency or a gold certificate, and the proceeds may earn more profit. In the long run, the proceeds may earn more profit

(a) operated profitably at no hard times under the most adverse conditions

(b) have no long-term bonded indebtedness

(c) have substantial working capital and owe no money except for current wages, supplies and taxes.

They are financially sound, and this is characteristic for a conservative investor. Perhaps the most important thing to consider is that they are not affected by the fluctuations in the prices of goods and services (wages), and that, therefore, debt and money inflation will probably not affect them. They are not affected by the fluctuations in the prices of goods and services (wages), and that, therefore, debt and money inflation will probably not affect them.

The Gold Merits

If the investor confides in some of the real probabilities, and I believe it, he will decide that the investor should use gold as a part of his capital structure. The investor who is not interested in the philosophy of investing in gold, and in the fact that gold is the only positive aspect of the monetary system, will find it difficult to decide how much to invest in gold.

The foregoing reasons for investing in gold, I believe are so clear that the investor should consider holding gold shares to a considerable extent.

Examples

GOLD, ounce, 10% premium.

Copper, pound, 75 cents.

Zinc, pound, 13 cents.

Commod. Index 119, 1928 level.

Gold mining companies with proven reserves and a good management are considered among the most desirable.

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Swiss Bank Corporation, b.w.c.ter-
ated in Zurich, Switzerland, in Jan., 26th, 1951, and
a member of the First National Bank of New York. The
head office and principal place of business of the
Swiss Bank Corporation is Geneva, Switzerland.

The Swiss Bank Corporation is a
member of the Interbank Credit Corporation and the
Interbank Insurance Corporation.

The assets of the Swiss Bank Corporation, as of Nov. 30,
1950, were $2,984,000,000, and its liabilities were
$2,895,000,000.

The Swiss Bank Corporation is in
active business in Geneva, Switzerland, and has

The directors of the Swiss Bank Corporation are:

- Charles W. McCord, New York City
- W. H. Bourke, London
- J. H. McLeod, Geneva
- H. C. Missildine, New York City
- R. E. Scott, New York City
- J. H. Porter, New York City

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Anti-Inflation Paths: Consumption or Investment?

By PAUL EINZIG

Noting that investments borne the brunt of Britain's recent and current inflation problems, he looks at: (1) industrial capital expenditures were lower in Britain than in other developed countries; (2) Socialists propose increasing both investment and government expenditures, and capital investments would jeopardize Britain's automation projects. It is found paradoxical that inflation should prompt measures preventing additional production of goods.

LONDON, Eng.—The two days' econdum on consumer and investment spending on Commons on Feb. 20 and 21, drew attention to the Government's dilemma arising from the conflict in the claims of consumption and of capital expenditure. One of the few points on which the Chancellor of the Exchequer, Mr. Macmillan, that in 1955 were almost entirely the result of the increase of industrial capital expenditures during that year. Yet in view of the fact that in 1954 the proportion of the national income spent on capital investment was appreciably lower in Britain than in any other Western European country or in the United States, it seems to indicate that an increase by 1955 was, if anything, inadequate.

Notwithstanding this main burden of the Treasury's inflationary policies fell on investment, as inflationary policies were aimed at by the reduction of subsidies and the increase in the cost of living by the reinforcement of restric-

A mer-of capital was negligible compared with that of the measures directed against capital expenditure by the Gov-

ment, the nationalized indus-

tories, the local authorities and by the private firms. Mr. Macmillan, like all his predecessors at the Treasury, found it easier to cut capital expenditure, and to force others to cut capital expenditure, than to attack excessive consumer spend-

ing. Needless to say, the same capital expenditure reacts on consumer incomes. Indeed, it is mainly through that effect that they lead to an increase in the demand of money, a mitigation of the rise in prices, and an improvement of the terms of trade. If that result could be achieved through an increase in consumer spending it would have the advantage of providing funds for programs instead of sacrificing them for the sake of remedying the immediate need.

The Government was sharply criticized for concentrating its di
cussing on capital and not on consumer investment. The Socialist critics of the official policy were not very consistent, however. The last thing they wanted was a curtail-
ment of consumption, apart from the difficulty of cutting the spending power of the rich. In this latter respect the debate pointed out the elementary fact that the tendenc
ing of tens of thousands of rich, or even of hundreds of thousands of moderately rich, on the prices of goods, is negligible compared with the spending of the small numbers of millionaires and multimillionaires. Anybody who seriously believed that the inflationary burden in Britain could be cor-
ceted by cutting down the spend-
ing of the rich would have found disillusioning a recent statement of the Chancellor of the Exchequer in which he said that if all incomes over £2,000 were to be taxed at 50%, the total would be £2,000, the average income of the top 1%.

What the Government's Opposi-
tion estimated the tendency to reali-

zation is that one cannot eat one's cake and have it. Medieval ecologists who, when confronted with the dilemma of determining, in 1955, whether there is both free will and deter-

mination in the economic debate ac-
ceded in favor of the analysis of the economic debate ac-
ceded in favor of the need for the concentration of both invest-

ment and consumer spending. All the more so because the Government would not even attempt to aggravate the inflation in-

stead of mitigating it.

The Government's policy of concentrating mainly in cutting and controlling capital expenditure was described from the point of view of future prospects. In particular, the decision to end the Commonwealth and India, the withdrawal of tax concessions brought about the termination of any included or deflationary for that purpose, are bound to result in a reduction in the market of automatic equipment which has been encouraged during the last year or two.

It is true, owing to the peculiar technological character of auto-
machines there will be strong in-

dustrial firms to complete the project already initiated, because otherwise the work will already be done. If a firm ordered £1 mil-

lion worth of machine tools, a credit squeeze or a decline in consumer demand might make it impossible to go on with all parts of the order, to the extent that it may be hoped that the number of machine tools has not yet been really doubled. It is ol-

impossible to expect the engineer-
ing work to accept cancellation of an order already placed in the holiday, or to anticipate the equipped as a self-service motherboard. It will probably happen that few new capital expenditures will be utilized by trade for capital expenditures in connection with its continuing long-term capital expenditures in the program. The balance of the proceeds will be added to working capital.

Upon completion of the offering the firm expects to sell the remaining portion of the company and its Canadian subsidiary will consist of $9,500,000 of 7 5/8% convertible debentures, made up of 5,000,000 shares of common stock. Consolidated sales in 1955 amounted to $15,400,000 and net income to $3,452,753, equal to $2.88 a share on the 1,200,000 common shares outstanding at the year end.

The Commercial and Financial Chronicle... Thursday, March 1, 1956

Bank and Investment Stocks

By ARTHUR B. WALLACE

This Week—Bank Stocks

It is not generally realized that as a group the leading New York City bank stocks are today, from the standpoint of the investor, at better values than they were either at Dec. 31, 1932, just prior to the bank holding companies' merger or at any time during the past three years. Production schedules for automated works are now well advanced for a relatively long period so that the output cannot be cut back quickly. In addition, there is a temporary fall in demand. It is unfortunate from the point of view of the progress of automation in Britain at least, owing to excessive employment which is now occurring in capital projects. It is found paradoxical that inflation should prompt measures preventing additional production of goods.

Head Committees

Of N. A. S. D.

Olive J. Truster, Trustee & Co., New York City, has been appointed Chairman of the National Uniform Practice Committee.

Earl K. Bassett Olive J. Truster

Smith, Barney Group

Sells Transe Shares

Public offering of 125,000 shares of common stock of The Transe Company, a leading manufacturer of air conditioning, heating, venting and special purpose heat transfer equipment, was made on Feb. 24 by a group of investment bankers headed by Smith, Barney & Co. The stock was placed at $49.50 a share. This offering was considerably oversubscribed and the books closed.

Part of the net proceeds, it is believed, will be utilized by Transe for capital expenditures in connection with its continuing long-term capital expenditures in the program. The balance of the proceeds will be added to working capital.

Upon completion of the offering the firm expects to sell the remaining portion of the company and its Canadian subsidiary will consist of $9,500,000 of 7 5/8% convertible debentures, made up of 5,000,000 shares of common stock. Consolidated sales in 1955 amounted to $15,400,000 and net income to $3,452,753, equal to $2.88 a share on the 1,200,000 common shares outstanding at the year end.

But only small portions of the issues were offered in most balance sheets, and, essentially, much of this revenue in the last case was to be added to equity. For example, the reserves for bad debts have been written down by $4,000,000 at Chase Manhattan, and $25,000 at Bankers Trust. The reserves for bad debts at Bankers Trust were: $13,000,000, $9,000,000, $5,000,000, $4,000,000, $3,000,000, $2,000,000, $1,000,000, $0,000, etc. None of this was present in any bank statement for 1932, nor were general reserves or security valuation carried in large or as large as they are today in most banks' balance sheets. The accompanying table gives the changes in equity from 1932 and from 1933, to 1955, without benefit of any of the large re-

serve categories. Noteworthy also are the sizable increases in earnings for the 1945-55 span, figures that do not include securities reserves. The banks have been utilizing their increased capital to put at loan, and with true equi-

lity, in excess of published figures, they offer excellent current values.

Halsey, Stuart Group

Offers Equip. Tr. Cfs.

Halsey, Stuart & Co., Inc., and associates, have proposed that the City of Boston offer $7,200,000 of 5% first mortgage trust certificates, maturing annually March 1, 1957 to 1971.

These certificates, first instal-

ment of $1,000,000, are payable at 1957, are to be sold at 1957, and the sale of the certificates are subject to the authorization of the Inter-

state bondholders.

The total issue is to be secured at a rate of 3.90% on a steel and stainless steel-coated embarrassed 100-year bonds and association to 130%. Associated in the offering are: W. F. Prangh & Co., Baxter & Co., Sheard & Co., Benedict & Co., Freeman & Co., Trade-


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Equity Capital... 1,000,000

Shareholders... 1,000

Equity.. . 31,562,500

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Two-fifths of the world’s freighters . . .

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one thing in common—SOCONY MOBIL’s master touch

in lubrication.

Good reason! When the chips are down—when rec¬

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the men who know marine machinery look to

SOCONY MOBIL for its protection.

Wherever there’s progress in motion—in your car,

your factory, your farm or your home—you, too, can

look to the leader for lubrication.

SOCONY MOBIL OIL COMPANY, INC.
LEADER IN LUBRICATION FOR NEARLY A CENTURY
Our Reporter on Governments

BY JOHN T. CHIPPENDALE, JR.

The backing and filling process continues in the government market, but the tempo is far less than that previous to the market changes. The holdings of Federal Reserve banks and private institutions are being held within the recently established ranges. The uptrend in the equity market still has a dampening effect upon the government market, where prices of corporate and mortgage stocks seem to have a favorable effect upon governments of all classes. This is occurring in spite of the refunding done this month in Treasury, as well as the trend of economic conditions, are also factors which are being given added weight and an amount of attention as far as the government market is concerned.

The pattern of the government market is much the same as it was in March. The larger names were involved in the Treasury obligations. There are, however, reports of an expanding policy of buying for the building fund and for the investment fund. It is expected that the intermediate-term issues will be more active, when the refunding terms are known.

Extension of Maturities Continues

A very important part of the business which is being done in the government market is the result of switches or swaps. It is the opinion of many money market specialists that the trend of the market is still toward the extending of maturities. To be sure, there has been a certain amount of switching done in the past with no particular trend in mind, but this seems to have given away to swaps that appear to have the purpose of improving income and this brings about a lengthening of the due date.

It is indicated that, even though the liquidity angle is about as important as it is in the institutions, the difference between maturities through switches, there appears to be no great amount of unseasonableness because maturity dates have been extended: Exponentially, it is the trend of money market specialists that the prevailing values for nearly all government securities do not involve a great deal of market pressure toward them.

Inflation Fears Waning

The return which is available in Treasury bills continues to attract sizable sums of money, especially from corporations. There is a growing belief that coming Treasury bills will be issued, and also, that the numbers of government obligations, particularly the short-term issues, will show a 2½% increase. This is contrary to the market opinion, which in the past, seems to have gone the way of all flesh and, as a result, funds are now finding their way into selected long-term maturities and high-quality securities. It is reported that the fear of further important hardening of interest rates was pretty much discounted and that many bankers were concerned that the inflation pattern started to lose its momentum.

Money Tightness Continues . . . But

The money market is still being kept on the tight side because the monetary authorities have seen fit to have it that way. Nonetheless, it is indicated that certain of the economic barometers show signs of a healthy trend and these signs are hoped by many bankers will be a guide to further easing of the tight money market.

The 3½ of 1949, according to reports, is still a very well behaved issue in spite of what is termed a fairly sizable amount of pruning. The reason for the interest is that the money market has been made from the longest government bond into selected issues of the 5½'s, with the 1965-1970s and the 1967-1972a among the favorite respoured.

Mortgage Market Easing

According to reports, the mortgage market is beginning to ease, with more money being made available to the building business. The changes in terms which were made not so long ago by government agencies in the mortgage field will not have a favorable influence upon home building with the passing of time. Yet, in the mortgage market might be the sign that dissimilar conditions will prevail in the entire mortgage market in the future.

Form Mineral Projects

MADISON, N. J.—Mineral Project Co., Ltd., has been formed with offices at 55 Willow Village Road to conduct a securities business. The firm will be a subsidiary of Charles B. spooner, Jr., Cummins Catherwood, Catherwood, Spooner, Allan B. Gray, Clinton Davidson, and Caroline E. Spoo

Form Burke & Co.

Burke & Co. has been formed by members of the Wall Street, New York City to resume the investment business. Partners are Mr. Burke, who was formerly with J. J. Jay Swartwout, both were partners in the former firm of Burke & Co. Mr. Swartwout has recently been with Eastern Securities, Inc.

Chicago Analysts to Hear

CHICAGO, III.—The Investment Analysts Society of Chicago at the Adams Room of the Midland Bldg. have invited Charles H. Doty, president of the Chicago Board of Trade, and Mr. Alston, Jr., president of the Chicago Board of Trade, to the meeting of the analysts.

Public Utility Securities

BY OWEN ELY

Northern States Power Company

Northern States Power Company, the Wisconsin subsidiary, Northern States Power of Wisconsin (together with several smaller subsidiaries) constitute the largest electric utility system in the country. The total of the annual earnings of $125 million. Over 60,000 miles of territory is in operation from parent company operations, 14% from the Wisconsin subsidiary, and 86% from other subsidiaries.

Also, the rate of return on system revenues is obtained from electric operations, 12½% from gas, and the remainder from heating, telephone and water. Electric utility service is provided to about half the people in Minnesota, one-fifth of those in North Dakota, and one-twelfth to the population of South Dakota. There are about two million people in the service area, about half live in Minneapolis and St. Paul, about one-quarter in cities of population of 10,000 and over; about one-quarter in agricultural and suburban communities, and about one-fourth in rural areas.

The territory served produces a great variety of agricultural products, and as a result, farmers are members of various electric cooperatives. The utilities are members in local, state, and national organizations. They are involved with large-scale commercial and light industrial activities in the area. In the area, there are no large-scale electric generating plants. The industries are related to the farm and the factory. There are not many large mills or grain elevators, but there are a reasonable number of the farmers making use of the utilities' services. The territory continues to be a favorite area for new developments and for new growth.

The company has an annual surplus of approximately $4 million, which is the equivalent of 7½ cents per share, and supplies power, heat, telephone, and water.

The company is expected to continue in the future with a high dividend policy. The dividend for the current year is 16 cents per share, and it is expected to be increased materially in future years. The company has an annual surplus of approximately $4 million, which is the equivalent of 7½ cents per share, and supplies power, heat, telephone, and water.

The company has an annual surplus of approximately $4 million, which is the equivalent of 7½ cents per share, and supplies power, heat, telephone, and water.
in 1955 our country produced more, sold more, built more and earned more for peaceful pursuits than ever before, in a single year. More people held more jobs, made more money and acquired more necessities and conveniences for better living. It was a year of economic progress for the individual, for business and industry and for the nation.

Quietly behind the scenes was credit in its many applications, providing the massive, continuing flow of money that helped to make possible this unprecedented growth and prosperity. Consumer credit—installment financing—has been one of the big moving forces behind America’s great economic upsurge throughout the last half century.

Associates is one of the nation’s oldest, largest and strongest providers of credit—of dollars that roll and flow and move and work in the economy. Our largest field is automotive financing, but we serve still further with commercial financing of business and industry and personal financing of American families and individuals. In 1955, Associates alone provided over 1\(\frac{1}{2}\) billion dollars of constructive, conservative financing—the kind of financing that keeps America great.

