As We See It

"We are to take a teaspoon of 'peace and prosperity' whenever issues are mentioned and they will promptly disappear." Thus spoke phrase-maker Adalai E. Stevenson, candidate for the Democratic nomination for the Presidency, in a recent address complaining among other things of this presumed "slogan" of the Republican party for the forthcoming election campaign. We can well understand the dissatisfaction of Mr. Stevenson with any effort to employ this or any other catch-phrase as a vote getter and as a means of avoiding more tedious and sometimes more hazardous analysis of what ought to be the issues of the campaign. Doubtless this particular cr"y of "peace and prosperity" is more than ordinarily galloping to the Democratic party and to its candidates for office this year by reason of the common belief that it is likely to be quite effective.

The reason, or certainly one of them, that we can not join Mr. Stevenson more enthusiastically in his denunciation of Republican politicians on this count is the simple fact that Mr. Stevenson and the others who would like so well to unseat the Eisenhower Administration are lost themselves so addicted to precisely the same type of tactics wherever and whenever the opportunity offers. Take, for example, the very occasion upon which the Democratic candidate offered this comment upon Republican tactics this year. Mr. Stevenson was in Minnesota talking to farmers who are said to be deeply dissatisfied with their lot at the moment. He had a good deal of a rather harsh note to say about the agricultural policies of the administration and by contrast held up what he believes the Republican administration has done.

Continued on page 40

Editorial

New Dimensions In Our Economy

By RALPH J. CORDENER*

President, General Electric Company

General Electric President depicts the economy poised at the threshold of reversing the industrial revolution, freeing man from machine, requiring long-range planning, investments, stabilized production, and products and promotion geared to year-long selling. Need for national vision is stated and Mr. Cordener estimates: (1) need for 3.6% annual growth rate; (2) electrical industry must double output in 10 years and productivity in 16 years; (3) dynamic effect of increasing population, income, living standard and technology; (4) 1965 Gross National Product at $570 billion; and (5) upward growth surge from automation with the advent and induction investment.

As we advance into a year of national elections, I am sure none of us be surprised to find that one of our most cherished American privileges is being increasingly exercised. That is the privilege of disagreeing with each other. This seems to apply in matters of economics as well as in politics. A true noteworthy aspect of this year 1956 is that on one point at least there seems to be widespread agreement, in the words of the President's Council of Economic Advisors, "a glorious economic future may be ours." I think we all share that faith in the boundless opportunity for all Americans. We must agree too with the Council's warning that we shall achieve the promise of a glorious future "only by wise management of our national household."

The point I should like to discuss with you is how our leaders in industry, finance and commerce can make

Continued on page 40

Growth Stocks in Particular Industries

By WILLIAM HAMILTON SWARTZ*

Partner, Goodbody & Co., New York City

Prominent investment analyst concentrates on certain yardsticks in particular industries, groups and special situations to determine locus of greatest growth. Preference is expressed for: chemicals; utilities, especially in the northwest; oils, particularly Gulf Coast development; drugs; life insurance; defense industry, encompassing atomic energy, electronics, aircraft and guided missiles; surgical and light weight metal; meatpacking; and companies benefiting from lower raw material costs. Mr. Swartz discerns highest ratio of research to sales in defense industry group and anticipates outpouring of developments to generate new industrial and commercial markets. Excellent correlation between research expenditures and profits is found.

My talk today could also be titled "Thesis Investing in Particular Industries" investing de-emphasizes the market as such and instead concentrates on trying to find the particular industries or groups most likely to benefit from the period ahead.

There appear to be 8 or 10 groups where one can find a good thesis for '56. First, however, I would like to emphasize the more basic, longer-term thesis about finding companies that spend above-average sums on research and development because most such companies then show above-average growth. With total U.S. expenditures for research and development by all sources apparently running from 39 to 39 times the rate of the early '30s and with an oft-believed notion reaching a 1.5 times all-time peak around $5 billion or half again as much

Continued on page 46
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, gives reasons for their choices regarding security.

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

S. G. EISENSTADT, Partner, Statler Investment Department, Statler Hotel, Chicago, Ill.

Ero Manufacturing Company

The automobile seat cover industryingles one of the largest segments of the automotive whole, is moving ahead into 1966 with tellable confidence.

Ero Manufacturing Co., Chicago, Illinois, leaders of the industry's manufacturers, reports that during the past year the company reported a sligtion-wide decline into seat cover sales.

The decline resulted from the fact that new cars, during recent years, came equipped with such attractive upholstery that few motorists considered their replacement.

To meet the new and changed situation, Ero has concentrated on an intensive program of developing new designs, new materials and new uses for the product. This was coupled with several novel components that had to be developed.

As a result the company showed a 14% increase in net sales from 1955 to 1954. Net sales for fiscal year 1955, ending Aug. 1955, were $9,183,143 compared with $8,017,477 for net income during the same period increased 18% from $499,819 to $113,821. Per share earnings were $0.40 against $0.76 the year before.

Ero Mfg. Co. has 358,500 shares of common stock outstanding.

Today's Market

Louisberg, Va.

Trading Markets

Eastern Industries

J. E. Kortvele, Inc.

Precision Radiation Instrument*

Rare Earth Mining

Riddle Airlines

Memorandum on Request

SUGAR

Baw - Refined - Liquid

Exports-Imports-Futures

Detroit 4-3717

The Commercial and Financial Chronicle... Thursday, March 8, 1956
Outlook for Housing

By EARL R. SCHWULST

President, Bowery Savings Bank, New York City

President of country's largest savings bank advocates a more equitable distribution of commitment funds to aid the smaller builders, and incitement be used in a buyer's market to provide better housing at lower prices.

In spite of housing debt rise as a per cent of income, instances of overbuilding and growing seliformity of buyers, Mr. Schwulst foresees substantial continuing housing need and proceeds evidence to refute pessimistic fears of housing collapse. No shortage of mortgage money, "ample room" in saving's portfolios, and as good a year as 1955 for mutual savings banks are predicted. Concern is voiced about the cost of: shrinking land supply, labor, materials, and price of houses.

From many quarters we are warned to expect a slump in housing. The more pessimistic are adding that if it comes, and especially if it is accompanied by a sharp decline in automobile production, the very fabulously optimistic of our economy will be in a dan-gered. Mr. E. B. Schwulst. This depends on whether a slump is in fact imminent and if so, how big it will be. Doubtless, it is because of the economic conditions in these two major industries would adversely affect our economy. How likely is a serious drop? What factors really are the contrary considerations? What really is the housing situation?

Real Housing Need

I for one refuse to accept the cliches of extreme pessimism. If it is true that we have six million or more dwelling units that are not fit for human habitation. It is true that we must build at least one million or 8.2 million new units annually over the next six years and 1.5 million units thereafter for the next 13 years to meet the real needs of the nation.

It is true that in the next four years we need funds for the building of homes for minority groups alone. If we can expect it has been true in recent years, that five million people live one mile or more from one state to another and another million will move within state lines.

If less than 25% of the 20 million occupied homes have taken advantage of their GI housing entitlement.

If the prediction of the VA that 650,000 veterans will exercise their GI mortgage rights for house purchases in 1956 materializes. If industry carries out the plans for expansion and de-centralization of housing, all of these things are true, as the majority of experts, both in government and private units agree, I can not foresee the likelihood of an imminent, serious collapse in residential construction.

Some Clouds

On the other hand, the horizon is not entirely cloudless. The government has evidence conceived concern. The Federal Home Loan Bank Board has stated that the savings and loans privilege of borrowing to meet mortgage commitments is under a new plan that in effect provides for a secondary market for mortgages for nine months for a 1% fee. On the other hand, no action was taken by the Government to ease over-all credit policies. Nevertheless I doubt if mortgage money will be in short supply. Although savings and loans did not accumulate last year at the rate experienced in recent years—and may not this year. I foresee no shortage of mortgage funds for real housing needs. In- deed, I doubt if me neither credit nor terms have created the problem we now face. Credit policy has returned since the war to a position of respect as an instrument to be used with in the cyclical fluctuations of our whole economy. I think those who wield this power recognize that although it can regulate the economy one way or the other it is a tool for the whole economy.