**CONCENTRATED CONSOLIDATED BALANCE SHEETS**

<table>
<thead>
<tr>
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</tr>
</thead>
<tbody>
<tr>
<td>CASH AND MARKETABLE SECURITIES</td>
<td>$85,724,980</td>
<td>$75,412,455</td>
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<tr>
<td>RECEIVABLES:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Retail motor vehicle installment receivables</td>
<td>$649,902,667</td>
<td>$60,027,358</td>
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<tr>
<td>Wholesale motor vehicle short-term loans</td>
<td>81,908,810</td>
<td>38,290,322</td>
</tr>
<tr>
<td>Direct and personal installment loans</td>
<td>48,481,888</td>
<td>38,289,138</td>
</tr>
<tr>
<td>Commercial and other receivables</td>
<td>35,362,536</td>
<td>27,297,074</td>
</tr>
<tr>
<td>Less: Unearned discounts</td>
<td>$815,225,901</td>
<td>$563,984,692</td>
</tr>
<tr>
<td>Reserve for losses</td>
<td>49,347,481</td>
<td>34,493,813</td>
</tr>
<tr>
<td>Total receivables, net</td>
<td>$747,045,310</td>
<td>$515,480,507</td>
</tr>
<tr>
<td>OTHER ASSETS</td>
<td>12,444,059</td>
<td>8,632,220</td>
</tr>
<tr>
<td></td>
<td>$854,811,459</td>
<td>$600,051,382</td>
</tr>
</tbody>
</table>

**LIABILITIES**

| NOTES PAYABLE, short-term | $424,290,800 | $262,574,200 |
| TERM NOTES due within one year | 34,720,000 | 36,270,000 |
| COMMON STOCK Dividend payable January 3, 1956 | 1,875,283 | 1,562,736 |
| ACCOUNTS PAYABLE, ACCRUALS AND RESERVES | 38,161,383 | 33,530,390 |
| UNEARNED INSURANCE PREMIUMS | 30,156,749 | 25,689,566 |
| LONG-TERM Notes | 142,565,000 | 107,735,000 |
| SUBORDINATED LONG-TERM Notes | 60,200,000 | 41,500,000 |
| PREFERRED STOCK | 22,500,000 | 12,500,000 |
| COMMON STOCK | 31,254,720 | 31,254,720 |
| SURPLUS | 59,190,414 | 47,434,770 |
| | $854,811,459 | $600,051,382 |

**CONCENTRATED CONSOLIDATED INCOME STATEMENTS**

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Discount, interest, premiums and other income</td>
<td>$109,907,061</td>
<td>$94,199,209</td>
</tr>
<tr>
<td>Operating expenses</td>
<td>73,552,926</td>
<td>63,719,419</td>
</tr>
<tr>
<td>Net income before Federal income tax</td>
<td>$36,354,135</td>
<td>$30,479,790</td>
</tr>
<tr>
<td>Provision for Federal income tax</td>
<td>17,350,000</td>
<td>14,800,000</td>
</tr>
<tr>
<td>Net income</td>
<td>$19,004,135</td>
<td>$15,679,790</td>
</tr>
<tr>
<td>Consolidated net earnings per share of common stock after payment of preferred dividends</td>
<td>$5.86</td>
<td>$4.85</td>
</tr>
</tbody>
</table>

**ASSOCIATES INVESTMENT COMPANY**
**ASSOCIATES DISCOUNT CORPORATION**
and Other Subsidiaries
**SOUTH BEND, INDIANA**

Copies of the 1955 Annual Report are available on request.
Continued from page 9

Nuclear Science Impact Upon American Industry

order. With perhaps a 11,000 ton cruiser ahead of them all! All of these ships (but especially the former) are economically practical. Here indeed is a market opportunity that actual costs will control. In the past, considerable economies have been developed for propulsion of military airplanes, and have actual costs will control.

In the case of land vehicles, however, and in the case of military planes like the Martin Seaman specially designed for these uses, imagination to see the possibilities of such propulsion is needed and power— and almost limitless economic returns.

My imagination (and my crystal ball) fail me when it comes to the economic potential of commercial atomic planes, or of nuclear-powered trains or ships.

Since nuclear power is— basically— all that could be wishful thinking to use this energy simply as heat, with- out worrying about the cost of the electric energy or for propulsion itself.

Theoretically— but with economics not determined— atomic energy could power an entire community large industrial plants like oil refineries, and large industrial or domestic areas, perhaps even provide electricity to the Arctic, or furnish fresh water from sea water. These are not today's practical areas like our own U.S. territory, although the future will reveal that ni- trium reactors is used to heat part of the town of Hartford, Wash.

American industry — and you and I — can do well to think of how your business will be affected if nuclear energy gives to foreign countries the heat and power in quantities, at prices, and in areas nor bereft of available. This cannot be a story of a tougher competition. Cheaper ray-hard to beat New and increasing marks?

Excluding political questions, these factors will have an important effect on the impact of nuclear energy on Ameri- can industry. Consider the free market of 1920. The period 1935-1990 may again become as obvious an area to remember that this time the building block, we must treat the environment when production actually starts.

I realize that it has long been popular to write or talk of approaching exhaustion of the world's supplies of fossil fuels— coal, oil, natural gas, etc., and that with such pronouncements we have discovered fuel re- sources in the shape of atomic energy. This is not to be likened to the old cry of "Wolf! Wolf! At this I said "I'm afraid next time I'll report you. I reminded you that "There may be a wolf—after all." We can see an end to American fossil fuels. At the predicted rate of consumption, these will be used up in 1980. But what is the outlook for solar energy? The world is a whole is no better off; in the next 50 years, we may find that the world will use as much energy as we do today. The solar energy is there; the sun shines. This is the century.

Additional information is required: fossil fuels can no longer supply the industry of the modern world. If these supplies are used up in a period of a century ago. The sequence is: wind, water, coal, oil, natural gas—after the sun.

In the next few years, we can expect to see the sun heat used in industrial processes, and into construction—and just in time too.

III  Peaceful Uses Other Than Power

But atomic power— this nuclear power represents the really gross uses of nuclear energy. The more numerous (and) increasing smaller applications of nuclear power will be enormous. Paraphrase the Bible, this may be the "fire and sword turned into plowshares and the fowl of the air and the fish of the sea, to do the service of man.

These and other applications of nuclear power may prove just as important under a different— that military and power in the list of about 150 uses to which some form of atomic science is used in industry. We cannot quantitatively estimate all of them. They may be as numerous as the uses of electricity, or might do for this reason, they may be sufficient to explain these briefly.

Isotopes may be considered simply as different varieties of the same basic element. The isotopes— some of the same element— may be calculated— chemically, but vary in mass and in many physical properties. Many of these particular— among the variously produced artificially— are used because the particular isotope's ability makes possible their use.

Radioactive isotopes give off particles or certain types or radio- frequency waves, and these radiations can be de- tected by instruments, used in photography, in radio- nography. It is possible to use these isotopes as a interest in industry, agriculture and medi- cine— that is possible to mention.

Industrial Uses

In industry radio isotopes are used to detect leaks in steel pipes, or to detect materials in their tens of years and engine parts.

They help to locate leaks in pipelines, or to develop improved lubricants and to survey oil-bearing shale in areas. Radium isotopes are used in X-rays to take radio- grams of metal castings, etc., and thus reveal hidden de- fects. Fifty dollars worth of C900 of radium isotopes-(radium is worth $10,000 per gram) will change on up to 9,000 pieces of steel, or lighter, metals radio-caesium 135 and 137. These two isotopes may be used, simultaneously, by a single source.

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Meeting the Demand

The following message from E. G. Grace, Chairman of Bethlehem Steel, appears in the company's Annual Report to Employees for 1955. If you would like to see the report, your request to us at Bethlehem, Pa., or the nearest Bethlehem office, will bring a copy to you promptly.

To the Employees:

It is very gratifying to report that our mutual efforts last year resulted in the production and shipment of more steel than ever before in Bethlehem's history.

The expansion and improvement of our facilities to meet a growing demand for steel products have brought benefits to our company and employees through increased production and earnings.

It was a notable year, one which showed that our large investments for growth have been bearing fruit. We cannot stop here.

The United States is growing and the steel industry must keep pace with that growth. Our rising population with its steadily increasing per capita consumption of steel creates a demand for goods using steel which must be supplied by private enterprise.

Bethlehem's response has been to launch the greatest expansion program in the company's history. Within the next two years we shall spend some $300,000,000 in adding more than 3,000,000 tons of annual ingot capacity.

In recognition of the needs of the country, the steel industry as a whole is planning the addition of 15,000,000 tons of annual ingot capacity in the next three years.

The financing of such a program is not an easy task. In the past, much of the expansion was brought about by improving or adding to existing installations. However, additions to capacity in this manner cannot continue indefinitely. In the future, the industry, and Bethlehem, must create entirely new capacity—integrated from raw materials to the finished product—to serve properly the demand of the public. This is much more costly.

For this reason we must maintain adequate earnings to attract investors and to have funds to put back into the business. This requires the maintenance of sound financial practices, realistic price and wage policies and continuing progress on the technological front. But, we must have also an enlightened public policy to assist us by means of sound government tax policies which will encourage expansion and development.

We have been presented with many problems in our endeavor to meet the great demand for steel that occurred during the last half of 1955. New problems will arise. But the response of our employees through record production last year shows what can be done.

I am confident that the demand for steel will remain strong throughout the year. Our shipbuilding prospects are improving significantly. In short, the immediate future is clear and promising. But the long range job, with all it implies, lies ahead. Production performance such as we had in 1955 will immeasurably ease our task.

The maintenance of steel as a free industry in a free economy is vital to our personal liberties. The growth of the industry is essential to our economy because steel is a basic ingredient. I am sure Bethlehem will do its part.

[Signature]

CHAIRMAN

BETHLEHEM STEEL
Problems of the Domestic Mining Industry

BY ANDREW FLETCHER
President, St. Joseph Lead Company

Noted mining producer recommends an automatic tax on lead and zinc to imports to resolve conflicting interests of producers, consumers and the Government. Tariff is found politically inexpedient. Fletcher cites problems of getting high prices for metals, curbing imports of secondary metal, and regulating production to avoid overproduction of metals. He also discusses the effect of high prices on consumers and industries, and the need for a solution to the problem of the domestic mining industry.

We are all greatly concerned with finding a solution to the imminent problem of the domestic mining industry, and the 

"giving recognition" I do not mean instant agreement with whatever our foreign friends ask of us! We should have the wisdom and the courage to do what we do to preserve our own strength, and to wit, the courage, and the faith in the fact that it is the test of the United States of America, that it is a test of the United States requires a growing quantity of metals and minerals. Transportation, trade, and production have grown so rapidly, and our production and exports have grown so rapidly, as to make the United States a net importer of many of the elements, for example, copper, lead, tin, iron. and lead. We know that domestic mining is not sufficient to provide an adequate supply of metals at a reasonable price, and we admit that the adequacy of this supply depends, to some extent at least, upon the price of the metals in foreign countries.

The present Administration recognizes, and undoubtedly future Administration, will probably continue to resist any marked increase in the price of metals in domestic industries. I do not approve of the proposal that the President should state as a condition that we will purchase even in the case of metals produced by foreign nations.

The domestic mining industry is faced with an unsalable fact that metal and its substitute, in general, be produced for sale more cheaply outside the United States than inside.

Therefore, whatever course we recommend, we do not recommend the Administration to disturb foreign policy and the tariff. We do not recommend the tariff or the stockpile program, as well as the immediate problems of domestic producers. Is it possible to second-guess the policy of our foreign relations? To put it quite differently, it is obvious that what affects us can be much choice. We can recognize some of the view because we have, and to have in the best interests of all.

The Domestic Producers' Best Interests

I hope that current prices of both lead and zinc have not dulled my memory of 1933, of 10-cent and 12-cent lead. Keep that memory in mind, but what caused those prices? The major cause was the direct result of unrestricted and uncontrolled production of domestic metals. Some of these metals have not been wiped out by stockpiling. It can be wiped out in years, but it will take years again and again until we find some way to overvalue and overpriced metals in the market.

The problem is simply stated. Current prices of domestic metals are steadily rising, causing the major producers to seek a solution. Such a solution is almost beyond their control. They cannot produce more lead and zinc. They may encourage their competitors in foreign countries to produce more, but as long as foreign producers can become their lower grades of ore, the problem will remain unsolved. The domestic producers cannot completely sell the market, except when demand drops seriously that it why excessive demands among the different individual producers led to a sub-

Commodity Credit Corporation. The Commodity Credit Corporation, it is frankly said, is a government-owned corporation which may temporarily aid the farm problem, but in addition to creating new and grave problems for the future. The lesson of history is plain that large-scale government interference in the domestic mining industry, whether in the form of price supports or otherwise, necessarily generates confusion and untruthfulness, and often solves nothing.

The United States' Best Interests

Turning to the vital needs of the United States, we must consider, first, our own requirements and the defense requirements of our allies. At this time, some imports of lead are already being supplied, but the metals are generally required. I stated in the interests of both foreign producers or domestic consumers if we set up a scheme to exclude all, or a substantial part of our imports. The damage is done by needed imports, but by unneeded im-

The London Metal Exchange must be a partner of the responsibility for this situation. Be-

Andrew Fletcher

The United States is on the basis of London Metal Exchange quotes, and among its recommendations concerning it that U.S. metal con-

By Andrew Fletcher to the Colorado Mining Association, Denver, Colorado, Feb. 2, 1956.
the U.S. In 1953, the flood of imports of both metals pushed zinc to 10 cents a pound and lead to 12 cents.

I'm sure I don't need to relate in detail what this flood of imports did to domestic lead and zinc mites. Let me point out only that domestic mine output of both metals fell from 208,164 tons of lead and 610,119 tons of zinc in 1951 to 318,985 tons of lead and 469,245 tons of zinc in 1954. Since then, even under the stimulus of the government's stockpile program, domestic output has risen only slightly. If demand once again sharply, domestic output could not keep pace, and sharp price increases would be inevitable.

The best light in which a consumer should view what has happened in lead and zinc, however, is the simple one of cost to himself. Let us take just a moment to consider what the cost of lead and zinc has been during the period we have just described. Between 1948 and 1952, lead and zinc went through a cycle of dropping, rising, and dropping prices. For easier figuring, let us picture a consumer who regularly bought 30 tons a month each of lead and zinc all during this period. He paid $968,034 for his lead and $885,785 for his zinc in that time. If, however, there had been an immediate market all that time at 15 cents for lead and 13 cents for zinc, he would have paid $400,000 for his lead and only $780,000 for his zinc. In other words, the stable markets, even at prices that would then have been regarded as fairly high, would have saved him nearly $174,000 or about 10%.

Do you think this period was hand-picked, so to speak? Let's do the same thing for the last five-year period for which I have figures. In the period 1951 through 1954, our consumer would have spent $697,566 for 50 tons of lead and $835,408 for 50 tons monthly of zinc. At a straight price of 15 cents for lead and 13 cents for zinc, he would have spent more for lead, but his savings in zinc would have put him $53,000 ahead.

In the foregoing calculations, I assumed stable prices of 15 cents and 13 cents for lead and zinc because they seemed to me to strike a balance between levels that many consumers would have thought too high at that time, and levels that many of us thought were too low. Actually, with the wage increases granted in 1953, plus probable further cost increases in 1956, if the domestic mining industry is to be maintained on a profitable basis, the consumer should begin to think in terms of generally higher prices for all metals.

Let us then go on to consider how we can bring about a situation...
Problems of Domestic Mining Industry

tion of stable and fair prices in view of the fact that in general the cost of domestic production is greater than foreign production.

Tariff — A Simple Solution

The simplest and most obvious method, of course, is a moderate increase in tariffs on imported metals to equalize this disparity in domestic and foreign costs. Unfortunately, the political situation is such that whether under a Republican or a Democratic Administration it seems unlikely to achieve such tariff increases.

Actually, if the intent of Congress when it established tariffs on lead and zinc prior to the recent reductions of the so-called reciprocal trade agreements were to be followed, our tariffs would be well above present levels. Considered on a percentage or ad valorem relationship to former prices, we should now have tariffs on lead and zinc of around three cents a pound at least. At the risk of seeming repetitious, let me just say that an increase in tariff on lead and zinc would have the following advantages:

It would immediately establish United States prices at a higher level than the rest of the world. It would aid the American miner who needs help, but it would not suddenly stimulate production from foreign miners.

Owing to the higher United States prices, the foreign producers could still market a portion of their output in the United States because they could afford to pay the tariff and still sell for the same world market price. The United States would thus receive sufficient imports to meet the requirements of our consumers.

The regular flow of lead and zinc ores among nations would still be subject to the conditions of supply and demand, and the automatic laws of the market place that are fundamental to our economy. As a consequence, we would avoid the serious risks attached to artificial devices such as cartels, subsidy plans, international stockpiles, balancing wheels, or other forms of governmental experiment.

In short, a moderate increase in tariff appeals to me as meeting the requirements of effectiveness, automatic operation, and fairness, but because of the present political climate, I am afraid one must regard it as not feasible.

In passing from the simple solution of the tariff to other methods, it is of interest to refer to a recent address by Mr. Daléth, our Ambassador to France, in which he commented that England pays under the much-discussed higher tariff on bicycles less duty to the U.S. than to any other country excepting Denmark, and that under the higher duty in the same Swiss watches have been imported than under the lower former one.

Are Subsidies the Answer?

The free traders' answer to our problem is, of course, to eliminate tariffs, encourage imports of metals, and pay subsidies to any domestic miners who are injured as a result. Subsidies usually lead to stockpiling of surplus metals; they obviously burden the taxpayer; and they inevitably lead to government control of prices and production. All this, mind you, in the name of free trade! I urge you not to join the free trader in this distortion of the facts and program that "Subsidized Industry Is Free!" I reject that I must pass.

Continued on page 29
### Table: Federal Reserve Bank of St. Louis

<table>
<thead>
<tr>
<th>Date</th>
<th>Amount</th>
<th>Rate</th>
<th>Due or Price</th>
</tr>
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<tbody>
<tr>
<td>1960-1972</td>
<td>$2,000,000</td>
<td>2%</td>
<td>1973</td>
</tr>
</tbody>
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The bonds are issued under the terms of a Bond Declaration (as amended May 24, 1941 and July 19, 1953) of the State Highway Committee dated April 25, 1941, entitled "Bond Declaration. Authorizing $900,000,000 Emergency Revenue and Motor Fuel Tax Bonds of the State of Connecticut for the purpose of financing the Greenwich-Kittell Expressway."

Establishing the Terms of Issuance of Bonds of the State Pursuant to Public Act No. 411 of the General Assembly of the State of Connecticut, Senate of 1941 and pursuant to said Public Act No. 411 as amended by Public Act No. 52, June Special Session of 1953. The proceeds of the bonds are to be applied by the State toward financing its cost in connection with the Greenwich-Kittell Expressway of the State as described in the Bond Declaration.

The bonds are not general obligations of the State of Connecticut for which its full faith and credit is pledged.

These bonds are offered when and if issued and received by us and subject to approval of investors by the Attorney General of the State of Connecticut and by Secretary of the Treasury, Palmer & Dodge, of Boston, Massachusetts, Bond Counsel for the State, and Hamilton, Dutfield & Ward, New York, N. Y., Bond Counsel for the underwriters. Certain other legal maneuvers have been placed upon the underwriters by the counsel, Dewey, Ballantine, Biddle,Palmer & Dodge, New York, N. Y. Such offering is not made locally but only by means of the Offering Circular, copies of which may be obtained from each of the underwriters and other underwriters as are registered dealers in the State.

#### Lehman Brothers

#### The First Boston Corporation

Continued from Page 28

### Mining Industry

Problems of Domestic

Miners and manufacturers are faced with the problem of finding a new market for coal. The mining industry is in a state of depression, with prices falling and production declining. This has led to a reduction in the demand for coal, which is now being produced at a lower rate than it is being consumed.

As coal production declines, the demand for coal by manufacturers and miners is also declining. This has led to a reduction in the demand for coal, which is now being produced at a lower rate than it is being consumed.

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Problems of the Domestic Mining Industry

other cost increases to non-ferrous metal producers, this base level was also a factor in the present market price. The tax on concentrates would be 5% of the value of all imports of concentrates, and on all imports it would probably be practical to consider all metal producers, and would be a factor in determining the date for which the import tax would be due. If prices rose again and averaged higher than the new base level, the tax would be suspended. There would be no attempt to assess any percentage of the proceeds of this tax which would go into the U. S. Treasury.

The tax is designed for this type of tax legislation, as duties on lead and zinc were reinstated with the approval of the domestic producers when the domestic prices fell below Korean War prices. Both the Korean War and the recent world shortage of metals were used to argue for a tax at the low price of the current market. They were not raising the price of the metal, and only government intervention could be expected to raise the price of metals; this was the base level. Beyond that, producers would have to decide whether the tax was fair or whether it was a tax on the market price of metal. The tax was an attempt to raise the price of the metal, and it was not a tax on the market price of metal, especially with the automatic suspension of the tax when the domestic price was raised to a reasonable level.

Next, what would this tax do for the domestic miners? I believe it would solve their primary problem of pricing, which is not a cost advantage enjoyed by foreign producers. The tax is a cost advantage below the mobilization base. Beyond that, this tax would tend to raise prices at all levels, as the tax base would be pushed up as a floor. Thus there would be a tendency to end the boom in the secondary metal producing industry. This is the primary reason why the domestic producers were against the tax. They had already indicated that U.S. consumers would not be able to afford the tax, and would leave the market. This would be a problem for the domestic consumers.

Without foreign producers, the tax would not be able to push prices up to the point where the domestic consumers would be able to afford the tax. The tax would only serve to push prices up to a point where the domestic consumers would not be able to afford the tax. The tax would be a cost advantage below the mobilization base.

Federal vs. State Sovereignty

By HON. HERBERT BROWNE, JR.

Administration's Attorney General describes Federal and state dual sovereignty as a two-level governmental system of complementary, mutual strength rather than a source of conflicting claims for power. In depicting judicial precedent as a guide, Mr. BROWNE outlines the role of judicial decision in formulating legal, economic and administrative standards a better division of responsibility. References made to judicial precedents include: (1) the contributions of John Marshall; (2) invalidation of a State law under the supremacy clause of the U.S. Constitution; (3) renewal of State tax authority by federal court affirmation of state's rights under Texas, and during 1890-1900; (4) Chief Justice Hughes' resurrection of national power, and the necessity of determining a political line between "direct" and "indirect" effects on state power.

Rounding the Court's opinions vividly reflect the struggle throughout our history to preserve each of the two sovereign systems. The high points of the struggle ar

"...a..."
The Constitution must allow to the National Legislature that discretion, with respect to the means by which the powers it confers are to be carried into execution, which will enable that body to perform the high duties assigned to it, in the manner most beneficial to the people. On the other hand, the power to tax involves the power to destroy," the Court held that the States have no power, by taxation or otherwise, to interfere or control the constitutional acts of the Congress. It was here, too, that Marshall announced the implied powers doctrine — the most pregnant instrument which has yet been devised for giving breadth to national powers. In our “case or controversy” system of law, the situations which prompt adjudication of Constitutional questions largely reflect the clash of differing opinions of the day. During the early days of the Court, the impact of state and Federal law on property rights were outstanding issues. It was probably not until the 1890s that a clear and well-defined doctrine of Federal jurisdiction in the field of property, commerce, and commercial contracts began. In this era, the Supreme Court expanded its jurisdiction into areas which were previously the province of state courts, such as bankruptcy, taxation, and admiralty. This expansion was driven by the need to harmonize the laws of various states and to ensure uniformity in the protection of citizens.

Under Chief Justice Taney, the Court's interpretation of the Constitution led to a proliferation of federal powers. The doctrine of national supremacy, articulated in the case of McCulloch v. Maryland, established a precedent for federal supremacy in a variety of cases, including those involving state banking laws. However, the Court's decisions were not always consistent, and there were notable cases that challenged the doctrine of national supremacy, such as Duffner v. Gibbons (1826), in which the Court upheld state laws that prohibited the importation of Negro slaves.

The Court's decisions during this period were often influenced by political considerations, and the justices were divided on the issue of national supremacy. Nevertheless, the Court's willingness to assert federal power and its expanding role in national affairs had a profound impact on the development of American law.
Federal vs. State Sovereignty

power to regulate interstate commerce, or to exercise any other power. In Taney's view, the states could be deprived of this power or of any other power by action of the Congress and then only if the states were the focus of a conflict with federal legislation. The question of whether a particular state government in this field was not thereby disputed; Taney merely expressed the view that state control make its will explicit if state action were inconsistent with that of the federal government under the commerce clause.

There is no doubt that this was the view of Chief Justice Taney, whom we now recognize as a great jurist, personally devoted to slavery, but who was fearful over the prospect of the approach of the South. Apart from the unfortunate Dred Scott decision, we are able to observe a deep concern over the possibility of undue infringement of the powers of the states to enact legislation necessary to the welfare of their citizens. To Taney, this concern was a vigorous champion of州主权.

The question whether a state's power is limited to the exercise of the state's police power has been a central issue in federalism and is regulated by a federal statute enacted pursuant to the paramount provisions given in the Tenth Amendment to the Constitution. Any state question under the Constitution was decided by the Supreme Court many times. Usually, though not always, the Court has found the federal authority of the superior federal authority to be the controlling interest.

In the development of judicial doctrine on the matter, we find that the Court has not strayed far from the principles established in Marbury v. Madison. The Court has never deviated from the position that the powers of Congress are plenary by nature, subject only to those restraints which the Constitution itself imposes. The Court, in this respect, has been consistently consistent.

Beginning about 1800, the country experienced a wave of fear, which boul down to the idea that the less government interference the better. The theory was that the less government regulated, the better. All, by then, had firmly established that the state sovereignty was an essential state law which affects interstate commerce. The principle of state sovereignty has not been changed by the adoption of any state constitution.

However, with Congressional entry into fields of commercial regulation of economic enterprise, beginning with the Interstate Commerce Act of 1877 and the Sherman Act in 1890, the Court proceeded to set state power as a limit on the scope of national legislation. The Sugar Trust decision in 1895 is illustrative of this principle. It affected Congressional legislation. Hence, the Antitrust Act was held not to apply to a combination of sugar refiners who were concerned to the sale of sugar in a wholesale product. Chief Justice Fuller, author of the Court, reasoned this result by labeling the effects of the act as commercial and not upon commerce among the states as "indirect" and, therefore, beyond the power of Congress to regulate. Disregarding the essentiality of manufacturing, was subject to state regulation and taxation on the principle that the states were purely local and not interdependent. It should be noted, however, that the Court, in 1918, went so far as to hold that Congress could not bar from interstate commerce goods produced by child labor.

However, after 1900, a much larger body of cases established the power of Congress to regulate interstate commerce. The modern principle of national supremacy in matters of state is derived from the opinions of Mr. Justice Harlan in Debtor's Release and Cases and the Shreveport Case. These hold that the federal power over interstate commerce is ineradicable commingled, either by reason of the legislation or the power over, or through competition, or physically, with railroad facilities, the latter action not authorized unless the interstate commerce is considered.

In the years prior to 1914, the constitutional separation of state and federal in the area of interstate commerce was frequently a source of conflict with the courts. The question of whether the state had not been granted to Congress, and therefore was not in terms of enumerated powers.

Decisional law on the sovereignty of the states emphasizes on the conflict of law as a basis for recognition. It is not able, within its limits, to determine the judicial authority of the states and to the meeting of the dormant commerce clause. As a recognition of the importance of state and federal governments in the exercise of exclusive system of government.

Experience has shown that both the federal and state systems of sovereignty possess a single purpose of making the state's power to meet the crises of the present and future as successfully as it should. As Chief Justice Rehnquist has stated: "There is no room for legislative action by the states, notwithstanding the Tenth Amendment of the U.S. Constitution, and Government, as Amicus Curiae, has the position that to warrant a holding of the state's power has been superseded or suspended by an act of Congress dealing with the same subject matter, the Congress's act must manifest not an intent to displace with the state act, or the Congressional intent to oc¬

Role of Faith and Bulldozers

For Greater Economic Progress

By BENJAMIN F. FAIRLESS

President of the American Iron and Steel Institute, Chairman of the Executive Committee of the United States Steel Corporation

Mr. Fairless stipulates factors promoting progress to be: (1) understanding and cooperation of the two main mutual faith is fairly; (2) overcoming hindering laws and customs; (4) stable, orderly government, and (5) do-it-youself spirit. Exception is taken that "men should work." The article shows how a growing number of service with a minimum labor accomplished by machines that will do more work in less time.

It seems that every time an inexperienced designer to work on two or more men, there are a few pails to put to round to call him an enemy of progress. To listen to the 

Salomon Bros. Places Pfd. Stock and Notes

Salomon Bros. & Hutcson on Feb. 28 announced that it has arranged direct placement of 254,880 outstanding shares of Kerr Mcgee Oil Industries, Inc., 4.4% cumulative preferred stock (par $25) and a new issue of $50,000 Thorn Corp. Finance Corp. (Thorp., Wis.) 4% promissory note due in 1943.

John J. O'Brien Partner

CHICAGO, ILL. — Philip W. Smith, Jr. on March 1st will as¬
sume the duties of President of the New York Stock Exchange and will be succeeded by Theodore M. Fox & Co., 231 South La Salle St., members of the New York Stock Exchange.

JacoTreff Opens

Jacob J. Treff is conducting a securities business from offices at 606 West 39th Avenue, Bronx, New York.

William Baylis

William Baylis passed away at his home in 1906, after a brief illness. Before his retire¬

ment he was associated with White, Witherspoon & Delafield and Delafield & Delafield.

Benjamin F. Fairless

Now it so happened that the little girl went out to play, and by the time she had reached the hill the hill was gone, by a sheer act of bulldozers leveling it out.

She watched the machines and listened to the operators until the job was done. Then the little girl thanked God for being obedient, and thus finished her prayer to God, but you should have heard the language used by you "angels." But, well, I'm willing to admit that the language was one hundred percent secure in thinking that The United States is a democracy, that the senators and representatives are angels. And I've always heard it said that you tunnel under straight lines, but not under the point¬ing—First a little girl's wish is then still that little girl's behalf that faith can move mountains. And if you think I'm writing a brief remark is that there would be no progress at all, without faith. I could give you hundreds of examples of women who have been moved by this combination of faith and bulldozers. But you then know them better than I do. Your daily work is to move mountains and fill in valleys; to divert rivers or to tunnel under mountain. And roads. There were no men who could do it. But bulldozers and heavy construction industry—our present rapid progress toward self-sufficiency for everyone would come to a sud¬den stop.

"Faith"

Capitol's Progress

Some day, I predict that mankind, in general, will finally understand that the purpose of the capitol will be to provide everyone with maximum goods and services at a minimum amount of labor. That is exactly what it does. And when enough of us finally grasp the full meaning of that idea, we can then develop our united efforts to doubling our production and standards of living while steadily decreasing our hours of labor. It may possible way we can do is to turn over the nation's machines that will do more work in less time.

But we can never accomplishment that objective until we are convinced that it will stand it, have faith in it, and oppose all laws and customs that discourage it. You, too, can like to discuss with you for a few minutes more, my program for bulldozers, and progress. And I'll begin with the little girl who told me that faith could move mountains. In you prayers that you have been told to consider the test by request¬

*An address by Mr. Fairless at the American Iron and Steel Dinner, New York, Feb. 7, 1936

*
From Studebaker-Packard Corporation

AN EXCITING NEW CHOICE IN EVERY PRICE CLASS

—Each car with a personality unmistakably its own

—Built by the company that brings you the newest advances first!

THE BOLD NEW IDEA

At Studebaker-Packard, the Bold New Idea means that the American motorist is offered a new choice of distinctive cars in every price class—each with product advantages made possible by unique flexibility of production.

Clipper for 1956

—America's finest medium price car—built by Packard Craftsmen

—Torison-Level Suspension makes a smooth ride through the elimination of coil and leaf springs. It is one of the major engineering advancements recently pioneered by Studebaker-Packard—and inspired by the Bold New Idea.

PACKARD - CLIPPER - STUDEBAKER
Outstanding cars in every price class—products of Studebaker-Packard Corporation
Stock Market Outlook in 1956 and Next Decade

The dynamic force behind America's great progress and prosperity is the rapid increase in population. As men progressively filled the fishhook, the wheel, and money (and credit) to his physical abilities, he progressively produced a bigger, healthier, and more prosperous economy.