Continued on page 14
By IRA U. COBLEIGH

A missile is a projectile; a mis¬
sal in a prayer book; and
ning to need a lot of both if we are
to maintain peace on earth.

than can be launched from either a
a surface-to-air or a road-to-a-
craft. Its "Terrier," an anti-aircraft rocket, is already in produc-
tion.

The Air Force has developed
missiles for fighter planes to carry, the most famous of which is the Falcon, a 120 lb. 6.7 foot cir-
ard guided, doing a target run at the target plane. The Air
Force has ground based anti-aircraft too, and has brought
forward a ram-jet rocket called the "SRM" (of the German "Sonderwurf"
missile, or special weapon) to several hundred miles, and there's the "Navaho" that looks like a Porsche from the air, but has the range of the "Snark" into production. This
is a missile air pla eto be 50 miles high and has a 1000-1400
range of 500 miles per hour, added by a jet propulsion system. It is propelled by a single jet, and it flies in a spiral or "Janet" warhead.

The Air Force of the United States
has a large number of missiles in production, and it has
announced that it will produce 1600 miles of radar stations to

A terrific variety of guided missiles, with a range of thousands of miles, to report flight progress, and to terminate the flight.

Now all the above material may appear to be a little off our regular beat, but was presented as necessary background for the consideration of rocket and guided missile opportunities for prudent invest¬
ment, as mentioned in the first column of this series, which we now bring to a close. The market, both in Buy Orders and in

There is considerable interest among those concerned in research and development of rockets and ballistic missiles, with effective ranges up to 1500 miles. The development in this category has, up to now, been centered partly on ground launching, partly in the production of a missile which was perfect at first, can assure our survival and maintain our peace. It also makes known the way we have known the atomic bomb. For ICBM, we have the missile that will fly at 3000 miles at 15,000 miles per hour. From a West Coast base, it could reach Moscowl in a half hour and, on arrival, could, in seconds, a mass of destruc-

tive power equal to 250,000 tons of TNT. And these missiles should be at the strategic point, and not, we may all, indeed, become men of extinction!

At the same time, guided missile research in long range missiles, while the "Srimp" (also mentioned above) needs no more than a single missile, and the "Navy" has already ordered an Intercontinental Ballistic Double Peas, the new "Terrier" has been in production for over 30 years, and the "Navy" has now been in our possession for over 30 years, and the "Navy" has now been in the possession of the United States Department of Defense for 15 years. The United States has produced in quantity, and Redstone, while still in experimental stage, can fly several hundred miles.

The Navy is at work on missiles
times travelling by virtue of two ram-jet/bomber aircraft. The

Cincinnati Enquirer

THE COMMERICAL AND FINANCIAL CHRONICLE...Thursday, March 8, 1956

Three Directors of American Securities

William Rosenwald, Chairman of the Board, and Emmett F. Cony

President of American Securities Corporation, 23 Broad Street, New York City, announced the election of William N. Barnard III, H. Theodore Freeland, and Carl B. Hess to the directors.

Pennington, Colket & Co.

Admit New Partners

Pennington, Colket & Co., 29 Broadway, City, the New York Stock Exchange, and other leading exchanges, celebrated their 70th Anniversary in March.

The firm was founded by the late William E. Hutton in Cin-

cer, Ohio. Two of his grandsons, William E. Hutton and James J. Murphy, Jr., are now the active partners of the firm. The company, from small beginnings, has become one of the outstanding brokerage houses in the United States and has poured millions of dollars into the American securities market

The Estate of Gerald W. Caner has withdrawn from the firm.

New Title to be Swiss Credit Bank

Credit Suisse, Zurich, established in 1856, announces the adoption of the Swiss Credit Bank as its English legal title. The institution's American branch is located at 25 Pine Street, New York City.

Mr. James E. Jones

has become associated with us in our

TRADEING DEPARTMENT

JOSEPH MANCUSO & CO.

New York Stock Exchange, Midwest Stock Exchange

Joseph Mancusco & Co., 32 Broadway, New York 6, N. Y.
The State of Trade and Industry

A slight decline occurred in over-all industrial production in the period ended on Wednesday of last week, but steel and electric power reported that the level was 4.1% below that of the comparable week in 1955. Frictional wage adjustments were reported in the output of steel and electric power.

Initial claims for unemployment insurance fell 15% in the week ending Feb. 18, and the level was 8% below that of the similar week last year. Layoffs decreased in the construction, coal mining and manufacturing industries in Pennsylvania, California, Ohio and Illinois. The report noted the meager reductions in claims, while the level was reported moderately high in Michigan.

Factory layoffs rose to 17 per 1,000 employees in January, compared with 11 per 1,000 in December, the United States Department of Labor noted. Usually, the trend is January in the other direction, but heavy layoff in the auto industry caused the reversal, the department explained.

Steel labor will shoo for the moon in this year's negotiations with steel producers, but will settle for something less. If last year's strategy is any criterion, the outcome will be in doubt up to the last minute, states "The Iron Age," national steel workers working without a contract throughout the week.

The chances are even for a peaceful settlement, since Dave McDonald of the Steel Union is decrying talk of a possible strike. Steel managers also are planning down such speculation.

Some sources claim the steel union's asking price will be near 40 cents per hour package, with other issues as supplementary unemployment benefits and the full union shop contract.

Mr. McDonald's ideas on a rock-bottom settlement may not be known until the 11th hour. He used this strategy with success last year, forcing a short-lived but costly strike.

The Steel Labor Management Conference has some important groups within his own organization to contend with and he'll not be inclined to take anything but 11 cents per hour.

This might be in the neighborhood of 17c-18c per hour. For whatever this is worth, it is a step backward toward a full union shop contract. The offsetting price increase may be 2$ to 9$ per ton.

Steel orders made at a time when steel prices are still jockeying for position on mill order books. There has been a temporary lull which is expected to continue to ease production.

Consumer inventories are far from comfortable and attempts at a buildup have been blocked by universal demand from virtually all industry.

The automotive sales picture is looking a lot better. Some automotive men agents now wish they had not acted so hastily about cancellations. One large auto company is busy denying canceled orders since taking off any of its steel inventory, concludes "The Iron Age."

Manufacturers' new orders declined more than seasonally in January, the United States Department of Commerce reported. Sales of new cars were up, but inventories and unfilled orders climbed higher.

The Commerce Department further stated that manufacturers received orders for $37.5 billion of new business in January. This was $5.8 billion from December's level but $5.2 billion higher than a year earlier.

In the automotive industry United States car production is not roaring lion-like into March, as it did last year, but the current output is definitely optimistic. "Ward's Automotive Reports" stated on Friday of last week.

Car makers will tend to loosen the production reins held tight throughout February, said the statistical agency, and they expect to build 900,000 cars during March. This would top February's estimated 651,000 completions by 10%. January's total was 610,110 units.

In this month's production goal is met, it would mark the second greatest March output in history. March, 1955, yielded 972,000 units, as against 660,000 in March, 1954.

This, the analysts voted. "Wards" also estimated automobile output for the first quarter of 1956 at 1,715,000 units, considerably below last year's healthy turn of 2,120,880, but, the otional trade, far from Continued on page 47
Outlook for Commercial Finance Companies and Factors for 1956

By WILLIAM J. DRAKE
Vice-President
National Commercial Finance Conference, Inc.

Mr. Drake sees no diminution in increasing volume of commercial financing in 1956. Finds: (1) unlike competing sources, most commercial financing is not new, nor contemplate increasing in the near future, their rates or charges; (2) substantial increase in bank loans to commercial financing companies, including credit lines of unsecured bank loans; (3) growing importance of mergers; (4) greater bank participation in financing needs of small and medium firms; (5) new highs achieved not only in accepted commercial inventory, factoring, rediscounting, specialized foreign trade, and merger-acquisition financing, and (6) availability of instant cash permitted businessmen to cope more successfully with increased competition and higher costs. Outlines non-financial services rendered and describes growth of firms services.

The commercial finance companies of the nation which perform the function of supplying short-term credit to small and medium-sized businesses, experienced their greatest year of activity in 1955—the volume being 30% higher than in 1954, their previous high year. They served 42% of all volume in 1956. In 1955, in one category of commercial financing, i.e., the financing of receivables, the gross amount of advances made by them totaled approximately $32 billion, when compared to the modest $20 billion financed by them in 1941.

The growth in factoring business likewise has been impressive. For the year 1954, 24 of the largest factoring concerns operating in and around the New York metropolitan area accounted for an over-all volume resulting from clients' sales of approximately $120 billion. The year saw an increased volume of these same 24 factoring concerns which resulted in the fact that 8 years later, in 1962, the over-all volume had just about doubled to approximately $240 billion. The growth trend has been in excess of $315 billion. When actual market participation is estimated the resulting figures will show a substantially higher trend with a substantial increase over 1964—a conservative estimate being 20% or $50 billion for 1955.

The techniques and know-how built up, improved and perfected by the 400 commercial finance companies of the country, who do business on a national, regional and local basis, proved to be important elements of strength during the 1954 period of tight credit, and contributed to a dynamic business activity. In their operations these companies have clung to their long-established policy of selection of loans of only high credit quality and while maintaining high standards and while maintaining high percentages of credit, and while maintaining high standard selection and balance sheet ratios and other tests over interest rates were generally considered secondary in the policy of the country's leading finance companies. The finance company resources available for guaranteeing borrowers.

In addition to running up new heights in accounts receivable financing, the finance company industry has been beset with mounting times of income-producing industrial and commercial equipment, cost of living and record profits and handled increased demands for inventory loans, factoring and other services.

The commercial finance company industry, according to the National Commercial Finance Conference, has performed well, this year, with the current annual dividend payment from the said $100,000 profit of the said 350 banks. It is optimistic that the success of these companies which are Warren Buffett's favorite hold over hundreds of the country and others the opening of new branch offices. In addition, the year-end saw an influx of several new companies in the field with more expected in 1956.

**Mississippi Power Company**

First Mortgage Bonds, 3% Series due 1986

**HALSEY, STUART & CO. INC.**

Chicago and North Western Railway Company Second Equipment Trust of 1955

3% Equipment Trust Certificates (Philadelphia Plan)

To mature $200,000 annually November 1, 1956 to 1970, inclusive.

To be purchased unconditionally as to payment of par value and dividends by endorsement by Chicago and North Western Railway Company.

**Maturities and Yields**

1956 3.00% 1959 3.50% 1961 3.65% 1957 3.25% 1960 3.60% 1962-65 3.70 1958 3.40% 1966-70 3.75

Issuers and of these Certificates are subject to authorization by the Interstate Commerce Commission.

**HALSEY, STUART & CO. INC.**


March 5, 1956

This announcement is not an offer to sell, or a solicitation of an offer to buy such securities. The offering is made only by the Prospectus.
The marketing margin for pork in 1955 was 5% wider than the previous record margin in 1954, and 13% wider than the 1950-44 average. Both the retail price and the farm price were lower in 1955 than in 1954. But the retail price declined less than the farm price, so the marketing margin increased—particularly in the latter part of the year. In the fourth quarter of 1955, the farm price of pork was 30% lower than a year earlier. The marketing margin on pork was 15% higher.

About the same thing has been happening in beef. In the last quarter of 1955, the retail price of choice grade beef declined 6% from the year before, but the farm price was 27% higher.

Continued on page 23.

$30,000,000
Houston Lighting & Power Company
First Mortgage Bonds, 3½% Series due 1986
Dated March 1, 1956
Due March 1, 1986
Price 101.153% and accrued interest

The Prospectus may be obtained in any State in which this announcement is circulated from only each of the undersigned and other dealers as may lawfully offer these securities in such State.

Hasley, Stuart & Co. Inc.
A. C. Alllyn and Company
Dick & Merle-Smith
Ladenburg, Thalmann & Co.
SchollellofF, Powner & Pomeroi, Inc.
Bache & Co.
Baxter, Williams & Co.
Shearson, HambUll & Co.
New York Hanseatic Corporation
G. H. Walker & Co.
Ira Haupt & Co.
Wm. E. Pollock & Co., Inc.
Coley & Company
Stern Brothers & Co.
Bacon, Whipple & Co.
First of Michigan Corporation
Freeman & Company
Green, Ellis & Anderson

March 1, 1956.

This announcement is not an offer to sell or a solicitation of an offer to buy these securities. The offering is made only by the Prospectus.

$35,000,000
The Bell Telephone Company of Pennsylvania
Forty Year 3½% Debentures
Dated March 1, 1956
Due March 1, 1986
Price 101.125% and accrued interest

The Prospectus may be obtained in any State in which this announcement is circulated from only each of the undersigned and other dealers as may lawfully offer these securities in such State.

Hasley, Stuart & Co. Inc.
A. C. Alllyn and Company
Bear, Stearns & Co.
Blair & Co.
Connor, Curriar & L. F. Rothschild & Co.
Shields & Company
Weden & Co.
Gregory & Sons
H. Hentz & Co.
Ball, Burg & Kraus
R. S. Dickson & Company
New York Hanseatic Corporation
Baxter, Williams & Co.
Bache & Co.
Courts & Co.
Ira Haupt & Co.
The Illinois Company
Wm. E. Pollock & Co., Inc.
Shearson, HambUll & Co.
Swiss American Corporation

March 7, 1956.
Stocks—Current

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Recommendations

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Manuscripts—Booklet

Banks—Comparative

Utilities—Analysis

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Budgetary and Tax Outlook

By Percival F. Brundage* Deputy Director, Bureau of Budget

Budget outlook favorable providing:

1. Existing corporate and excise taxes are continued;

2. Corporate profits do not decline;

3. Personal income rises by 3% and individual income taxes increase by 4%; and

4. Expenditures in general and government increases and receipts reduction.

Mr. Brundage ascribes to government a larger role in economic affairs to help free enterprise grow and to assure rapid and efficient use of resources. It is his opinion that the tax burden is advised as long as the economy is booming.

My subject is a timely one. It is the season of the year when we are reviewing the fiscal year, and it is a time of year when we are studying the budget and tax policies. The President in his Budget Message to Congress in January, 1957, expected a balance of both Federal receipts and expenditures for the fiscal year 1956 and fiscal year 1957. Of this, we are not anxious to know our budgetary and tax policies, or the effects of the economy during these two years, plus a significant increase in the social security trust funds, as well as some of our unprecedented prosperity.

In both budgets the estimated receipts are based on a continuation of all taxes now in effect. The expenditures are based on estimates of continued strengthened of our military position and some expansion in desirable domestic demand, with reductions whenever possible, without impairing our social progress.

President's Goal

The President's main objective has been, and still is, the attainment of a just and durable peace so that the resources of the world can be directed to building a better life for all people. We are confident that the United States, the Soviet Union and the other countries under its domination are just as anxious as we to achieve this objective. But until we see some tangible evidence of a willingness to disarm that can be verified by adequate inspection, we must continue our efforts to defend the United States and it allies.

The free world must remain strong enough to deter possible aggressors. While we are steadily seeking all possible ways of making further progress toward peace, we are of necessity pressing the development and adaptation of new technologies to our defense needs.

Administrative and Cash Budgets

In the Budget Message of a year ago, the administration indicated that a deficit of approximately $2.4 billion was anticipated in our administrative budget and a surplus of about $3.0 billion in the cash budget. The administrative budget now estimates a deficit of $2.8 billion. The cash budget consolidates social security payment and benefits, and therefore reflects the flow of money from public to private sources, to the Federal Government. We now estimate a slight surplus for the 1956 and 1957 fiscal years. The cash budget and consolidated cash surpluses of $3.4 billion and $4.8 billion, respectively, are being directed to various Federal purposes.

I am going to deal first with our estimates of receipts and the as-

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Budget Outlook

The Treasury estimates a surplus of about $2 billion. The revenue from excise taxes is also scheduled to increase by 10% to approximately $1 billion on an annual basis. It will be necessary to again postpone some of these reductions for another year to achieve a balanced budget.

You will recall that the Democratic majorities of the House and Senate have proposed tax increases last year allowing a $20 tax reduction for each exemption. But Congress eventually accepted the President's tax program.

In common with a financial point of view, it is possible to make some significant $50 million income taxpayers. This means that practically every family of our total family incomes will have a personal experience which brings home the stake they have in operating the Federal Government. This has a more significant impact than sales taxes, admission taxes, and other excise taxes added to the cost of merchandise and services.