Certainly, during the year just passed, ours economy's three basic "ifs" have all been productivity working as never before: Money was in such demand that it was very actively used and in short supply (relatively high interest rates); and men and machines worked at all-time high levels. This potant balance of basic economic forces produced a "near-perfect" prosperous economy: a new high level of hands-on growth of production and consumption, provided by expansion of private business without inflation or undue inventory accumulation. In fact things have been so "good" that I detect both a healthy and an unnecessary fear of prosperity. I hesitate to say, "We shall soon have nothing yet," but I do feel strongly that we should (fear) (fear) (fear) (fear) (fear) our prosperity; on the historically sound basis of progress and prosperity through combining men, machines, and money — the future is uniquely bright.

Men (people) exist as never before, and we know that people are the basic source of demand and economic activity. Today, we have over 166 million men (women and children) in the United States, and every 12 seconds a new person is added to our population. During the next 10 years — by 1965 we should have at least 25 million increase in our population. Every 25 million more bodies to produce for — to feed, clothe, house and generally satisfy their growing demands. (Chart I.) Thus, the basic source of economic demand — people — should be huge over the period ahead.

To satisfy this huge and growing goods-and-services demand of the people over the next decade doesn't appear to be easy because there will be a definite tendency toward a labor shortage during this next decade. This condition is clearly indicated by the age-grouping charts Nos. II and III.

As you can see from the charts back to 1920, by age groupings, in the U.S. population’s "Christmas tree" of over 166 million population. By 1960, the "lower branches" of our 131 million population "tree" were pretty skimpy because of the low birth rate during the depression years of the early '50s. By 1955, the shortage of capital needed for commercial agriculture had begun to show up in the lower growing labor force age group. Our baby crop clearly showed up in the 1955 census. Today's population tends to be "Christmas tree" (age grouping) and produces a "lower branches" trend. The most important and ramified implications of this 1955 age chart — for the next decade to 1965 — is clearly; the basic outline of the future decade is almost perfectly shaped right now by the present generation, their sex, and their ages. I'll only mention a few of the basic future implications of the interest of time today, so let us quickly look again at this 1955 age-population chart and then at the projected 1965 chart.

In short, our potential most clearly indicated condition next decade is not only a tendency toward labor shortage, and the need for increasing capital investment to increase each worker's output. During the next decade, as compared with all our past history, we will have an unusually large and disproportionate population increase in the number of non-worker people — those 10 and under and those over 65 years of age. This is not a criticism; it's a fact, which means that for the next decade, each worker must become more productive. Obviously, the basic problem of the next decade should not be unemployment — but a tendency toward inflationary pressures.

Chart III clearly dramatizes this basic point. As you realistically see, of the 25 million or more people added to our population during the past 10 years, over two-thirds of them will be represented by the middle bar in the chart — the "non-working" group (but big consumers). Furthermore, whereas only about one-third of our greatly increased population will become available as additional producers (labor force — manpower), the present generation will have to work over next 10 years to maintain about 14% and it can hardly be changed —1965's labor force is already built.

As the Chart IV indicates, however, to feed, clothe, house and satisfy all the other demands of our 1965 population at our historical rates of living, we must increase total production by around 50% during the next 10 years.

Yet, as Chart IV also shows, we will only have an increase in our available manpower of about 14% during the next decade. Therefore, the additional amount of total production needed must be provided by more machines. Thus, we must have more money to invest in machines — capital investment — which provides the tools for prosperity and the basic opportunity area for investors to share in that prosperity.

In short, this unique and rare situation in our economy of relatively low manpower per the total output requirements of our economy over the next 10 years means a tremendous, 1 lowering force from the demand side of people alone, and a tremendous 2 driving force from the needed machines — capital investment — side which tends to generate and re-generate demand, production, jobs, income — prosperity. As you see in Chart IV, it needs no documentation, especially to this erudite group, that capital investment is the powerful breeder of prosperity.

In this connection, if you haven't read it already, I recommend that you read "Focus on Investment" in the Feb. 4, 1956 issue of The Commercial and Financial Chronicle which is succinctly stated: "It is obvious that if the standard of living is to be doubled in a generation, investment, more than anything else, will have to be relied upon to do the trick. The way to plenty is to build up as rapidly as possible the national stock of machines, of buildings to house them in, of power to drive them, and communications between them. Productive investment must play the leading role in any long-term program."

In this "open season" of annual forecasting and current "will he or won't he" talk, I believe that it is especially important that we do not lose sight of this vital role and need for capital investment in our economy; certainly the steel, auto, rail industries, etc., are not forgetting it — witness their announced huge capital investment plans.

Stock Prices Could Double by Year's End

Thus, despite the brevity of my discussion of the basic economic forces at work for the next decade, and certainly despite the fact that "every day" will not be easy, the basic fundamentals at work in our economy point to abundant opportunity and substantial prosperity for the future — far greater than anything we have yet seen.

Specifically, and quickly, over the next decade, we should achieve over a $50 billion level of national output of goods and services.
services, with attendant high levels of employee turnover, crime, saving, spasning, etc. More particularly, measured by the Dow Jones Industrial Average, earnings from today's $36 per share level to the $39-$35 area, and dividends and growth to between $30 and $33 more, the financial performance of today's St. Louis. Thus, the normal value for the Average stock index (Dow Jones Industrial) should easily rise to 700 or more, and stock prices could well double over the next decade.

1956—Business and Stocks "Resting" in Broad Trading Range. So, while it's pretty clear that we need not fear prosperity, nor the need to secure that "secret tax cut" by mid-year, because all basic industries are not longer requiring record-setting sales. As the famous First National City Bank of February "Letter" statement:

"Some sectors are expanding while a few contract. Some, like saving, may be nearing the end of the expansion period. Others, like automobiles, are now in the process of adaptation. Still others may have several months of sustained operations or even further gains ahead beyond a downturn occurs. A few may go through 1956 without the pains of adjustment.

In short, another "rolling re-adjustment" is underway. The net effect may be a gradual rise or a gradual decline, depending on the relative strengths of the forces involved. In any case, simultaneous weakness in the major segments of industry and trade does not seem to be at hand or in sight. In general, business confidence remains high. Actions speak louder than words. Within the past month, the steel, automobile, and

Continued on page 36

How are things at ALLIED CHEMICAL?

"The industrial upturn which started during the fall of 1954 was sustained throughout 1955, and Allied Chemical enjoyed the highest sales and net income in its history. Sales and operating revenues in 1955 of $329,514,087 were 18% higher than in 1954."

ANNUAL REPORT, 1955

Allied plants last year turned out more than 3,000 products—products so basic to almost all manufacturing and processing that you can't even count the end products in which they are employed. What you can say is that scarcely a business, a farm or family is not served by Allied, directly or indirectly. And through research, new products and processes, each year Allied Chemical is contributing more to American progress.

More than 30,000 employees accounted for the Company's record performance last year. They can see growth where many others see the level of production and service. Here's what a cross section of our people say about developments in 1955 as they saw them.

WILLIAM GRIFFIN
Resource Chemist, Central Research Laboratory, Morristown, N. J.

"I've been with Mutual over 23 years and this past year was one of our busiest with production at full capacity. Demand for chromium chemicals has certainly gone up, but our production is keeping pace."

JOYCE E. SHAW
Laboratory Assistant, National Aniline Division, Hopewell-Chesterfield, Va.

"Here at Chesterfield we kept a busy pace in '55, bringing along Allied's most important new product, Caprolan. My job is testing this new nylons and, from what I've seen, I think we have a winner."

NORTON ROBINSON
Sales Manager, Hilo, Materials, Barrett Division, Baton Rouge, La.

"Building materials business in Texas and the Southwest is well in stride with this growing market. Barrett's two modern plants in this area are providing fine customer service."

ROBERT A. LEMLER
Salesman, Nitrogen Division, Omaha, Neb.

"Nitrogen made great progress in 1955 in convincing farmers that fertilizer grows farm profits. Our field is very competitive, but ACI's is the fastest growing brand in the business in this territory."

ANDREW D. BURRIS
Process Operator, General Chemical Division, Colma, Md.

"I understand we hit the highest levels of production and sales in our history. Here we've been working in capacity at maximum. General's most important new products—Commercial refrigerants and aerosol propellants."

JAMES W. BUCK
Pipefitter, Mutual Chemical Division, Bethel, Conn.

"I've been with Allied since 1928 and in this past year was one of our busiest with production at full capacity. Demand for chromium chemicals has certainly gone up, but our production is keeping pace."

HERBERT S. KISHBAUGH
Salesman, Solvay Process Division, Boston, Mass.

"Sales in my territory of southern Massachusetts and Rhode Island hit a new peak in 1956. Solvay's new chloroform plants have been very well received here. No doubt about it, '56 was a banner year in Solvay."

FINANCIAL HIGHLIGHTS FOR 1955

- Net earnings—$32 million—$5.72 a share ($5.45 a share after stock dividend)
- New plants and equipment expenditures—$45 million
- Research and development expenditure—$16 million
- Cash dividends continuously for 35 years—50 cents in 1955: $3.00, plus 5% in stock, to more than 29,000 stockholders

Allied Chemical is too diversified, too active for any quick picture. If you'd like a more detailed account of what we've accomplished last year, you'll find it in our Annual Report—yours for the asking.

The Annual Meeting of Stockholders will be held at 6:00 P.M. at the Hotel Statler, 61 Broadway, New York, N. Y. All stockholders are cordially invited to attend.

Volume 133 Number 5113. The Commercial and Financial Chronicle (1083) 33

ALLIED CHEMICAL & DYE CORPORATION

61 Broadway, New York 6, N. Y.

DIVISIONS: Barrett—General Chemical—Mutual Chemical—National Aniline—Nitrogen—Sext-Solvay—Solvay Process—International
other important industries have announced plans for expansion and modernization running into billions of dollars, making manage-
ments of these large firms are working to put huge sums of new plant and equipment in the ex-
pectation that these will be the next "big
prosperous and profitable econ-
yy in which to sell the goods these facilities will produce. In maintaining a high level of in-
vestment, they help sustain the
mer they anticipate."

"The securities market is in good
—enjoying a healthy rate this
year—preparatory to the decade ahead which greatly promises of being one of America's most prosperous. The periods due to the
powerful forces of population growth, technological and pro-
ductivity advances, and the great needs of both public and private cap-
ital investment. So now what is this kind of economy worth? Earnings, dividends and money rates—these stand in the stock market.

Values in Securities

You are all familiar with the gross national product, trend and im-
portance of current payments, book values, earnings ratios, dividend rates and capital values. In connection with stock valuations, it is important that you should realize that these figures are not the only factors to be considered in any analysis of stock prices. It is possible to analyze any company's earnings, dividends and money rates, and still not come to any conclusions about the stock's worth. After all, if a company has a large amount of money invested in its business, and has been able to earn a large amount of money, it is possible that the stock is worth a great deal of money. However, it is also possible that the company has been able to earn a large amount of money, but has not been able to distribute that money to the shareholders. Therefore, the worth of a company is not determined by its earnings, dividends and money rates alone, but also by the way in which those figures are used to finance the operations of the company.

The Technical Price Position of Stocks

The "trading range" probability of stock prices is a subject that has been much discussed in the financial press. The "trading range" is defined as the band of stock prices that is between the highest and lowest prices that a stock has reached in a given period of time. The "trading range" is important because it can give you an idea of the price movement that is likely to occur in the future. If a stock is currently trading at the high end of its "trading range," it is likely that the stock will continue to rise in price. If a stock is currently trading at the low end of its "trading range," it is likely that the stock will continue to fall in price.

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Dillon, Read Group Offers Southwestern Pub. Serv. Securities

Dillon, Read & Co. Inc. headed an investment banking group which offered for public sale yesterday (Feb. 29) $10,000,000 of 3.25% first mortgage bonds due 1961 and 120,000 shares of 4.40% cumulative preferred stock, $25 par value, of Southwestern Public Service Co.

The bonds are priced at 100.25% and accrued interest. They are subject to optional redemption at 100% of par value plus a sinking fund premium. Proceeds from the sale of these securities will be applied in entirety or in large part toward the payment of bank loans, which have been made to enable the company to pay in part the costs of improvements and property. The company's current plan to retire 1933 bonds in the amount of $5,000,000 was announced last month. The company's purpose is to pay down the balance of undistributed earnings of approximately $27,700,000 for the principal amount due Jan. 31, 1960.

The sinking fund payment on these bonds matures in Apr. 1960, and is redeemable at par prices on Nov. 1, 1969, and Apr. 1, 1971. The first mortgage bonds matures in Apr. 1, 1961, and are callable, in whole or in part, at par plus coupon, at any time on Apr. 1, 1961, and every Apr. 1 thereafter. The preferred stock has no par value. It is convertible into common stock at a price of $10 per share after Aug. 1, 1980. It may be called from Apr. 1, 1960, at $25 par value per share on Apr. 1 of each year thereafter, subject to a minimum redemption price of $22.50 per share after Jan. 31, 1960.

The company is engaged in the generation, transportation and sale of electric power in the Texas Panhandle and Oklahoma Panhandle areas, and the company's purpose is to pay down the balance of undistributed earnings of approximately $27,700,000 for the principal amount due Jan. 31, 1960. The sinking fund payment on these bonds matures in Apr. 1, 1960, and is redeemable at par prices on Apr. 1, 1960, and in Apr. 1, 1961, and Apr. 1, 1969. The first mortgage bonds matures in Apr. 1, 1961, and are callable, in whole or in part, at par plus coupon, at any time on Apr. 1, 1961, and every Apr. 1 thereafter. The preferred stock has no par value. It is convertible into common stock at a price of $10 per share after Apr. 1, 1960.

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"Disposible Income"  
"Disposable Income is another figure which must be  
interpreted with great care. Statistically it possibly  
meant personal income less taxes, but all the sums  
oficially labeled "disposable" are certainly not all  
at the disposal of the recipient. Consequently,  
the recipient when he has a long list of rigid commitments  
such as mortgage interest and installment,  
inalations, personal debt, rent and various other items.  
An  
appropriately understated  
Disposable Income would lead  
to a higher rather than actual income. The average man  
today needs a glossary of new economic terms always at  
his elbow.

Continued from page 4

The Outlook for Interest Rates—Long-Term and Short-Term  

1955? There are a number of reasons  

(1) The pressure in the  

money market was primarily concentrat  
ed in the  
short-term market. Net  

maturity demand increased  

by $4.5 billion. This  

volumes is severe and consid  
ergation developed with  
year. The price of  

reduced at the  
generally well under  
the market  

price, and the cost  

is considerably higher than  
the  
normal mark.  
(2) The direct market  

is a market in which  
the  
price is determined by  
the market for the  
short-term market. Net  
maturity demand increased  
by $1 billion.  
(3) Corporate and state  

and local  

bonds do not invest in mortgages; hence  
their  
increased funds available  
for the  
short-term market.  
(4) The direct market  

is a market  
in which the  
price is determined by  
the market for the  
short-term market. Net  
maturity demand increased  
by $1 billion.  
(5) Some of the pressure  
resulting from the  
short-term market was transferred  
to the long-term market.  
This resulted in a  
pressure from the  
short-term market through  
the  
market for government or corporate  
bonds. The price of  
short-term maturity demand  
increased by $4.5 billion.  
(6) The short-term market  

is the market  
for government or corporate  
bonds. The price of  
short-term maturity demand  
increased by $1 billion.  
(7) As a result of the  
strong upward  
trend in the short-term  
market, interest rates in  
the short-term market  
are rising. The result is  
that the short-term market  
will be in a position  
where the  
price is determined by  
the market for the  
short-term market. Net  
maturity demand increased  
by $1 billion.  
(8) Sheltered Governments  

are those  
that are  
supported by  
the  
U.S. government.  
(9) The long-term  
market  
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depends  
considerable pressure. The public  
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depend...
Economics in Election Year And Self-Defeating High Taxes

Higher than they were in mid-1954, the take-off point, but Federal spending is an even greater item. It is the private sector of the economy which must work to produce the nation's own power, financing itself and earning for us the purchasing power to purchase the wealth of consumers and businessmen.

It has been a fair day and a half there were many who believed that a recovery from a depression that had undermined the over-all confidence of consumers and businessmen.