We estimate that next year and next at a high level and the amount of the surplus is expected to develop in fiscal years 1955 and 1956 to be estimated at about $1 billion. This surplus is expected to be increased in fiscal years 1955 and 1956. This surplus is expected to be reduced to over-all business surplus profit margin in relation to sales. Excise and miscellaneous receipts less expected are expected to remain about the same level as in recent years. The Federal Government is in effect acting as a collection agency with respect to the tax receipts which are turned over to the States for various purposes, but are netted in the Budget Document.

National Debt Status

We present national debt, as you know, is limited to $275 billion, except for the seasonal increase of $8 billion allowed by the Act of June 19, 1955. We do not anticipate any reduction in the total national debt. But we do not anticipate any reduction in the total national debt. The Federal Government is in effect acting as a collection agency with respect to the tax receipts which are turned over to the States for various purposes, but are netted in the Budget Document.

The President, I know, feels as strongly as any of us that our level of taxation is too high to be continued indefinitely without detrimental effect on the growth of the economy. But this is not the time to make a tax cut. A sound management of government's finances would prevent us from the accumulation of debt to a rate of a period of such unparalleled prosperity.

The tax cut is reported to have been made possible by large reductions in spending and in participating in the transition to a peacetime economy.

The tax cut benefited every taxpayer in the country and helped to build up our economy, to make jobs in large numbers. In the standards of living for the overwhelming majority of Americans.

Today our national economy is booming. We believe that whatever surplus we have should be used for national debt, the debt.

Tax Cuts

The corporate tax rate is scheduled to decline 3 percentage points from 52% to 47% of taxable income as of April 1, which would involve an annual loss to the Treasury of about $2 billion. The revenue from excise taxes is also scheduled to be cut approximately $1 billion on an annual basis. It will be necessary to again postpone some of these reductions for another year to achieve a balanced budget.

You will recall that the Democratic majorities of the House and Senate have proposed tax increases last year allowing a $20 tax reduction for each exemption. But Congress eventually accepted the President's tax program.

In our case as well as from a political point of view, it is impossible to make even a one percent cut in the full tax rates. We have approximately $50 billion in income taxpayers. This means that practically every family of our total family incomes will have a personal experience which brings home the stake they have in operating the Federal Government. This has a more significant impact than sales taxes, admission taxes, and other excise taxes added to the cost of merchandise and services.

The tax cut is reported to have been made possible by large reductions in spending and in participating in the transition to a peacetime economy.

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Today our national economy is booming. We believe that whatever surplus we have should be used for national debt, the debt.
Investment Allocation Technique For Commercial Bank Deposits

By ROBERT W. STORER

Vice-President, Manufacturers National Bank of Detroit

Detroit banker offers an asset allocation analytic investment technique for commercial banks wherein liabilities are divided according to their characteristics and offset by their appropriate assets.

Mr. Storer: (1) foresees mortgage formation out¬running savings deposits growth and displacing Treasury obligations or other bonds; (2) believes consumer loans should be matched against deposits and not savings—deposits; and (3) predicts return of spread between long and short govern¬ments. Notes that the time to lengthen government maturities for future appreciation occurs when level yield of a depressed market exist but that when boards of directors are least prone to permit prospective yield improvement switch.

I'm sure that you don't expect me to explain any magic formula for investing your savings depo¬sits—a formula which would ac¬curately take into account the wide and numerous differ¬ences among institutions. What it will do, in¬stead, is to present one or more possible analytic ap¬proaches to the problem, in an approach which is prob¬ably already familiar to many of you by one time or another. Such an ap¬proach can be applied by each of you to the problem of your own unique and individual bank in the light of the many controlling con¬ditions which you are familiar with.

Commercial Bank Purposes

An assumption which underlies the entire approach to this bank investment problem is that a commercial bank is in business for three purposes: first, to accept and pay out deposits; second, to make sound and needed loans in its banking community; and third, to remain in business, consistent with the two prior objectives. If this last and often under-emphasized objective didn't exist, bank in¬terest would be much less of a problem. A policy of unthinking over-competition through heavy investment in short securities would, in most cases, suffer to show some earning power. But I don't believe that this is the spirit of the free enterprise system.

The final point in this intro¬duction is a statement that investing both of the time and savings deposits doesn't go in a vacuum—it is part and parcel of the process of in¬vesting all of the assets repre¬senting the deposits and the cap¬ital funds of the bank. Therefore, this introduction, which is the main topic of this talk, must necessarily include in its frame¬work the application to demand deposits and to capital funds, as well as savings deposits. But I will emphasize the savings deposits and will discuss some of the problems and trends of this part of the operation.

Asset Allocation

So much by way of introduc¬tion. Next, we'll outline the par¬ticular analytical approach, which I call "Asset Allocation." The principle involved is simply that your bank liabilities differ in characteristics. They can be di¬vided into several classifications according to these characteristics. Every such classification of liabil¬ities should be balanced by a set of assets which are appropri¬ate. The base of classification of liabilities is the rate of turnover or change, the likelihood that de¬posits will increase or decrease. As a convenient procedure, we use three classifications: demand de¬posits, savings deposits, and capital funds, the latter consisting of current stock, surplus, and undivided profits, plus voluntary reserves. Demand deposits are the most volatile; they rise and fall faster and faster than savings deposits. Therefore, the bank assets which balance with demand deposits should be shorter in ma¬turity, or more marketable, than those which are allocated to other, more sluggish savings deposits. The capital funds, which are the stockholders' permanent equity in the business, normally change much less in volume. Hence, the assets off¬ered for the purchase of liabilities can be the longest in maturity or least mar¬ketable of the three.

Of course, investments are not the only important assets in the bank. There are other liabilities that need earning, and which you want to keep at a minimum safe level. There are loans, which supple¬ment your bonds, because you can't vest only what funds you don't lend. If you're well-leveraged, you have more to invest. If those loans are long, or a little thin as to quality, then your in¬vestments should be relatively short in maturity, so they will be marketable. The greater the risk on your loans, the less risk you should be taking in the marketable assets of bonds that go below. These are the more basic tests of what are ap¬propriate assets to allocate against your liabilities.

All this will be much clearer if you can see in the accompanying series of exhibits, the Bank of Jonesville. This title was picked because I have never been able to find a bank with this title, but it is a hypothetical one. If one is represented here today, I apologize. The Bank of Jonesville is, in fact, a statistical ab¬straction of a bank which is assumed—footings of $6 million the percentage breakdown of assets and liabilities, as of Dec. 31, 1954, reported to the Federal Reserve. No Federal Reserve Bank handles the total membership in the district having between $5 million and $10 million in total deposits. The figure of $6 million was chosen as typical of many medium-sized works with which you probably will be familiar. This com¬posite Bank of Jonesville, therefore, should be within shooting distance, in its details, of a rather large number of banks in this District.

As you will see on inspection, Exhibit A is simply the statement of comp¬osition of the liabilities. Exhibit B makes use of the same relationships to represent them in the form of an asset allocation, which is a proof of some assumptions. The Federal Reserve fig¬ures throw no light on what the breakdown of these deposits and other borrowings might be, and I have there¬fore made some assumptions without getting to what I would consider good light on some of the available information.

You saw, from this Exhibit B that I have subdivided the Bank of Jonesville into three sub-banks, a Demand Deposits Bank, a Savings Deposits Bank, and a Capital Funds Bank. The exhibit is divided with assets and liabilities in bel¬lowing proportions: $2 million of the details of the demand deposits, I might have set up a fourth classifi¬cation, such as U. S. Treasury and Tax and Loan Account, to be cov¬ered almost entirely with cash and Treasury bills.

Deposit Deposits Assets

The point to be emphasized and most difficult to state is that demand deposits, which vary further and faster than savings, have allocated to them a higher percentage of the quicker assets. Savings have more maturity investments, and com¬mercial loans. We allocate to each of our sub-banks not only cash and due from banks as re¬serve requirements, but also the experience indicate for it, the extent of own credit. In any event, that will be a lower percentage for savings than for demand deposits — in this case 10% compared with 25%. When you look at the Capital Funds Bank, however, you note that cash and due from banks are much smaller in the capital funds allocated there. Why? Because after providing for own credit needs against demand and savings de¬posits, statistical average, the bank considers that needs against demand and savings de¬posits, and not savings. Therefore, they will need to go somewhere. Putting that ex¬cess cash down against capital

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NEW YORK AGENCY

MARCH 5, 1956

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For Fraser
Investing for Pension
And Profit-Sharing Trusts

By ARTHUR L. COBURN, JR.*

*Address by Mr. Coburn, Jr., before the Trust and Profit-Sharing Conference, sponsored by the Trust Division of the American Bankers Association, Nov. 1, 1956.