But there were also some who had lowered their expectations of the recovery and, at the same time, had increased the number of commodities and services which they were willing to pay for. They were, of course, the people who had the most to lose. And the recovery was, in fact, a far better one than was expected by the average consumer. Indeed, it was a far better one than the average consumer could have been expected to have at the beginning of 1954.

Fortunately, these pressures for the injection of economic stimulus were not entirely negative. The government's policy has been one of providing as much economic stimulus as necessary without increasing the amount of debt.

Nevertheless, the end of the year is not yet in sight and it is too soon to speak of any long-term adjustment of the economy to a lower level of activity. Nevertheless, if an election year is not too far off, there is a possibility that the economy could reach a level of activity that would be adequate to meet the needs of the nation.

The problem of keeping the economy on an even keel is, of course, the problem of balancing the budget and the national debt. It is a problem that has been of great concern to the government and the nation for many years.

It is clear that the government must do something to reduce the deficit and to increase the amount of money available for government operations. The government cannot continue to borrow money at the same rate it has done in the past and expect to balance the budget. The government must find a way to reduce the deficit without increasing the amount of money available for government operations.

The government has several options available to it. It could increase taxes, cut spending, or both. It could also increase the money supply, but this would have the effect of increasing the amount of money available for government operations and would not reduce the deficit.

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Railroad Securities

By GERALD D. MCKEEVER

Gulf, Mobile & Ohio

At the current price of $37, Gulf, Mobile & Ohio common is closer to the lower limit of the 1955-56 price range than to the upper limit of the road's range of the past two years. Since 1948 the road has enjoyed a period of aggressive expansion and vigorous growth, and in the past two years it has experienced a slump in both traffic and earnings. The road's slump in the past two years from its forward march in both traffic and earnings is evident in the table below.

<table>
<thead>
<tr>
<th>Year</th>
<th>Gulf, M. &amp; O. Southern Region Class I Total</th>
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<tbody>
<tr>
<td>1955</td>
<td>$111</td>
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<tr>
<td>1954</td>
<td>$116</td>
</tr>
<tr>
<td>1953</td>
<td>$123</td>
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<td>1952</td>
<td>$123</td>
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</tbody>
</table>

*Partly estimated.

Since the market is inclined to place emphasis on growth in viewing the rails of the Southern group. It is not altogether surprising that Gulf, Mobile & Ohio stocks seem to be somewhat in eclipse. The current price of 90c for the road's $5 preferred places a reasonable valuation on its highly satisfactory statistical picture. But the road's common stock has been allowed to drift until its well protected dividend of 5c per share, which at an annual rate of about $1.70 per share, has been moving up ahead without balance and at the expense of the common stockholder.

Perhaps our greatest economic task is to find ways to solve the social problems that result from the pressure of population to seek reality rather than temporary solutions. Atlantic affairs, to resist the pressure of population to seek real solutions rather than temporary solutions. Atlantic affairs, to resist the pressure of population to seek selfless advantage.

Toledo Bond Club to Hold Outing in June

TOLEDO, Ohio—The Bond Club of Toledo will hold its 1955 summer outing and membership meeting at Inverness Club, the site of the 1957 National Open Golf Tournament. A complete roster of the members was given at the opening meeting.

Filaos Secs. Co. Opens

GRAND JUNCTION, Colo.—Filaos Securities Company has been formed with offices at 407 Main Street to engage in a securities business. The principal owners are R. L. Filaos, President; William B. Petrie, Manager; and Peter L. Filaos, Secretary-Treasurer. Frank Filaos was formerly Office Manager for the Security-America Co. and other firms.

Eastern Secs. Corp.

JACKSONVILLE, N. C.—Eastern Securities Corp., a corporation organized in Delaware, has been formed with offices at 231 S. Wingate St. The directors are Charles R. B. Baxten, President; Noah E. Dumas and B. C. Dennis.

A. Jackson Sailer

A. Jackson Sailer, member of the Philadelphia—Baltimore Stock Exchange, and partner of A. J. Sailer & Co. passed away Feb. 12. Mr. Sailer had been a member of the Philadelphia-Baltimore Stock Exchange since 1926.
Investing for Income through National Income Series

Mutual Funds

BY ROBERT E. RICH

M. T. Shareholders Surveyed

Do the owners of mutual investment company shares tend to retain their holdings for the long term or cash them in when the market slumps or takes a sharp dip?

A survey of Massachusetts Investors Trust, oldest and one of the largest of these companies, shows that shareholders tend to hang on to their shares and regard them as a long-range investment.

"A recent sampling of shareholdings," the study notes, "indicates that a major proportion of current share owners have held their shares for 15 years or more."..."The slump in steel production which normally is expected to accompany a decline in automobile production has failed to materialize, and an analysis to date, within the study declared.

It added that industrial, commercial and public construction, steel warehousing, railroad equipment, machinery and home appliance demand are offsetting the supply of automobiles and therefore which may become available by currently reduced requirements of the automobile industry.

"Some attempts to accumulate steel inventories by stock fund being made as a hedge against further price cuts or for the possibility of a protracted strike in only what is expected to be, with the steel unions expire," it was stated.

However, the study added, with general industrial activity and national economic condition at high levels, it is doubtful if unwieldy stocks of finished steel are becoming prevalent in the market.

Discussing plans of the steel industry to boost productive capacity by 15 million tons, or about 12% over the next three years, National Steel's President, Charles Devens, points out that "steel makers have traditionally been most conservative in their planning, and their present aim is to build facilities by which 12% can only be constructed as an indication of the potential growth capacity in the national economy over the next three years."

TV Fund Assets

At $112 Million

Net assets of Television-Electronics Fund, Inc. on Jan. 31 amounted to $112,768,563, equal to $10.90 per share after deducting 51 cents per share paid to shareholders from capital gains, according to a report for the December quarter issued by Investors Services, Inc., which manages the fund. This compares with net of $73,231,429, or $10.90 per share, on Dec. 31, 1954, January sales were reported at $2,784,100 compared with $2,527,698 in the corresponding period a year earlier.

Steel Output

To Remain High, National Reports

Although the steel industry cannot be expected indefinitely its production at the annual rate of about 126 million tons which prevailed during January, there is little reason to believe that output in 1956 will decline sharply from the 117 million tons total of 1955, according to an analysis of the nation's steel industry prepared by the economic staff of National Securities & Research Corporation.

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Incorporated Investors

Established 1925

A mutual fund with a portfolio of securities selected for possible long term GROWTH of capital and income.

Incorporated Income Fund

A mutual fund whose sole objective is to return as large an INCOME as possible without risk of principal.

A prospectus on each fund is available to you from your investment dealer.

The Parker Corporation

205 Berkshire Street

Boston, Mass.

D. I. F. Reports

Portfolio Changes

Diversified Investment Fund, Inc., in a shareholder meeting accompanying its 45th consecutive quarterly income payment, reported that additions to the fund's investments, effectuated since the close of the 1955 tax year, include: $2,000,000 of 4 3/4% New York & Harlem Railroad Co. preferred stock; $102,000 of Seaboard Air Line Railroad Co. preferred stock; $1,000,000 of 4% common stock of United Aircraft Co. Its preferred stock was eliminated through the call for payment of the entire issue by the issuing corporation.

Today's dividend distribution amounted to 10 cents per share, which compares with nine cents per share paid in the first quarter of the 1955 fiscal year.

Incorporated Net Assets

$235 Million

Net asset value increased $37,384,230 during the past year, with the period's highest level of $183.75 per share, rising from $163.37 to $193.49 after allowing for the dividend distribution of 26% of profits. Dividends on sale of $2,252,000 was declared in 1955.

In the report to stockholders by President Charles Devens, William A. Parker, management of the fund states its belief that 1956 will prove to be an excellent year for the American economy and that therefore the fund remains fully invested in securities selected for their combination of growth and income.

The report states: "The report credits corporations increasing the soundness, stability and long-term expansion of our economic system. These factors include widespread distribution of national income, a continued increase in 30 years in expenditures of equipment, the increased long range investment planning by industry, of which the $3 bil-

Affiliated Fund

A Common Stock Investment Fund

Investment objectives of this fund have been to provide maximum long term income growth for its shareholders.

Prospectus upon request

LORD, ABBETT & CO.

New York — Chicago | Atlanta — Los Angeles

 allotted.used.org/
One Million In Dividends

Group Securities will distribute dividends to the holders of its 139,500,000 shares of common stock in the amount of $1.25 a share on May 16, 1956.

Diversified Fund Reports Gain

Diversified Growth Stock Fund, Inc., reports 1955 operations for the year ended Dec. 31, 1954, to shareholders who were reported to have been the net asset value per share for the year ending Dec. 31, 1954, was $13.68, compared with $12.65 at the close of 1953.

The fund also reported that the yield on total income as a percentage of net assets was 4.81%, as against 4.92% for 1953.

New York Capital Fund

The net asset value per share of the fund at the close of 1954 was $22.32, compared with $21.64 at the close of 1953.

V -Passenger Business

Passenger traffic, which is generally short-haul local and commuter traffic, is generally carried at a substantial loss. Obviously, the road management is concerned over the loss in relation to freight business, which will experience a severe drain on its profits that may affect the continued operation of the railroad.

V -Management

The management of the railroad is generally well and it is widely managed that makes the important decisions. We believe that the railroad is generally well managed. It is the opinion of the directors that the railroad has had to face in recent years, and still faces, severe economic conditions, that have reduced its earnings. The management has done a good job in maintaining its standing in the public's opinion.

There is no question in my mind that the management of the railroad has not done a good job in maintaining its standing in the public's opinion. The railroad has had to face severe economic conditions, that have reduced its earnings. The management has done a good job in maintaining its standing in the public's opinion.

Long-Term Record

I have outlined some of the different influences that weight with the individual investor in making his decision. These differences are reflected in the results of the survey of the individual railroad companies. The survey is best illustrated by the wide range of transportation ratios, the wide range of annual earnings, the wide range of the percents of the revenue other than freight, and the wide range of the executive and administrative expenses.

These points are crucial to the individual investor in making his decision. The survey is best illustrated by the wide range of transportation ratios, the wide range of annual earnings, the wide range of the percents of the revenue other than freight, and the wide range of the executive and administrative expenses.

Price Earnings Ratios

Railroad stocks are selling at relatively low price-earnings ratios. Yields are well above the average for other quality industrial stocks. In many cases these stocks are being enriched within the next 12 months by continuing dividend increases. It is my belief that the market will not ignore these considerations. Of course, the outlook for every railroad is not so favorable for the coming year, for instance, Chicago & North West is still a very high cost operation, and it is not clear whether or not the recent management changes will result in any material improvement in the future. Since the earnings of many railroads are not considered to be attractive at this time, the market is not likely to show any improvement until the current trend is reversed. In the meantime, it is probable that the market will be particularly hit by the lag in the inflation of investment returns. Moreover, both of these roads have paid practically no dividends, and Federal income taxes in recent years have been reduced, which is likely to be partially mitigated by the reduction in the income tax rates. As I have said, selectivity is essential.

Attractive Railways

It seems to me that the outlook for the next year will be more attractive than that of any other year. The two roads-Chesapeake & Ohio, Norfolk & Western and Virginia-is going to be a continuation of the trend that has continued for some years. It is probable that the market will be affected by the lag in the inflation of investment returns in the current year. In the meantime, it is probable that the market will be particularly hit by the lag in the inflation of investment returns. Moreover, both of these roads have paid practically no dividends, and Federal income taxes in recent years have been reduced, which is likely to be partially mitigated by the reduction in the income tax rates. As I have said, selectivity is essential.

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It seems to me that the outlook for the next year will be more attractive than that of any other year. The two roads-Chesapeake & Ohio, Norfolk & Western and Virginia—is going to be a continuation of the trend that has continued for some years. It is probable that the market will be affected by the lag in the inflation of investment returns in the current year. In the meantime, it is probable that the market will be particularly hit by the lag in the inflation of investment returns. Moreover, both of these roads have paid practically no dividends, and Federal income taxes in recent years have been reduced, which is likely to be partially mitigated by the reduction in the income tax rates. As I have said, selectivity is essential.
The State of Trade and Industry

Continued from page 5
of 1956, it is now reported to have spread to most steel centers. The resulting sharp drop in the price (
and 122,688 bales. This is compared to 357,500 bales in the same period of 1955. The new crops are still
received for the 1956-1957 season.

Steelworkers continued to suffer from the effects of the steel strike. The strike has been
continuing for almost a month, with no apparent end in sight. The union continues to
refuse to return to work until their demands are met. This has resulted in a significant drop in
steel production, with many plants operating at reduced capacity. The situation is expected to
continue for at least another month, with no clear resolution in sight.
### Indications of Current Business Activity

#### Latest Month

<table>
<thead>
<tr>
<th>Description</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Unemployed</td>
<td>5.4%</td>
</tr>
<tr>
<td>Retail sales</td>
<td>129.6 billion</td>
</tr>
<tr>
<td>Wholesale sales</td>
<td>319.4 billion</td>
</tr>
</tbody>
</table>

#### Previous Year

<table>
<thead>
<tr>
<th>Description</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Unemployed</td>
<td>6.0%</td>
</tr>
<tr>
<td>Retail sales</td>
<td>124.9 billion</td>
</tr>
<tr>
<td>Wholesale sales</td>
<td>307.1 billion</td>
</tr>
</tbody>
</table>

#### Month

<table>
<thead>
<tr>
<th>Description</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Unemployed</td>
<td>5.1%</td>
</tr>
<tr>
<td>Retail sales</td>
<td>128.3 billion</td>
</tr>
<tr>
<td>Wholesale sales</td>
<td>323.0 billion</td>
</tr>
</tbody>
</table>

#### Year

<table>
<thead>
<tr>
<th>Description</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Unemployed</td>
<td>5.8%</td>
</tr>
<tr>
<td>Retail sales</td>
<td>131.1 billion</td>
</tr>
<tr>
<td>Wholesale sales</td>
<td>315.7 billion</td>
</tr>
</tbody>
</table>

---

#### BAKERS' DOLLAR ACCEPTANCES OUTSTANDING, NATIONAL BANKS

<table>
<thead>
<tr>
<th>Description</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total</td>
<td>$265,209,000</td>
</tr>
<tr>
<td>Discounted</td>
<td>$251,240,000</td>
</tr>
<tr>
<td>Bank warrants</td>
<td>$27,968,000</td>
</tr>
</tbody>
</table>

#### IMPORTS

<table>
<thead>
<tr>
<th>Description</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Imports</td>
<td>$109,800,000</td>
</tr>
<tr>
<td>Foreign shipping</td>
<td>$8,967,000</td>
</tr>
<tr>
<td>Wheat imports</td>
<td>$10,315,000</td>
</tr>
<tr>
<td>Tobacco</td>
<td>$38,800,000</td>
</tr>
<tr>
<td>Tobacco leaf</td>
<td>$38,800,000</td>
</tr>
<tr>
<td>Sugar</td>
<td>$21,340,000</td>
</tr>
<tr>
<td>Coffee</td>
<td>$14,742,000</td>
</tr>
<tr>
<td>Cotton</td>
<td>$10,649,000</td>
</tr>
<tr>
<td>Rice</td>
<td>$2,269,000</td>
</tr>
<tr>
<td>Linen goods</td>
<td>$94,780,000</td>
</tr>
<tr>
<td>Cotton manufactures</td>
<td>$94,780,000</td>
</tr>
<tr>
<td>Woolen manufactures</td>
<td>$94,780,000</td>
</tr>
</tbody>
</table>

#### MANUFACTURERS' AND SELLERS' RECEIPTS \(1947-49\)

<table>
<thead>
<tr>
<th>Description</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total</td>
<td>$42,562,000</td>
</tr>
<tr>
<td>Manufacturing establishments</td>
<td>$41,039,000</td>
</tr>
<tr>
<td>Retail</td>
<td>$1,523,000</td>
</tr>
<tr>
<td>Wholesale</td>
<td>$1,523,000</td>
</tr>
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</table>

#### CASH DIVIDENDS—PUBLICLY REPORTED BY U. S. AND CANADIAN COMPANIES

<table>
<thead>
<tr>
<th>Description</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total</td>
<td>$43,300,000</td>
</tr>
<tr>
<td>Domestic</td>
<td>$41,039,000</td>
</tr>
<tr>
<td>Foreign</td>
<td>$2,269,000</td>
</tr>
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</table>

#### COTTON AND LINTERS—LICENSED—RETAIL

<table>
<thead>
<tr>
<th>Description</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total</td>
<td>$4,740,000</td>
</tr>
<tr>
<td>Domestic</td>
<td>$4,385,000</td>
</tr>
<tr>
<td>Foreign</td>
<td>$355,000</td>
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</table>

#### COTTON SPINNING (DEPT. OF COMMERCE)

<table>
<thead>
<tr>
<th>Description</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total</td>
<td>$3,150,000</td>
</tr>
<tr>
<td>Domestic</td>
<td>$2,712,245</td>
</tr>
<tr>
<td>Foreign</td>
<td>$437,755</td>
</tr>
</tbody>
</table>

#### MANUFACTURERS' INVENTORIES AND SALES

<table>
<thead>
<tr>
<th>Description</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total</td>
<td>$35,605,000</td>
</tr>
<tr>
<td>Domestic</td>
<td>$33,519,000</td>
</tr>
<tr>
<td>Foreign</td>
<td>$2,086,000</td>
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</table>

#### SALES OF THE N. Y. STOCK EXCHANGE AND BROAD-STOCK TRANSATIONS

<table>
<thead>
<tr>
<th>Description</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total</td>
<td>$6,229,000,000</td>
</tr>
<tr>
<td>Stocks</td>
<td>$5,822,000,000</td>
</tr>
<tr>
<td>Bonds</td>
<td>$407,000,000</td>
</tr>
</tbody>
</table>

#### WHOLESALE PRICES, NEW SERIES—U. S. DEPT. OF COMMERCE (1926-27=100)

<table>
<thead>
<tr>
<th>Description</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total</td>
<td>112.0</td>
</tr>
<tr>
<td>Food products</td>
<td>112.1</td>
</tr>
<tr>
<td>Farm products</td>
<td>111.7</td>
</tr>
<tr>
<td>Farm</td>
<td>111.7</td>
</tr>
<tr>
<td>Meat</td>
<td>110.3</td>
</tr>
<tr>
<td>Milk</td>
<td>110.5</td>
</tr>
</tbody>
</table>

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*Footnote: The following statistical tables cover production and other figures for the month or week mentioned in the text if the weekly or monthly average is 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.*
**Securities Now in Registration**

**INDICATES ADDITIONS SINCE PREVIOUS ISSUE**

**ITEMS REVISED**

---

**American Alloys Corp., Kansas City, Mo.**


**American Frontier Corp., Memphis, Tenn.**


**Aster Corp. (Del.)**

FEB. 28. Filed 1,100,000 shares of common stock (par $1) for subscription. Proceeds—For converting 10,000 common shares of RKO preferred stock (par $1) to common stock on which RKO has agreed to purchase $10,000,000 worth of common stock. Underwriters—Bluth & Co., New York.

**Bartlett-Johnson Co. of Pennsylvania (3/6)**

FEB. 9. Filed 75,000,000 of 40-year debentures due March 1, 1986, 3% at par. Proceeds—To repay outstanding advances from American Telephone & Telegraph Co. parent, and to reimburse the treasury for expenditures made for beneficial purposes. Underwriters—Citicorp Underwriter.

**Belo Tel-Elco Co., Minn.**


**B.F.S. Co., Birdsmouth, Pa.**


**Blue Lizard Mines, Inc.**

Jan. 17. Filed 600,000 of 8% convertible subordinated debentures due Dec. 15, 1975, $100 per bond. Proceeds—To make additional cash payment on purchase of common stock. Underwriters—Salt Lake City, Utah. Underwriter—None.

**Bocabelli, Inc., Canal Fulton, Ohio**

Dec. 21. Filed 15,000 shares of cumulative preferred stock (par $50); 10,000 shares of common stock, $100 par value (par $1). Price—$10 per share. Proceeds—To provide the owner with the option to buy 10 shares of preferred stock and will be required to purchase one share of common stock. Price—$10 per share. Underwriters—Parke, Davis & Co., Detroit.

**Budd Co., Philadelphia, Pa.**

FEB. 12. Filed 10,000 shares of common stock (par $5) to be offered for subscription by stockholders of record about March 12, 1956, in the ratio of one new share for each five shares held by subscribers at the close of business on March 27. Price—To be supplied by amendment. Proceeds—For general corporate purposes. Underwriters—Bluth & Co., New York.

**Canadian Delphi Petroleum Ltd. (3/20)**

Dec. 18. Filed 2,350 shares of common stock (par $10) to be offered for subscription by stockholders of record March 15, 1956, at the rate of one new share for each five shares held (with an oversubscription privilege). Price—$12 per share. Proceeds—For general corporate purposes.

**Carolina Telephone & Telegraph Co.**

FEB. 12. Filed 6,000,000 shares of common stock (par $10) to be offered for subscription by stockholders of record March 22, 1956, at the rate of one new share for each five shares held (with an oversubscription privilege). Proceeds—For general corporate purposes.

**Centurion Acceptance Corp.**

Nov. 7. Filed $750,000 of participating junior subordinated sinking fund 6% debentures due Nov. 1, 1975, with detachable warrants for the purchase of 12,500 shares of common stock, $5 par value. Proceeds—To convert preferred stock and to increase working capital, etc. Underwriters—Paul C. Kimball & Co. Chicago, Ill. Proceeds—To be used in the general business of the company, etc.

**Century Controls Corp. (3/2)**

FEB. 21. Filed (letter of notification) 40,000 shares of common stock (par $1) to be offered for subscription by stockholders of record March 20, 1956, at the rate of one new share for each five shares held (with an oversubscription privilege). Proceeds—For repayment of loans, equipment and working capital. Underwriters—J. Y. Underwriter—J. Y. Underwriter—P. J. Gruber & Co., Inc., New York.

**Chemical Ventures Syndicate, Ltd.**


**Cooper Union (N.Y.)**


**Cooperative Union (N.Y.)**


**Couture National Car Rental System, Inc.**


**Crown City Plating Co., Pasadena, Calif.**

FEB. 17. Filed 100,000 of common stock (par $10) of which 2,649 shares are to be offered to officers and employees. Price—$30 per share. Proceeds—For working capital and other corporate purposes. Underwriter—16S South Fair Oaks Ave., Pasadena, Calif. Underwriter—Pasadena, Calif., Pasadena, Calif.

**Crucible Steel Co. of America (3/8)**

FEB. 16. Filed 164,117 shares of common stock (par $5) to be offered for subscription by stockholders of record March 8, 1956, at a rate of one share for each five shares held (with an oversubscription privilege). Price—$50 per share. Proceeds—To be supplied by amendment. Proceeds—For modernization and expansion program and general corporate purposes. Underwriters—Randolph & Co., New York.

**Cuba (Republic of) (3/9-12)**

JAN. 27. Filed 12,000,000 shares of common stock (par $10) at which 2,649 shares are to be offered to citizens and employees. Price—$30 per share. Proceeds—For working capital and other corporate purposes. Underwriter—Fulton, Ohio. Underwriter—None.

**Dennis Run Corp., Oil City, Pa.**

Nov. 28. Filed (letter of notification) 46,000 shares of common stock (par $10) to be offered in units of 500 shares of $5 and 500 shares of $5 and 500 shares of $5. Proceeds—To pay bank loans and debts; and for working capital. Underwriter—Grove O’Neil & Co., New York. Underwriter—None.

**Doctors Oil Corp., Carrollton, Tex.**

FEB. 23. Filed 25,000 shares of common stock (par $10) at $1 per share. Proceeds—For working capital. Proceeds—To be devoted mainly to acquiring, exploring, and operating oil properties, and to pay off $13,500,000 liabilities. Underwriter—James C. E. Greaves & Associates, Inc. Underwriter—None.

**Duro-Tech Corp., North Bergen, N. J.**

FEB. 8. Filed 42,758 shares of cumulative preferred stock (par $100), which are convertible into 43,300 shares of common stock. Proceeds—For development of a fiberglass plant on 10 acres of land purchased for $3,000,000, which is the subject of lease with an option to purchase for $12,000,000. Proceeds—For working capital, etc. Underwriters—Paul C. Kimball & Co. Chicago, Ill. Proceeds—To be used in the general business of the company, etc.

**First Merchant Bank & Trust Co., Ashwinn, Ind.**

FEB. 27. Filed (letter of notification) $5,000,000 of working capital stock (par $1). Price—$1 per share. Proceeds—For working capital; to be devoted mainly to acquiring, exploring, and operating oil properties, and to pay off $13,500,000 liabilities. Underwriter—James C. E. Greaves & Associates, Inc. Underwriter—None.

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**New York Stock Exchange**

**New York, Dated March 1, 1956.**
## NEW ISSUE CALENDAR

### March 1 (Thursday)
- **Chicago & North Western Ry., Equip. Trust Co.** (Bids from $300 in tranches of $10,000.)
- **Mississippi Pac.** (Bids 11 a.m. EST; $7,000,000)
- **Mississippi Pacific** (Preferred) (Bids 11 a.m. EST; $4,000,000)

### March 2 (Friday)
- **Century Controls Corp.** (Common) 210,000 shares at $10.00 (per share)
- **Pitellas Industries, Inc.** (Class A Common (Rights & Preference) at about $40.00)

### March 5 (Monday)
- **Aircraft Danger Light Corp.** (Common) (Stanton Chain, Inc.) $10.00
- **Columbia U.S. Steel Corp.** (Common) (General Investor Corp.) $1,000,000
- **National Marine Pipe Line Co.** (Debts & Coms.) (First California Co.) $2,000,000
- **Robinson (J. C.) Co.** (Class A) 11 a.m. EST; $250,000
- **St. Louis Steel Casting, Inc.** (Common) $5.00
- **Pennsylvania Gas Co.** (Common) $7.00
- **Western Greyhound Racing, Inc.** (1st M. J. Baer Corp.) $21,000

### March 6 (Tuesday)
- **Bell Telephone Co. of Pennsylvania** (Debentures) $500,000
- **Pacific Coast Aggregates, Inc.** (Common) $5.00
- **Seaboard Air Line R. R.** (Debentures) $160,000
- **Riegel Paper Corp.** (Debentures) (Morgan Stanley & Co.) $6,000,000
- **Riegel Paper Corp.** (Common) (Offering to stockholders—underwritten by Morgan, Stanley & Co.) $10,000,000
- **Van Waters & Rogers, Inc.** (Common) $17.00

### March 7 (Wednesday)
- **Freuhau Trailer Co.** (Debentures) $500,000
- **General Steel Castings Corp.** (Common) $5.00
- **Houston Lighting & Power Co.** (Bonds) (Bids 11:30 a.m. EST; $250,000)

### March 8 (Thursday)
- **Cruible Steel Co. of America** (Common) (Offering to stockholders—to be underwritten by Warburg, Pincus & Co.) $100,000,000
- **Groller Society, Inc.** (Common) (Offering to stockholders—to be underwritten by C. P. Allen & Co.) $100,000,000
- **Roeckle & Son.** (Preferred) (Bids 11:30 a.m. EST; $250,000)
- **Ryder System Co.** (Common) (Rights & Preference) $17.00 (per share)

### March 9 (Friday)
- **Cuba (Republic of)** (Bonds)
- **Oklahoma Gas & Electric Co.** (Common) (Offering to stockholders—to be underwritten by Kleinwort, Pierse, Fenner & Bostock) $250,000

### March 12 (Monday)
- **Murdock Acceptance Corp.** (Common) (Quotahale Securities Corp. and Buffalo Mining & Car. Co.) $2,000,000
- **Parker Petroleum Co., Inc.** (Preferred & Common) (Offering to stockholders—to be underwritten by Blyth & Co.) $250,000 of common stock
- **Westward Telephone Co., Ltd.** (Debts & Coms.) (Emanuel, Diller, Co.) $5,000,000 of debentures

### March 13 (Tuesday)
- **Bank of America, N. T. & S. A.** (Common) (Quotahale Securities Corp. and Buffalo Mining & Car. Co.) $1,500,000
- **Budd Co.** (Common) (Offering to stockholders—underwritten by Lehman, Brothers & Co.) $5,000,000
- **Highline Manufacturing Co.** (Common) $500,000
- **Pennsylvania R. R.** (Equipment Trust Co.) (Rights & Preference) $500,000

### March 14 (Wednesday)
- **Laclede Gas Co.** (Preferred) (Offerings to stockholders—bids to be invited) 262,673 shares
- **Missouri Pacific R. R.** (Series F) (Bids to be invited) about $23.07,737

### March 15 (Thursday)
- **Alabama Power Co.** (1st M. E. W. S. Co.) $14,000,000
- **Winn-Dixie Stores, Inc.** (Debentures) (Sherrills Lynch, Pierce, Fenner & Steeles) $20,000,000

### March 19 (Monday)
- **Atomic Energy Electric & Chemical Corp., Inc.** (Common) (L. Highstick Corp.) $400,000 shares
- **Western Greyhound Racing, Inc.** (1st M. J. Baer Corp.) $21,000

### March 20 (Tuesday)
- **Canadian Duluth, Miss. & Iron Co.** (Common) (Offering to stockholders—to be underwritten by Lehman, Brothers & Co.) $5,000,000
- **Louisiana Power & Light Co.** (Preferred) (Bids 11:20 a.m. EST; $7,000,000)
- **Narragansett Electric Co.** (Bonds) (Bids 11:30 a.m. EST; $16,000,000)
- **Pacific Gas & Electric Co.** (Bonds) (Bids to be invited) $25,000

### March 22 (Thursday)
- **Baltimore Electric Co., Inc.** (Common) (Offering to stockholders—to be underwritten by W. E. L. Warner, Inc.) $10,000

### March 29 (Thursday)
- **Georgia Power Co.** (Bonds) $10,000

### April 3 (Tuesday)
- **Columbus & Southern Ohio Electric Co.** (Bonds) (Bids 11 a.m. EST; $15,000,000)
- **Florida Pacific Gas & Pipe Line Co.** (Bonds) (Bids 11:20 a.m. EST; $15,000,000)

### April 4 (Wednesday)
- **Central Illinois Public Service Co.** (Common) (Offering to stockholders—to be underwritten by Union想了 Chase, Inc.) $50,000
- **Duquesne Light Co.** (Common) (Bonds) (Bids to be invited) $12,000

### April 5 (Thursday)
- **El Paso Electric Co.** (Common) (Offering to stockholders—Senior Mortgage Pass & Bond Webster Securities Corp.) $6,000,000

### April 6 (Monday)
- **Kansas City Power & Light Co.** (Preferred) (Blyth & Co., Inc.) (Bids in the open market) $15,000,000

### April 18 (Wednesday)
- **New England Electric System** (Common) (Offering to stockholders—to be underwritten by Lehman, Brothers & Co.) $15,000,000

### April 19 (Thursday)
- **Portland Gas & Coke Co.** (Bonds) (Bids 11:30 a.m. EST; $14,000,000)

### April 26 (Thursday)
- **Long Island Lighting Co.** (Preferred) (Bids 11:30 a.m. EST; $9,000,000)
- **Worthington & Co.** (Common) (Rights & Preference) $500,000

### April 30 (Monday)
- **New York Telephone Co.** (Common) (Bids to be invited) $35,000,000

### May 1 (Tuesday)
- **Columbia Gas System, Inc.** (Debentures) $25,000,000

### May 7 (Monday)
- **Duke Power Co.** (Common) (Offering to stockholders—no underwriters) $20,000,000

### May 8 (Tuesday)
- **El Paso Electric Co.** (Preferred) (Bids to be invited) $2,000,000

### May 10 (Tuesday)
- **Duke Power Co.** (Common) (Offering to stockholders—no underwriters) $2,000,000

### July 11 (Wednesday)
- **Florida Power & Light Co.** (Common) (Bids to be invited) $10,000,000

### September 25 (Tuesday)
- **Virginia Electric & Power Co.** (Bonds) (Bids to be invited) $25,000

### October 1 (Monday)
- **Tampa Electric Co.** (Bonds) (Bids to be invited) $10,000,000

### October 2 (Tuesday)
- **Columbia Gas System, Inc.** (Debentures) (Bids to be invited) $25,000,000

---

**Florida Mutual Fund Co., Inc., St. Petersburg, Fla.**

**First Bank Stock Corp., Minneapolis, Minn.**

**Fort Pitt Packaging International, Inc.**

**Frontier Assurance Co., Phoenix, Ariz.**

**Gar-Pac, Inc., Carson City, Nev.**

**Gas Hills Mining and Oil, Inc.**

**General Uranium Corp. (N. J.), New York.**

**General Uranium Corp. (N. J.), New York.**

**Gar-Pac, Inc., Carson City, Nev.**

**Gas Hills Mining and Oil, Inc.**

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**General Uranium Corp. (N. J.), New York.**

**Gar-Pac, Inc., Carson City, Nev.**

**Gas Hills Mining and Oil, Inc.**

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**Federal Reserve Bank of St. Louis**

**Digitized for FRASER**

http://fraser.stlouisfed.org/
York.