Investment authority emphasizes men's well-balanced portfolio and reveals the continuation of the 1955 entanglement of 1954. The market is not going to be plain sailing. (1) There are more problems to be resolved than in the past, and (2) trusts are not going to be as lenient as in the past. (3) There is a need for more generous profit-sharing features. (4) There are more problems to be resolved than in the past, and (5) common stocks are not the answer to all the problems of the pension plan.

I have been asked to express some of my investment philosophy. I shall try to do so with a great sense of humility, for investing is a highly personal and individual subject. I shall end up with some specifics. First of all, I believe that an investment philosophy is essential. The one word investment philosophy covers things I am going to talk about. I do so because I think, within limits, that investing is a constant. What I am trying to do is to say something about investing, no matter what the type of account, whether the life tenant and the remainder interest.

Handing variations of problems is the essence of investment trust management. Every account is different. I must speak broadly, however, of what might be termed unfelt accounts.

There is more than one way to invest. I am completely and distinctly in favor of the general government program for a given account and fitting individual moves into it seems to me to be somewhat like the other. I think, in my remarks, express only my personal views and partially shared by all my associates in the Old Colony Trust Company and The First National Bank. I am not the one to speak of any type of investing, I am interested in respect the type of choices, and I am interested in all favorable investment results.

I shall make some statements in a way that will make them sound like conclusions not to be disputed. Such presentation gives emphasis. Please remember, however, that I presume in some instances 90 to 10 percentage chance that my conclusion is correct, while in others my conviction may be no stronger than $5 to 45 that it is right.

Investment Objective and Balance

I am going to assume that all investors have the common objective of achieving the best combined principal and income result. For some, capital appreciation will dominate at a given moment; for others, capital preservation; and for some, perhaps singularly, the momentary, the period, to a period of time, to be more principal. The trustee, however, will strike a balance between the principal and income consideration. In my own office, we prefer to make the portfolio which maintains flexibility, so that we are able to dictate and not to try to dictate to the market what we shall do. (1) We must long term and (2) capital appreciation.

me to begin to do so would be an error. Suffice it to say that a growth stock is that of a company in an expanding industry, which is sufficiently well managed to retain in the business that proper proportion of earnings which will better serve the investor, per share of the stock held, than a larger current dividend. A special situation is any other stock. (Cyclical, defensive, merger prospect, etc.) Our office uses both. My personal bias is in the direction of growth stocks. We like those indelible "blue chips.

Each of my two broad categories divides itself into two parts: those that succeed and those that do not. I urge avoidance of the latter.

Seriously, though, we must look ahead, without benefit of hindsight. How may we, with as few errors as possible, ferret out really high grade values in particular stocks to fit into well conceived investment programs?

Here are a few vastly oversimplified observations:

1. Management is about a 95% determinant of success, industry everything else.

2. Price-earnings ratios reflect what the market place thinks of management and of industry prospects.

3. Financial reports are an imperfect measure of management ability. Selection of winning industries prospects requires one to be industrious, alert, and insightful.

1. Market expectations are set at high price-earnings ratios are preferable to those with low price-earnings ratios. Whether one thinks of an issue is important.

2. Earnings are more important than dividends. Expect earnings and future dividends more important than present earnings and present dividends.

3. Broadly based enterprises have fewer pitfalls for investors than do specialties.

4. Business is free to set their own price levels have an edge on regulated industries.

5. No investment is perfect; all judgments are relative.

6. Were judgement itself perfect, we would put all investment eggs in the one basket. Diversification is to the extent of splitting a stock investment two ways would reduce average quality. Allowing the necessity of protecting against the errors of human judgment, I question that use of more than 100 different issues, no matter how large the fund, imparts protection at all. Excess diversification invites carelessness.

7. Be aggressive—never fight a defense. Let common stocks. Recognize the risks inherent in such investment. If they are too great to undertake, invest in other fields.

8. Watch your capital exposure. Two lists that have been compounded well in the past may have widely different prospects success facing the future.

(11) Set your investment sights high. Do you realize that an original $2,000 compounded at 75% seven times becomes more than $180,000—that $2,000 becomes more than $1 million?

The Present Situation—Policy

Now let us get back to the matter of pension and profit-sharing trust investment. I have already indicated that, to be good for the employer, investment must be good for the employee, and vice versa. That being the case, investment of the pension trust of one employer and of the profit-sharing trust of another might be the same, if only investment considerations were involved. At this point, however, there arise questions of ability to continue contributions (has the profit-sharing trust received the last money that can be expected for a long time?) as well as questions of different age spreads of beneficiaries, variable vesting provisions, different effect on different prospects of increased benefit, etc.

Continued on page 12

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March 7, 1956
Continued from page 1176

Investing in Pension And Profit-Sharing Trusts

These few samples again illustrate the custom-made nature of any trust fund. I narrow my discussion to two building block patterns that the Trust Function of Old Colony Trust Company uses. The First National of Boston has used in pension and profit-sharing trusts.

In a few cases, by request, we have followed the same procedure as in many of our Massachusetts probate trusts, 50% bonds and 50% common stocks. You will recognize as a base only, applicable to book values, which are normally acquisition values. Naturally, this has meant a larger proportion of common stocks at market values as a direct result of price advances over recent years. Where the discretion has been ours, we curtailed, over a part of 1955, the amount of incremental money that was put into common stocks, depending on the ratio of such money to the existing fund at hand. In general, accounts in this category might have been at 60% or so in stocks, and we did not stop buying stocks until we had just put from one-third to two-thirds of the "normal" money into new stocks, enrolling a diluted book value proportion in stocks, which was a precision tended to push the market value proportion still higher.

More of our accounts, where discretion sufficed, had a basic 30% common stock investment. In general, this was the pattern that we published several years ago, a little booklet titled "Should Common Stocks Remain In a Pension Fund?" setting forth our 30% policy. This too, applied book value, and to new contributions on partial days, with many of these accounts, through appreciation of stock values, grew from 40% to 50% of market values in common stocks. In 1955 we began to lend more to the market in common stocks, as with our higher based accounts probably still does.

On the first business day of 1956, having behind us the imme-...
From Washington
Ahead of the News

BY CARLISLE BARGER

The opposition to Vice-President Nixon is quite different from that which caused President Roosevelt to cast Henry Wallace aside when it became apparent that the latter was running as his own candidate. Wallace came from the party leaders who were reasonably certain Roosevelt could not be defeated.

In Nixon's case the party leaders generally are for him. The Republican National Committee and State Chairmen. He speaks their language, he is a fighter, he can deliver his fences. He has proved his mettle in the pa
paign in 1952. With Eisenhower intending to make a very limited campaign, somebody like Nixon will be sorely needed as a white-shooping campaigner for the candidates for Congress and the Senate.

A great majority of Republican Congressmen and Senators are for him.

Paradoxically, if he is hustled outside, the greatest gain will be felt among the Taft wing of the party, although Nixon is not of that wing. Senator Knowland, heretofore looking for an impeachment court of Nixon, now, with his own chances for the Presidency gone, has tactfully moved behind Nixon for second place on the ticket again.

The opposition to Nixon from within the party comes from a small group of Easterners, some who are not professional politicians but are more or less cronies of the President. They are bowing to the clamar of the left-wingers who under no con
ceditable circumstances will support Eisenhower. This relatively small group of Presidential advisers is convinced the President will win again and that it is not easy as possible.

What they don't realize, and what the nonprofessionals of the group are, is that in their desire for a coast-in campaign for their hero, they are setting back the position of these Republicans. They are also a serious risk amounting to a propaganda disaster for Eisenhower and these Republicans, generally blanket under the so-called Taft wing of the party. They are those who will sit back and laugh at it as is. For him to ditch Nixon in response to the left-wing demands would likely fill them with complete disgust.