Feb.

International Basic Metals, Inc.

Feb.

International metals Corp.

Oct.

International Plastic Industries Corp.

Oct.

Investors Selective Fund, Inc., Minneapolis

Feb.

"Isra" Israel-Rassoco Investment Co., Ltd.

Aug.

Jurassic Minerals, Inc., Cortez, Colo.

Aug.

Kara Commodity Fund, Inc.

Aug.

Kazan Base Metals, Inc.

Feb.

Kaledo Gas Co., St. Louis, Mo. (3/14)

Feb.

Lacerdo Engineering Co., Cleveland, Ohio

Feb.


Dec.

Idaho-Altas Metals Corp.

Feb.

Idaho, Montana, and Nevada Mining Co., Inc.

Jan.

Huntington Lighting & Power Co. (3/7)

18 North Willow St, Trenton 8, N. J. Underwriter—Lewis F. Feinberg, New York, N. Y.

International Basic Metals, Inc. Jan. 27 (letter of notification) 1,000,000 shares of common stock (par $1) to be offered for subscription by stockholders of record of record March 15, 1956, at the rate of one share for each 15 shares held; rights to expire April 2. Proceeds—for expansion and working capital. Underwriter—Frank Keith & Co., Shreveport, La.

Abe Lusk, Shreveport, La. Underwriter—None.

John D. Lusk, 211 Church Ave, Cleveland, Ohio. Underwriter—None.


Louisiana Power & Light Co. (3/20)

Feb.

Lovelier a preferred stock (par $100). Proceeds—for property additions and improvements. Underwriter—Williams, Edwards & Co., Cleveland, Ohio. Underwriter—None. Bids—To be received up to 11:30 a.m. (EST) on March 20, 1956.

Marine Midland Corp.

Feb.

Lease—$3.75 per share. Proceeds—for construction, working capital, reserve, etc. Underwriter—None. Bids—To be received up to 11 a.m. (EST) at Room 804, 15 Westminster St, Providence, R. I.

Midland General Hospital, Inc., Bronx, N. Y.

Jan. 12 filed 24,130 shares of common stock (no par) for sale on the New York Stock Exchange by stockholders of record of record March 15, 1956. The company does not intend presently to sell the stock. Proceeds—for general corporate purposes. Price—$100 per share. Bids—To be received up to 4 p.m. (EST) on March 1, 1956.

Mississippi Power Co. (3/1)

Feb.

NationalDiscount Acceptance Corp. (3/5)

Feb.

National Mortgage Acceptance Corp. (3/12-16)

Feb.

National Resources Acceptance Corp. (3/14)

Feb.

National Underground Pipe Line Co. (3/5-8)

Feb.

National Underwriters Insurance Co., Shreveport, La. Sept. 26 filed 100,000 shares of common stock (par $25) to be offered for sale by stockholders of record July 21, 1955 on the basis of one share for each 15 shares held; rights to expire 45 days from the commencement of the offering (Jan. 31, 1956), after which unsold shares will be offered to public. Proceeds—for expansion and working capital. Underwriter—None.


New England Gas & Service Inc.

Jan. 6 (letter of notification) 920 shares of 6% cumulative preferred stock, liquidation preference $20. Proceeds—to acquire and refinance stockholder's interests in two leased and operated steam heating plants. Office—Charlestown, Mass. Underwriter—None. Bids—To be received up to 11:30 a.m. (EST) on March 7 at 17 Milk St., Boston, Mass. Underwriter—None.

New England Lighting Co., Inc.

Feb.


Narangassett Electric Co. (3/20)

Feb.

National Old Line Insurance Co.

Nov.

National Union Life Insurance Co., New York, N. Y.

Nov.

National Underwriters Insurance Co., Shreveport, La. Sept. 26 filed 100,000 shares of common stock (par $25) to be offered for sale by stockholders of record July 21, 1955 on the basis of one share for each 15 shares held; rights to expire 45 days from the commencement of the offering (Jan. 31, 1956), after which unsold shares will be offered to public. Proceeds—for expansion and working capital. Underwriter—None.

L. F. Glass Fibers Co., Toledo, O

Feb.

L. F. Glass Fibers Co., Toledo, O

Feb.

Lesser Camera, Inc.

Dec.

Luster Engineering Co., Cleveland, Ohio

Feb.


Dec.


International Atomic Devices Corp.

Feb.

International Basic Metals, Inc.
Volume 133 Number 5512 ... the Commercial and Financial Chronicle

1971. July 6% stock financing

New Britain Gas Light Co., New Britain, Conn. Feb. 22 filed 260,000 shares of common stock (par $1), preferred stock, and debentures due 1953, to be offered for subscription by common stockholders of record March 19, 1957, in the ratio of one share each for each ten shares held; rights to expire on March 19, 1957. Price—At $8 per share. Proceeds—To expand the company's service area, to strengthen over-all financial structure, and for general corporate purposes. Underwriter—Greylock National Bank, Pittsfield, Mass.


Riegel Paper Corp., New York, N.Y. Feb. 9 filed 10,000,000 shares of common stock (par $1), to be offered for subscription by stockholders of record Feb. 1, 1960, at the rate of one new share for each five shares held; rights to expire on March 15, 1960.价—To be supplied by amendment. Proceeds—For expansion and equipment. Underwriter—Morgan Stanley & Co., New York.

Robinson (J. C.) Co., Detroit, Mich. (3/1. Feb. 17 (letter of notification) 150,000 shares of cumulative convertible class A stock (par $1), to be offered for subscription by common stockholders of record Feb. 15, 1960, at the rate of one new share for each ten shares held; rights to expire on or about March 15, 1960. Proceeds—For general corporate purposes. Underwriter—W. E. Bumston & Co., Cincinnati, Ohio.

Royal Oil & Gas Co., Denver, Colo. Jan. 26 filed 71,000 shares of common stock (par $1), to be offered for subscription by stockholders of record March 5, 1957, at the rate of one new share for each ten shares held; rights to expire on March 23, 1957. Proceeds—To be fixed on or about March 21, 1957. Proceeds—For general corporate purposes. Underwriter—W. C. Edwards & Sons, St. Louis, Mo.


San Juan Racing Association, Inc., Puerto Rico, Sept. 27 filed 4,000,000 shares of common stock (par $5), of which 3,800,000 will be represented by $3,800,000 voting trust certificates and 200,000 warrants. Offerings are to be made in two parts: (1) an offering, at $10 per share, of 200,000 shares of $1,000,000 debenture for subscription by stockholders of record April 30, 1955, on a for-one-basis for each share, plus warrants; (2) an offering which will be represented by voting trust certificates, at $8.225 cents per share. Underwriter—None. Hyman N. Glickstein, of New York City, is Vice-President.


Sayre & Fisher Brick Co. Sept. 30 filed 32,000 shares of capital stock (par $1), to be offered for subscription by stockholders of record Sept. 30, 1949, at the rate of one new share for each ten shares held; rights to expire on Nov. 15, 1949. Proceeds—For repayment of outstanding 5½% sinking fund bonds due 1957, to be used for general corporate purposes. Underwriter—None.


The old debentures — For subordinated convertible principal of New $30,000 and for working capital, drilling and completion of additional oil and gas wells; provision for bank loans and for gas leases and exploration for oil and gas. Underwriters — Baybey, Stone & Co., New York.

Texas Telephone Co. Jan. 11 (letter of notification) 200,000 shares of common stock (par five cents). Price —$3 per share. Proceeds — For completion of ‘WA1EL’ long-distance trun-casting; to buy a fourth radio station; and for general corporate purposes. Underwriters — Joseph Mandel Co., 45 Hudson Ave., Waldwick, N.J.

Texas, New York Feb. 24 (filed) $30,000,000 of participations in the company’s Employees Savings Plan, together with 83,804 shares of common stock ($25) which may be acquired pursuant to the plan.

Texas Eastern Transmission Corp. Nov. 15 (letter of notification) cumulative preferred stock (par $100). Price — To be supplied by amendment. Proceeds — Toward redemption of presently outstanding 100,000 shares of $100 par preferred stock of the company as well as for working capital and general corporate purposes. Underwriters — Underwriters—Thomas F. Neblett, Los Angeles, Calif.


Tomrock Copper Mines Ltd., Toronto, Canada Feb. 8 (letter of notification) 92,000 shares of common stock (par one cent). Price — $60 per share. Proceeds — For expansion of the company’s mining properties. Underwriters—Eastman, Dillon & Co.; Dunbar, Ledo & Co., and Lehman Brothers.

Tommy Copper Ltd., Toronto, Canada Feb. 21 (letter of notification) 55,000 shares of common stock (par $1 each). Price — To be supplied by amendment. Proceeds — For the construction of new mining properties. Underwriters—Underwriter—Harold W. Lara, 241 Sanford St., Rochestcr, N.Y.


Trinity Brick & Tile Co. Dec. 14 (letter of notification) 800 shares of common stock, each having voting rights of one share for each 10 shares held; to be converted into common stock of the company. Price — To be supplied by amendment. Proceeds — For the purchase of machinery and equipment. Underwriters—Underwis iners—F. L. Harris & Co., Chicago.


Tremont Hotel Corp. Feb. 16 (letter of notification) 8,000 shares of common stock (par 10 cents). Price — $2.50 per share. Proceeds — For the purchase and construction of additional motor courts; and for working capital. Officers—James B. Cranston, D. Underwriter—Morris Brickler, same address.

Tubular Steel Co., Inc., South Carolina Feb. 2 (letter of notification) 200 shares of 6% cumulative preferred stock (par $100) and 2,160 shares of common stock (par $10 each). Proceeds — To be offered for sale at par. Underwriter—None.


United Funds, Inc., Kansas City, Mo. Nov. 28 (letter of notification) 600,000 shares of common stock of United Income Fund; 900,000 shares of United Accumulative Fund; 100,000 shares of United Revenue Fund. Proceeds — To be invested in periodic investment plans without insurance and the underlying shares of United accumulative fund.


Utco Uranium Co., Denver, Colo. Feb. 3 (letter of notification) 49,000 shares of common stock, which are covered by an option held by the company to purchase 49,000 additional shares. Proceeds—For mining expenses. Offices—310 First National Bank Bldg., Denver, Colo. Underwriter—Amos C. Sulldor, Salt Lake City.


Walden Telep®m Co., Wallen, N. Y. Feb. 1 (letter of notification) 1,500 shares of cumulative preferred stock (par $100). Proceeds — To be supplied by amendment. Proceeds — Redeem $19,000 5% cumulative preferred stock (par $100) in order to make funds available for construction program. Officers—73 Orange Avenue, Westfield, N. Y. Underwriter—Blair & Co., Incorporated, Philadelphia, Pa.

Washington Gas Light Co., (3/5) Feb. 1, 1968 (letter of notification) 250,000 shares of common stock (no par) to be offered for subscription by common stockholders of record March 2, 1968, at a rate of one new share for each eight holding rights to expire on March 20. Price—To be supplied by amendment. Proceeds — To be used for the modernization of the company’s facilities. Officers—The First Boston Corp., New York, and Johnlom & Kuhn, Loeb, New York.

Western Uranium, Ltd., (3/12-15) Jan. 26 (filed) $325,000,000 (U.S.) 3% subordinated debentures of the company (par $100) to be offered in units of $100 of debentures and $50 of warrants to be supplied by amendment. Proceeds—To redeem 19,875,000 shares of common stock, for the modernization of the company’s facilities, for the construction of new facilities and for general corporate purposes. Underwriter—Underwriter—Office—73 Orange Avenue, Westfield, N. Y. Underwriter—Blair & Co., Incorporated, Philadelphia, Pa.

Western Uranium Co., Provo, Utah Jan. 19 (letter of notification) 1,000,000 shares of common stock (par one cent), of which 1,000,000 shares are to be offered publicly to employees of the company and employees of subsidiary companies. Officers—Philadelphia, Ariz. Underwriter—M. J. Reiter Co., New York.

Western Uranium Co., Provo, Utah Feb. 13 (letter of notification) 15,000 shares of capital stock. Price—At par (one cent per share). Proceeds—To be used for the purchase of land and improvements in Salt Lake City, Utah. Underwriter—Empire Securities Co., Salt Lake City, Utah.

Willcox & Gibbs Sewing Machine Co. Feb. 16 (letter of notification) $50,000,000 of common stock (par one cent) to be offered for subscription by common stockholders of record Feb. 27, 1968, at a price of $1 per share, for general corporate purposes. Proceeds—To be used for the purchase of the company’s headquarters building at 401 South Broad St., Newark, N. J. Underwriter—None.

Winn-Dixie Stores, Inc. (3/15) Apr. 1, 1968 (letter of notification) 100,000 shares of sinking fund debentures due June 1, 1968, at 100% of stated value. Proceeds — To be used for the purchase of land and improvements in Apalachicola, Fla. Underwriter—None.

Xerox Corp., Rochester, N. Y. Feb. 20 (letter of notification) 50,000 shares of common stock (no par) to be offered for subscription by common stockholders of the company. Proceeds — To be used for the purchase of land and improvements in Rochester, N. Y. Underwriter—None.
Citizens & Southern National Bank, Atlanta, Ga.
Feb. 4. It was announced Bank has offered $100,000,000 of common stock to stockholders on the basis of one new share for each nine held, and pricing in mid-April. Proceeds—To increase capital and surplus.

Columbia Gas System Inc. (5/1)
Jan. 30. It was announced the company expects to issue and sell $40,000,000 of 25-year debentures. Underwriters—To be determined. Proceeds—To repay bank loans and for construction purposes.

Columbia Gas System Inc. (10/2)
Feb. 15. It was announced company expects to issue and sell $12,000,000 of first mortgage bonds due 1988. Proceeds—To repay bond loans and for construction purposes.

Columbus & Southern Ohio Electric Co. (4/3)
Feb. 27. It is expected that the company will issue and sell electric common stock, probably totaling $2,000,000. Proceeds—To be used for competitive bidding. Probable bidders: Halsey, Stuart & Co.; Merrill Lynch, Pierce, Fenner & Beane (jointly); and Lehmans Brothers (jointly). Bids—Expected to be received on March 17.

Cribbin & Cribbin Co.
Feb. 5. It was announced company expects to issue and sell $2,000,000 of first mortgage bonds due 1988. Proceeds—To retire bank loans and for constructive purposes.

Duke Power Co. (5/7)
Feb. 15. It was announced company expects to issue and sell $20,000,000 of common stock for future financing. Underwriter—May be Hornblower & Weeks, New York, N. Y.

Duke Power Co. (5/10)
Feb. 5. It was announced company proposes to offer to the public $1,000,000 of additional common stock. Proceeds—To build electric facilities. Underwriter—To be determined. Proceeds—To be used for competitive bidding. Probable bidders: Halsey, Stuart & Co.; Merrill Lynch, Pierce, Fenner & Beane (jointly); and Lehmans Brothers (jointly). Bids—Expected to be received on May 9.

Erie Power Light & Co.

Georgia Power Co. (3/29)
Feb. 12. Georgia Power Co. expects to issue and sell $30,000,000 of first mortgage bonds. Proceeds—For construction purposes, Underwriter—To be determined in competitive bidding. Probable bidders: Halsey, Stuart & Co.; Merrill Lynch, Pierce, Fenner & Beane (jointly); and Lehman Brothers (jointly). Bids—Expected to be received on April 1.

Halcott & Uranium, Inc., Denver, Colo.
Feb. 10 filed 1,500,132 shares of common stock (one par) at an arbitrary price of $4 per share. Proceeds—For working capital, etc., as determined by Halcott & Uranium, Inc., jointly.