As for the Taft wing, let's see if they have another choice in 1956. They will point out that Mr. Eisenhower, whose record relives to a larger than average extent to the actions of his immediate predecessor, shared the delegation authority, picked Nixon in 1952. To shunt him aside now would be an admission that he was wrong. The fact remains, too, that Nixon appears closer to the Republican Party than Eisenhower in the next few months Nixon would become President.

In that event, the Taft wing of the party, now contending that Eisenhower would have inflicted a grievous wrong on the country, as Roosevelt certainly did, would have got his rid of Wallace in 1944.

There is very little indication of what the President has in mind about Nixon's again being his running mate. His statements upon the occasion of his press conference announcement, that he would run again, can be taken both ways. At that time the President was thinking in terms of a coast-in campaign, personally, and as a Vice-President. But he said he thought any decision about the Vice-Presidency should wait until after the President's visit to Europe. Europeans who have said, of course, that in the event of his renomination, he would like to have Nixon running with him again. On the other hand, there is merit in what he did say. Furthermore, had he selected Nixon then and there, the Vice-President would be in for a very unhappy life. He would have been in the position of saying that his path is to be one of roses as it is.

A group of Taft backers are nauseating, particularly the professed indignation over his recent reference that the Supreme Court under a "great Republican Chief Justice," had curtailed segregating the same voices that would be shocked at the reference to the Chief Justice as a Jew. These Republicans are the ones that have been pushing him for the Republican Presidential nomination in the event Eisenhower didn't run again.

You can bet your boots that this Supreme Court decision will be shouted from the housetops by Republicans throughout the country, and particularly by those without the Negro vote on which, before Roosevelt, they so largely depended. The chances are, too, that they will get this vote back.

NYSE Announces
Official Appointments

Keith Funston, President of the New York Stock Exchange has announced the appointment of the Secretary of the Exchange.

Mr. Funston was formerly with Miltiand, Tweed & Hadley, counsel to the Exchange. He is the great-grandson of the late Mr. Tweed, who was to the New York Stock Exchange.

Mr. Funston is a graduate of the New York Law School. He is associated with R. Haire, Secretary of the Exchange, to assist the latter in the maintenance of the house with governmental agencies.

Mr. Funston has also announced the appointment of John H. Kirk as Associate Secretary of the Exchange.

Public Utility Securities

BY OWEN ILY

Tampa Electric Company

Tampa Electric is the third largest electric utility in Florida—its annual revenues of about $100 million being somewhat over half those of Florida Power Corp., which in turn is about half as big as Florida Power & Light. The company serves the City of Tampa and adjacent areas—some 1,700 square miles or about 3% of the State's total. The area has an estimated population of 420,000 or about 11% of the total for the State.

Tampa belongs in the select group of citrus industries which benefit from these electric utilities. Electric revenues have increased over six times since 1927, and in the past decade more than tripled. Florida is the third largest growing state, Nevada and Arizona ranking first and second and California fourth. By 1965 Florida is expected to move from 16th to 10th largest state, with a population of nearly 5 million. Tampa's customers should double in this period and the electric load is expected to quadruple.

All consumers are served from the transmission lines of the company, except those in Pasco County, for whom power is purchased from Florida Power Corp. Three interconnections are maintained with the latter company, one on each side of the line. These interconnections are also maintained with Florida Power & Light Company on the south.

The principal industries in the area served include the raising of citrus fruits, strawberries and vegetables, phosphate mining and manufacturing, and the cigar, cigarette, containers and clothing; cattle raising, dairy farming, fishing, and the tourist business. There is an increase of about 30% in the last five years, and this year the U.S. Department of Agriculture estimates Florida's crop at 135,000,000 boxes. Constant experiment, is under way for the development of by-products from citrus peels, pulp, and seeds.

Tampa is the country's main center for the production of fresh fruits, with an output last year of over 700 million boxes. The company has 5,500 employees connected with this industry with an annual payroll of about $15,000,000. Manufacture of containers and cans is closely allied with the cigar and citrus industries. Fifteen million cartons were manufactured for cigars in 1955 and over two billion cans for citrus concentrates and juices.

The area includes the nation's largest, world-famous citrus area. Florida's annual production of phosphate rock represents one-third of the U.S. total and has a value of over $25 million. It is used in the manufacture of fertilizer, sugar, jellies, preserves, beverages, medicine, rust-proof coating, baking powder, self-rising flour, flour scale compounds, and many other products. Salt, an important phosphate-derived inedible, has yielded excellent results.

Farming is also important in the Tampa area. Hillsborough County, (4,500 farms valued at $22 million) is the first County in Florida in the production of dairy and poultry products. Plant City is known as the strawberry capital of the world, and Riverview is the "Salad Bowl." The value of cattle in the area is estimated at $168 million—most of the pro
duct farming the cattle industry has been overcome in the past five years. Fresh and salt water fishing is also important, with 1,000 shrimp boats make Tampa the home of the nation's most successful shrimp hunting. The value of $10 million worth during the year. Tampa is also Florida's leading port, with ship repair and dry dock facilities.

Tampa Electric's generating capa
city is concentrated in two units—50,000 kW. in the Kenneth Plant and 235,000 kW. in the Hookers Point Plant, where 75,000 kW. was recently added. The new Gannon plant is also under construction, with the first unit of 120,000 kw. scheduled for 1957 and a similar unit for the fall of 1958. Tampa Electric Station may reach 480,000 kw., making the company's total capa
city four times the present figure. This plant will burn coal, oil and natural gas. The latest plant in Florida or around the Gulf will burn this fuel. The company has a 20-year contract for coal at a firm price, with a maximum escalation of 2%.

In addition to vigorous load
cutting efforts with promotion of the usual appliances, the company is pressing forward with the Heat Pump which is ideal for heating-cooling in this area. There are already 200 pumps on the system and a large increase is expected.

The company expects to spend about $13 million for new construc
tion this year, and will probably raise some $10 million by sale of mortgage bonds.

Tampa's rates are among the lowest in the state with the excep
tion of Pensacola. The 1955 return on investment (calculated according to the theories of the State Commission) was 6.2%. The Commission is following a flexi
ble policy with respect to regula
tions, and recognizes the necessity of financing the rapid growth of utilities in the state.

Share earnings for 1955 were $1.37, the same as in the previous year, while earnings had been increased by 10%, Presi
dent Pollock has estimated $1.83 for 1956, an increase of nearly 20%. Tampa has been selling re
cently on the American Stock Ex
cange around 27, and pays 7 1/2% yield. Based on anticipated earnings for 1956 rather than last year's figure, the price earnings ratio would be 16.5. An increase in the dividend rate would seem warranted later this year.

With Mid-Continent S. Ex.

ST. LOUIS, Mo.—Katheryn P. Ross is now with Mid-Continent Securities Corp., 320 Hampton Avenue.

Smith Polin Addrs

(Special to The Commercial Chronicle)

Witter has been added to the staff of Smith, Polin & Co., Omaha Na
tional Bank Building.
Railroad Securities

BY GERALD D. MAKEYER

Baltimore & Ohio

The Baltimore & Ohio is setting the stage for the final act in the consolidation of its funded debt which was begun early last year. All told, it has involved the retirement of some $535 million principal value of bonds and the issuance of $347 million, or a deficit of $188 million, which was covered by a capital infusion of $200 million into the consolidated mortgage bonds in three series in the latter part of last year which retired all underlying mortgages and a balance of the remaining series of the refunding mortgage bonds—series K, G, and M, all of which involved the retirement of the series B and A, and a portion of the three 5% series had already been arranged for, largely from the proceeds of the sale of the Chicago Terminal bonds, but the equity is understood to have been regained.

The refinancing operation disposed of all the bonds that had been affected by the terms of the 1944 debt adjustment with the exception of the $54,710,000 convertible income 4½s of 2019 which the road now wants to clear away by means of an exchange for a new issue of the same interest rate and maturity and the same conversion rate of one share of the road’s common for each $100 principal of the bonds, but with fixed interest payable semiannually. As long as the present contingent interest issue is outstanding in any part, the road is still subject to the restrictions imposed by the 1944 debt adjustment which, among other things, requires that on a net basis it must bring a capital stock amounting to 2½% of gross revenues annually less credits for depreciation and other charges which resulted in 1954 in the net deduction of $321,000 from earnings available for dividends and contingent interest as well. Another restriction is the “Part II” or “additional” sinking fund, now only a matter of $750,000 annually, due to the reduction of the road’s interest charges below the $22 million level set in the 1944 plan. Prior to the interest reduction the “additional” sinking fund had been 90% of actual payments plus an amount equal to all dividends paid within the year.

Although this sinking fund no longer cramps the dividend pay-out as it did, the 1955 total of some $6 million in the capital fund and the “additional” sinking fund which had to be deducted before earnings available for dividends amounted to almost $240,000 per common share. The elimination of the convertible income 4½s—the last of the “old” issues will not only do away with this problem but will also permit the payment of dividends out of current earnings. As it is, due to another restriction of the 1944 plan, payment of contingent interest as well as dividends can be made in any year only to the extent that earnings of the preceding calendar year proved available after providing for prior charges. This includes the capital fund.

As a result, contingent interest is payable only once a year and dividends have also been paid annually in one lump sum beginning this year, however, the preferred was placed on a quarterly basis and this has raised the question why some more stringent conversion rate put in the road’s possession over the $200 million deal goes through or not. A number of other roads which are subject to similar restrictions do provide for a contingent dividend for a year out of the preceding years’ earnings. One of the reasons advanced for getting away from the income 4½s is that so long as this is outstanding it would be difficult to get any more credit on the road, the bond rating being based on a quarterly basis.

Although the Baltimore & Ohio amounted to $845 per common share in 1955 (including $1.90 per share tax refund from fast amortizing special charge on its pool of 1953-54 underwrite), payment of contingent interest or dividends after capital fund and “additional” sinking fund. There is much thinking that a more generous “pay-out” is justified than the $2 per share on its capital stock. Another part of the argument is that the road has not been able to use the capital infusion of $200 million and what will be of little practical use if proposed replacement of the income 4½s goes through, since this charge will be almost matched in 1957 by sinking funds aggregating $35 million on two series of the new consolidated mortgage bonds together with the first $2 million serial maturity of the

Continued from page 3

Outlook for Housing

is not a panacea for severe and deep-rooted fluctuations. As for us, we all like to realize that there is a limitation to the demand that we can — and will — produce in a device. We are learning what it means to get along without the aid of credit or—indeed—to produce in a world in which the credit or —indeed—to produce in a world in which the credit that has been a crutch to us up until now is going to be used on a major scale.

The picture, as it is set, is this: a country where the demand for housing is more than adequate to meet the needs of the population. However, this housing must be built in a proper price range, in a proper amount, and in proper condition. It is still evident. Under such circumstances FHA and the VA mortgages are still attractive investments for individuals and institutional investors.

First, across the country a real shortage of housing exists. The absolute areas are developing and such areas will continue to have as a result of right costwise. Testing before a House Committee in November, Bill Moyers, a research analyst for the journalists, has said dramatically. In 1949 the average cost of building a house for $2,500 a year. He said it in 1954 for $4,000 a year and land was resold in 1953 for $8,000 a year and in 1954-55 for $15,000.

A similar instance was described in a recent edition of the “Wall Street Journal.” Shortly after World War II, a veteran purchased 10 acres of land for $100. The land demand on disposable income is recorded by record installment payments and car sales and this has been increasing at increased prices. Thus, the financing of a house may be offset to some extent by the heavy number of applications in the first place as a result of the slow sales market in the last six months of 1955. Never-never-mortgaged into actual construction, and the corresponding high rate of default in 1956.

Savings Deposits

I am afraid that if I were to tell you that there will be another decline in savings deposits which is an important public concern, the story would be a little different. Savings deposits increased in 1955, in some areas, as a result of increased personal income, and in other areas as a result of increased personal income. Savings deposits have been increasing in some areas, but not in others, and this may be offset to some extent by the heavy number of applications in the first place as a result of the slow sales market in the last six months of 1955. Never-never-mortgaged into actual construction, and the corresponding high rate of default in 1956.

The Commercial and Financial Chronicle... Thursday, March 8, 1956
of mortgage commitments. As mortgage portfolio have risen to new heights during the past decade, there has been an ever increasing amount of refinancable funds, for mortgage refinancing, through amortization and pay-offs. The demand for mortgage money for future building has been rising steadily and is still growing. From this source alone, an estimated $9 billion annually should be available to the home building market, according to the Federal Reserve Bank of St. Louis. In the "United States News and World Report" indicating this same amount, there were immediate concern about mortgage commitments and other sources of mortgage money shortage. May I indicate that our first reaction was to contest its complaints not from the large and medium size builders, but from the small builders who had been neglected by the mortgage lenders. This situation which may be given some study and thought by progressive builders is to provide the widest diversity for most builders in their respective areas.

**Governmental Policy**

To return to the general problem of sustaining the demand side of the mortgage money market in the near future. I need not remind you that any prediction made today from the various governmental changes or any agreement as to what should be is in response to the decline in starts and mortgage money demands in the FHA and the VA restored the 30-year fixed rate on a 1% lower rate which is still in what we would think is not less than the enthusiasm by the manufacturers. I have a feeling that the Federal Reserve Board or individual Federal Reserve Banks were interviewed in the large numbers of mortgage commitments for production of housing beginning six to nine months ago, have made these commitments were secured. I wish to emphasize that these commitments on large tracts by mort-gage bankers from funds made available to them by permanent investors requires much less work than similar mortgage funds among a group of small builders. However, I want to say that I do not of the smaller builders, would greatly minimize the recurrence of present mortgage money shortages. Mort-gage bankers have had to work in mortgage building territories with the idea of providing adequate financing for the projects for the builders. This is rather than one or two large builders. These commitments can be accomplished and still provide the large builders the commitments covering their real needs.

**Investor's Commitment Positions**

If available commitment funds are thus allocated on the basis of immediate requirements in housing construction schedules, rather than long- range production schedules, it is obvious that the amount of funds will take care of many more small builders. They also have the effect of spreading out on a large scale, as the building program is more dem-manding, it is natural for permanent lenders to look more critically at the real housing market at a particular area. I think you must also expect lenders to insist on a somewhat heavier equity for loans as the mortgage commitments of VA and FHA. In a market that has absorbed 100 million "dollars" units since 1950, there is, of course, reliance on the part of lenders for a much better year loan with little or no equity is not unreasonable. This requirement is now reducing the price rise and with adequate screening such loans are still a good investment. I am sure you will encounter contrary views.

**Californian Market**

I think that the market has applied to California as well as to the other areas of the country is that in the general decline in residential building in the past six months of 1955. To a certain degree this was undoubtedly influenced by the BOSTON, Mass.-Evan H. H. Bum- dahl has become affiliated with du Pont, Homsey & Company, 31 South Jones Street, New York and Boston Stock Exchanges, Harris, Upham & Co. and Hanne- well & Co. of the financial community, which many builders, is that the new trend toward vigorous action by the government in the near future does not seem to be evident.

This does not mean that you will have no problems. I think they will be probably local. You will be faced with the problem as the more selective than in the past. As the volume become more demanding, it is natural for permanent lenders to look more critically at the real housing market at a particular area. I think you must also expect lenders to insist on a somewhat heavier equity for loans as the mortgage commitments of VA and FHA. In a market that has absorbed 100 million "dollars" units since 1950, there is, of course, reliance on the part of lenders for a much better year loan with little or no equity is not unreasonable. This requirement is now reducing the price rise and with adequate screening such loans are still a good investment. I am sure you will encounter contrary views.

**Mergers are the answer to survival**

are the mergers the answer to survival? In some cases this is & Co.

123,000 Shares

$1 (Per Share)

Price $8 per Share

AILEN & COMPANY

March 6, 1956

Are Mergers the Answer to Survival?

Dr. Nadler questions whether legislation will halt mergers and finds a sound basis for merger growth in dynamic economic post-war growth factors. Disadvantages of mergers for the sake of bigness and advantages of widespreadly of encouraging political and social problems.

In dealing with the question of whether mergers are the answer to the inevitable need for more money to meet competition and changing conditions, and where joining of forces may lead to better management and larger profits.