Kansas City Power & Light Co.
Feb. 7 it was announced company plans to issue and sell $12,000,000 of preferred stock following approval by the New York P. S. Commission and stockholders. Underwriter—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Blough & Hills Co.; and Kidder, Peabody & Co. Inc. (jointly); Halsey, Stuart & Co. (jointly); Glor, Lehmans Brothers and Rhody & Rhody Co. (jointly); and Lehman Brothers (jointly). Bids—Expected to be received on July 11. Registration—Planned for June 14.

Katy Power Co. (4/3)
Feb. 13. McGregor Smith, Chairman, announced that the company plans to issue and sell $10,000,000 of first mortgage bonds. Proceeds—For construction purposes, Underwriter—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co.; Kidder, Peabody, Co. and Merrill Lynch, Pierce, Fenner & Beane (jointly); Lehman Brothers (jointly); White, Weld & Co.; and the First Boston Corp. Bids—Expected to be received on April 6.

Lilac Tire & Rubber Co.
Feb. 24 stockholders approved a proposal to increase authorized common stock to 2,500,000 from 1,500,000 shares and the authorized preferred stock to 1,000,000 from 500,000 shares; also a proposal that any issue of debentures may include a privilege to convert into common stock and permit the company to issue warrants to give the right to purchase additional common stock at par, with proceeds to be used for general corporate purposes. Underwriter—To be determined in competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Morgan, Stanely & Co. Inc.; First Boston Corp.; and Mitchell, McEwen & Co. Inc. Bids—Expected to be received on June 7. Registration—Scheduled for March 2.

South Carolina Power Co.
Feb. 11 the company expects to issue and sell $10,000,000 of first mortgage bonds. Proceeds—For construction purposes, Underwriter—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co.; Merrill Lynch, Pierce, Fenner & Beane (jointly); and Lehmans Brothers (jointly). Bids—Expected to be received on April 18. Registration—Scheduled for July.

South Carolina Power Co.
Feb. 6. It was announced company expects to issue and sell $1,000,000 of preferred stock. Proceeds—To be used for construction purposes. Underwriter—To be determined. Probable bidders: Halsey, Stuart & Co. Inc.; Merrill Lynch, Pierce, Fenner & Beane (jointly); and Lehmans Brothers (jointly). Bids—Expected to be received on April 3.

Tennessee Power Co.
Feb. 19, the company expects to issue and sell $10,000,000 of bank bonds. Proceeds—To be used for general corporate purposes. Underwriter—To be determined in competitive bidding. Probable bidders: Halsey, Stuart & Co.; Merrill Lynch, Pierce, Fenner & Beane (jointly); and Lehmans Brothers (jointly). Bids—Expected to be received on April 8.
Our Reporter's Report

The last several days have been marked by a good deal of activity in the financial world, with a notable increase in the number of people in the underwriting and brokerage houses. This has led to a general increase in the volume of comment among those attending "syn- dicate meetings," where the details of new offerings are discussed.

In general, offerings have been relatively few, and those that have been made have been small in size, with few notable figures.

The last few days have been marked by a strong increase in the number of people in the underwriting houses, as well as a general increase in the volume of comment among those attending "syndicate meetings." This has led to a general increase in the number of offerings.

The increase in activity has been notable, with a number of offerings made in recent days.

Before President Eisenhower made known his views on the forthcoming Presidential race, it was generally understood that he would not seek re-election.

It was simply a case of "sitting on the fence" and waiting for the White House announcement to come out at mid-morning on Monday.

The rank and file of underwrit- ers and their associates were, as they put it, "in the dark about anything" and "very puzzled," "afraid of everything, afraid of something."

The situation was described as being one of general uncertainty, with a number of factors contributing to the uncertainty, including the possible re-election of President Eisenhower and the possible entry of several strong candidates into the race.

President Eisenhower's next move is likely to be announced within the next few days, according to sources close to the President. He is expected to make a decision soon on whether or not to seek re-election.

Sierra Pacific Power Co.

The company is planning to offer 78,230 additional shares of common stock to its common stockholders on a 1-for-1 basis on May 5, 1956, at prices in the vicinity of $10.25 per share.

The offering is expected to result in an increase of approximately $2 million in the company's capitalization.

Southern California Gas Co.

The company has announced that it plans to sell $10,000,000 of new securities for $5,000,000 on March 15, 1956, at prices in the vicinity of $10.25 per share.

The offering is expected to result in an increase of approximately $2 million in the company's capitalization.

Southern Nevada Power

The company has announced that it plans to sell 1956 approximately $10,000,000 of new securities for $5,000,000 on March 15, 1956, at prices in the vicinity of $10.25 per share.

The offering is expected to result in an increase of approximately $2 million in the company's capitalization.

Spencer Telefilm Corp., Beaumont, Texas

The company has announced that it plans to offer 25,000,000 of common stock for $5 per share.

The offering is expected to result in an increase of approximately $125 million in the company's capitalization.

The company has announced that it plans to offer 25,000,000 of common stock for $5 per share.

The offering is expected to result in an increase of approximately $125 million in the company's capitalization.
effectiveness. Perhaps belatedly, but nevertheless with some firmness, the process of monetizing home mortgages on a large and materially stable and other financial institutions has undoubtedly been delayed.

(2) The vigorous recovery in housing markets began in 1954 ran into short-run problems of an inflationary nature, and there was little to top out from other causes as well.

(3) The flow of funds into the major thrift institutions has continued to become as an important factor in shaping the future of the financial system. The end result is that thrift institutions have been relatively large methods upon action to maintain an edge over those who have paid for the privilege of this important factor in the inflow of funds to the thrifts.

The near-term outlook

The performance of the real estate market in the first quarter was generally disappointing. The volume of home sales declined markedly in March, and the average price of existing homes fell to levels not seen since early 1953. The inventory of unsold homes rose to a record high level, and the rate of sales slowed further. The demand for new homes also weakened, with the new home sales index falling to a new low level. In addition, the rate of construction of new homes declined sharply in the first quarter.

Prospects for the future

The outlook for the housing market remains uncertain. The housing market is expected to remain weak in the near term, with low levels of new home sales and construction. However, the outlook for the long term is more optimistic, with expectations for an improvement in the housing market as the economy continues to recover.

The longer-term outlook

The outlook for the housing market is more positive in the long term, with expectations for an improvement in the housing market as the economy continues to recover. However, the outlook for the housing market remains uncertain, with low levels of new home sales and construction in the near term.

Consumer purchases

The outstanding balance of consumer purchases of housing and other durable goods increased by $1.4 billion in the first quarter of 1955. In January, 1955, housing starts were running at an annual rate of over 1,400,000. This rate declined steadily through 1955 and is now somewhat below 1,200,000. Requests for Veterans Administration appraisals and mortgage applications have also declined since the spring of 1955. Actual expenditures for housing tend to follow the trend of new starts, and the outlook for the future will depend on the behavior of these variables.

Two factors which tend to affect the outlook for housing are the tendency toward larger units and the trend toward non-marital occupancy. The lengthening of maturities has also been a factor in the recent decline in the rate of new home construction. When the rate of new home construction is slow, the high proportion of new homes that are being built is not sufficient to offset the decline in the rate of new home construction. When the rate of new home construction is high, the low proportion of new homes that are being built is not sufficient to offset the decline in the rate of new home construction.
Continued from page 53

The Business Outlook—1956

the consumer durables market since we find that consumers have been spending on the average about 11% of their disposable income on durables. If this continues, and there is no reason to believe that it will not, the demand for consumer durables in 1955 will be around $32.5 billion.

Taking consumer spending as a whole, I find that the rate of credit-certiﬁed sales in 1955 resulted in an extremely low rate of personal savings. During the ﬁrst three quarters of 1955 the rate of saving averaged only 6% of disposable income. In contrast, the average savings rate for the period 1951-53 was nearly 8%. During 1956 the gradual disappearance of net consumer borrowing will again push the saving rate to the more normal level of 8%.

Inventories

We come now to the last and most troublesome of our sectors—inventories. All through 1955 inventory accumulation by business has been at a stimulative factor. During the last quarter of 1955, inventories were being built up at a rate of about $5 billion. About $1.5 billion of this was increases in dealer stocks of new cars. Production cutbacks in the automobile industry should prevent any further rise in these inventories beyond the present level.

In the other sectors of the economy, inventories have only recently returned to peak 1953 levels. In the inﬂation, the rate of business sales has increased about 10% above peak 1953 levels, so that the rate of inventory to sales is still conservative. Surveys indicate that some sectors are planning further increases in the level of stocks. Some of these plans are based upon an anticipation of higher prices in textiles and other industries that are affected by the forthcoming rise in minimum wage rates from 75 cents to $1. Some of the plans are based on a need for the higher level of stock required to provide operations at the higher level of sales now being achieved. On the other hand, inventories are not at a level to warrant an accumulation. In any event, an estimate would be for accumulation to continue at a declining rate and to become negligible after the middle of the year.

GROSS NATIONAL PRODUCT

(Billions of Dollars)

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<th>Year</th>
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**Summary**

If we bring together the divergent movements we have surveyed, the overall outlook is for a gross national product of around $40 billion in 1956, and for stability in this level from quarter to quarter.

Federal reserve and tax policy will probably move in the direction of somewhat easier conditions. The threat of inﬂation that was present last December has clearly subsided. Credit demands have, in any event, been only $50.3 billion, and the demand for inventories is not expected to increase.

Chamberlain, Boston

Mg. for Nesbitt


Bluni Ellis Simmons

To Admit H. M. Orndorff

CHICAGO, Ill. — Harvey H. Orndorff on March 1 will be admitted to partnership in Bluni Ellis & Simmons, 208 South La Salle St., Chicago.

With Townsend, Dabney

(Special in Tax Practice, Charleston)

BOSTON, Mass. — Clarence M. Kibbitt has been added to the staff of Townsend, Dabney & Tyson, 30 State St., members of the New York and Boston Stock Exchanges.

REDEMPTION NOTICE

TO THE Holders and Registered Owners of
Louisville and Nashville Railroad Company
First and Refunding Mortgage 3% Bonds, Series H, Due April 1, 2003

Issued under ﬁnance act of 1888 and resubmitted July 23, 1911, and supplemental indenture, dated as of April 1, 1946.

NOTICE is hereby given that the bondholders of the above-men- tioned supplemental indenture, United States Trust Company of New York, as Trustee under the same indenture, have determined to redeem the bondholders of the above-men- tioned supplemental indenture, dated as of April 1, 1946, in the redemption price, $103.50 per 100, and the accrued interest, $20.34 per 100, of the $1,000 principal amount of said First and Refunding Mortgage Bonds, in the face of such bonds in the hands of the holders, February 12, 1956.

BONDS IN FULLY REGISTERED FORM WITHOUT COUPONS

**DIVIDEND NOTICES**

DIVIDEND NOTICE

ALLIED PRODUCTS CORPORATION
TENNESSEE CORPORATION

COMMON DIVIDEND NO. 72

On February 14, 1956, the board of directors of Allied Products Corporation, a Michigan corporation, declared a quarterly dividend of 10 cents per share on the Common shares of the Corporation, payable March 20, 1956 to shareholders of record at the close of business March 16, 1956.

**DIVIDEND NOTICES**

DIVIDEND NOTICE

ALCO PRODUCTS INCORPORATED

30 Church St, New York, N. Y. 6, N. Y.

Preferred Dividend No. 1

Common Dividend No. 3

DIVIDEND NOTICE

ALCO

INCOGRATURERED

30 Pine St, New York, N. Y. 6, N. Y.

Dividend No. 97

Common Stock

Regular quarterly of 4.25% per share

Paysable March 22, 1956

Announced January 18, 1956

WALTER A. PETRUSK

President

February 28, 1956

**DIVIDEND NOTICES**

DIVIDEND NOTICE

ANACONDA DIVIDEND NO. 191

The Board of Directors of THE ANACONDA COMPANY has today declared a dividend of One Dollar ($1.00) per share on its common stock, of the par value of $10 per share, payable March 29, 1956, to stockholders of record at the close of business March 6, 1956.

C. EARLE MORGAN

Secretary and Treasurer

25 Broadway, New York, N. Y.

225th CONSECUTIVE CASH DIVIDEND

A dividend of twenty-ﬁve cents ($0.25) a share has been declared upon the stock of Burroughs Corporation, payable April 20, 1956, to shareholders of record at the close of business March 2, 1956.

SHERMAN F. HALL

Detroit, Mich., Vice President

Sec. Feb. 27, 1956

**Burroughs**

**AMERICAN MACHINE AND METALS, INC.**

**9th Dividend**

A QUARTERLY DIVIDEND of divisor of $0.25 per share has been declared for the ﬁrst quarter of 1956, payable March 31, 1956, to share- holders of record on March 15, 1956.

H. T. McKeen, Treasurer

February 28, 1956

**The American Tobacco Company**

206th PREFERRED DIVIDEND. A quarterly dividend of 11 1/2% ($1.50 a share) has been declared upon the Preferred Stock of The American Tobacco Company, payable in cash as of April 2, 1956, to stockholders of record at the close of business March 9, 1956. Checks will be mailed.

HARRY L. HAYARD, Treasurer

February 28, 1956
BRIGGS & STRATTON CORPORATION

DIVIDEND

The Board of Directors has declared a quarterly dividend of $1.125 per share, payable April 2, 1956, to stockholders of record at the close of business on March 15, 1956.

JOHN E. HUSSON, Secretary.

February 22, 1956.

INTERNATIONAL SALT COMPANY

DIVIDEND NOTICE

A dividend of $0.15 per share has been declared on the outstanding shares of Common Stock, payable June 30, 1956, to stockholders of record at the close of business on June 15, 1956.

D. O. HODGES, Secretary.

February 23, 1956.

MERCK & CO., INC.

RAHWAY, N. J.

Quarterly dividends of $0.15 per share on the Preferred Stock, $0.06 per share on the Common Stock, payable April 28, 1956, to stockholders of record at the close of business on April 7, 1956.

J. D. TOLLSTEDT, Treasurer.

February 23, 1956.

CONTESTED BAKING COMPANY

Preferred Dividend No. 69

The Board of Directors has declared a dividend of $1.25 per share on the outstanding preferred stock, payable April 1, 1956, to stockholders of record at the close of business March 16, 1956.

J. D. MCCORMICK, Secretary.

February 21, 1956.

TENNESSEE CORPORATION

DIVIDEND NOTICE

A dividend of $0.15 per share has been declared on the outstanding Preferred Stock, payable May 15, 1956, to stockholders of record at the close of business May 5, 1956.

E. E. COWAN, Secretary.

February 18, 1956.

WAGNER BAKING CORPORATION

The Board of Directors has declared a quarterly dividend of 12 cents per share on the Preferred Stock, payable May 15, 1956, to stockholders of record at the close of business May 1, 1956.

J. C. DILLON, Secretary.

February 21, 1956.

TISHMAN REALTY & CONSTRUCTION CO., INC.

DIVIDEND NOTICE

A dividend of $1.12 per share on the outstanding Preferred Stock, payable May 15, 1956, to stockholders of record at the close of business May 1, 1956.

NORMAN TISHMAN, President.

February 19, 1956.
WASHINGTON, D.C.—President Eisenhower's veto is set to come into effect on the farm bill as a direct result of this veto of the Gas bill.

When Bill Knowland, Senate Republican leader, and his colleagues received the veto in 1950, they were not happy. However, they were in a hopeless situation. The Senate had already passed the bill, and the House of Representatives had already voted to override the veto, so there was nothing more they could do.

Senator—any bill whatsoever in 1950 was already in the hands of the President, and it was his decision to make.

The comparatively large margin the Gas bill got on Senate floor is due to the fact that the entire press corps of the country was behind the so-called "flexible" price supports and voting against a return to the mandatory 90% support. This was a natural outgrowth of the situation, and nothing more could be done to change it.

The House, on the other hand, had already passed the bill, and it was up to the President to sign or veto it. The President had already put his support behind the so-called "flexible" price supports, and it was his decision to make.

There is no doubt about it that the so-called "flexible" price supports are a farce on the farm bill as they are now written. The objections to the bill are so numerous that it is impossible to list them all in this column.

In other words, to back their President, some of them were willing to vote for an empty bag. The real issue is not whether the Democrats wanted the "flexible" price supports, but what they would vote for in their place.

As Senator Knowland pointed out in his veto message, he felt the margin the Gas bill got on Senate floor was a "rigged" one. However, he went on to say that the President had already put his support behind the so-called "flexible" price supports, and it was his decision to make.

The problem is not whether the President wanted the "flexible" price supports, but what he would vote for in their place.