"Where the prime motive, however, is the desire for bigger, mergers are not desirable. The may lead to a cumbersome organization and increased costs. In many instances, particularly, where styling and Individual service play an important role, a smaller company may have great advantages over a large one. It is more in line with planning, can make quicker decisions and can operate with lower overhead.

"For a merger to be desirable, it will have to be in a given industry, and this often depends on the type of business involved and the extent to which the personal element plays a major role in the success of the business.

Conclusion

The growth of labor union, the constant rise in the cost of living, business is the importance of research, and the de-registered banks, and that a different type of business will probably have advantages over a large one. It is more in line with planning, can make quicker decisions and can operate with lower overhead.

"For a merger to be desirable, it will have to be in a given industry, and this often depends on the type of business involved and the extent to which the personal element plays a major role in the success of the business.

Joseph Batchelder Adds

(Joined in The Financial Community)

Boston, Mass.-Evan H. Bum-
The stock market recovery, underway since mid-February, has been interrupted by occasional withdrawals this week and nudged the industrial average within close striking distance of the fabled 500 mark never before seen in history. A heavy supply of stock had to be absorbed at such a high level and made progress difficult, particularly since the general freight increase was able to show independent of only momentary solace to this laggard section of the list.

Utilities were able to accompany the industrials to record highs, their average posting its best price in two dozen years. Prices were lagging under the level reached last November, which was the highest standing in a quarter century.

Oils, which have been outperforming the general market very handsomely, believe in fact were subjected to some profit-taking but it was neither drastic nor entirely unexpected, particularly after a session that saw a dozen issues in this group push to their highest prices in nearly 15 months.

Selective Strong Spots 
Sustained interest was concentrated in individual issues where news was favorable, such as American Metal where a stock split was voted, and Ford Motor which came to listed trading on the New York exchange yesterday. Westinghouse was somewhat popular as soon as the industrial averages began to mount that progress was being made to settle the long strike.

Aircrafts, for a change, were a featured issue, and the sentiment, as usual, pointed strongly in a new direction, favorably, in a market which has been subject to a great deal of volatility in the long run.

A Missile Market 
There are some schools of thought that already are predicting that a new group will stand out as the bright spot in this year's market. This, however, doesn't appear to be the case, and the fact that this nation's guided missile program has some harsh critics in which field it looms promi-

In Ford's listing was unable to stir up much sustained interest in the other auto shares but there was a logie that all that has been holding recently at little more than the peak prices of 1953 and 1952, and sold high-

A Housing Beneficiary 
Instead, attention was shifted to the secondary companies behind the front-runners of the auto and housing industries. An issue, like Gilden-

Aerospace and defense companies in the stock market runup to here where building up a new following along on around so new paint is so far, even though overall building doesn't. Gildens sales and the market price of its stock reached post-war II highs in 1951 and haven't been seri-

Utilities normally have a quiet market since their business increases steadily but without much spectacular to note, yet some oil companies which avoid utilities because the growth in demand for electricity keeps them committed to large outlays. But the secondary choice in this case is an issue like Bahcock & Loeb which profits directly by the demand for steam generating equipment

Ireland's Industrial Possibilities Stressed

A distinguished industrial delegation, from Ireland, Republic, arrived in New York last Thursday, to conduct a series of meetings in New York and other cities. The " Irish Mission" was comprised of the Chief Industrial Development and Manager of the Industrial Development Corporation, Dr. James E. Jones, and Bridget Keir, and other leaders of the Irish industries, including the Irish Minister for Industry and Commerce and a number of industrialists who have been visiting the United States.

The delegation proceeded directly to Washington, D.C., where they were joined last Saturday by Mr. John Leydon, Economic Advisor to the Irish Government, for discussions with representatives of the U. S. Department of Commerce and other government departments and agencies. The delegation plans to visit all the major industrial cities throughout the country, including Cleveland, St. Louis, Chicago, Boston and New York, to meet with manufacturers, investment bankers, and others interested in the Irish industrial scene.

A 36 page descriptive illustrated handbook "Ireland's Industrial Possibilities" will be mailed free on application to the Irish Trade Commission in New York, or to the Irish Consulate in New York, or to any Irish Embassy in the United States.

James E. Jones With Joseph McManus Co.

Joseph McManus Co. 39 Broadway, New York City, members of the New York Stock Exchange. Mr. Jones is associated with the United States Department of Commerce, and former senior partner of John F. Palmer, Stock Exchange. Mr. Jones was formerly associated with the Atlanta, Georgia, and New York offices of Courta & Co.

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Jenks, Kirkland Open N. O. Y. 

Jenks, Kirkland, Grubbs & Keir, members of the New York and other leading stock exchanges, announce the opening of a New York office at 23 Broadway Street about Roger S. Palmer as Manager. Mr. Palmer was formerly a senior partner of Roger S. Palmer, Co., Pittsburgh, Pa.

Jenks, Kirkland, Grubbs & Keir also have offices in Atlanta, Georgia, and New York City, on Union and Pennsylvania Aves.

Bond Club of New York To Hold Annual Outing

The Bond Club of New York will hold its annual outing on June 8 at the Sleepy Hollow Country Club, Scarsdale, N. Y.

R. F. Ulrich Opens TWIN FALLS, Idaho - Rex F. Ulrich is conducting a securities business from offices at 109 East Main Street.
Forecasts agree that the high birth-rate of the past fifteen years assures a sharp up-turn in family formations through the next decade. The needs and desires of the thousands of new families entering the consumer market each year create additional demands for the goods and services of our economy. The wise use of credit by this expanding consumer market will continue to provide the bridge between this country's mass production and its mass consumption. We, at American Investment Company, expect to participate in this growth by providing cash installment loans to the thousands of families constantly entering the consumer market.

**HIGHLIGHTS from the Annual Report**

<table>
<thead>
<tr>
<th>Year</th>
<th>NET INCOME (in millions)</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
<th>6</th>
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<td>1955</td>
<td>$6,235,067</td>
<td>$6,235,067</td>
<td>$6,235,067</td>
<td>$6,235,067</td>
<td>$6,235,067</td>
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<td>1954</td>
<td>$5,514,002</td>
<td>$5,514,002</td>
<td>$5,514,002</td>
<td>$5,514,002</td>
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<td>1952</td>
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<td>$2,074,925</td>
<td>$2,074,925</td>
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<td>1951</td>
<td>$1,10*</td>
<td>$1,10*</td>
<td>$1,10*</td>
<td>$1,10*</td>
<td>$1,10*</td>
<td>$1,10*</td>
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**LOANS RECEIVABLE (in millions)**

<table>
<thead>
<tr>
<th>Year</th>
<th>1955</th>
<th>1954</th>
<th>1953</th>
<th>1952</th>
<th>1951</th>
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<td>1955</td>
<td>$274,924,687</td>
<td>$246,933,757</td>
<td>$218,173,972</td>
<td>$191,920,257</td>
<td>$167,625,507</td>
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<tr>
<td>1954</td>
<td>$246,933,757</td>
<td>$218,173,972</td>
<td>$191,920,257</td>
<td>$167,625,507</td>
<td>$145,370,752</td>
</tr>
<tr>
<td>1953</td>
<td>$218,173,972</td>
<td>$191,920,257</td>
<td>$167,625,507</td>
<td>$145,370,752</td>
<td>$124,115,997</td>
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<tr>
<td>1951</td>
<td>$167,625,507</td>
<td>$145,370,752</td>
<td>$124,115,997</td>
<td>$103,861,242</td>
<td>$84,606,487</td>
</tr>
</tbody>
</table>

*Adjusted for 2 for 1 stock split

**American Investment Company**

OF ILLINOIS

8251 MARYLAND AVENUE, ST. LOUIS 24, MISSOURI

Principal Subsidiaries: Public Finance Corporation
Domestic Finance Corporation • Public Loan Corporation
General Public Loan Corporation • Ohio Finance Company

Railroad Economic Future
Dependent Upon Engineering

By J. M. SYMES*
President, Pennsylvania Railroad

Well-known rail President estimates the decade's billion-dollar investment in rolling stock, track and equipment, signifies a continuing trend—both in the public and private sectors—to expand the railroad's role in the nation's over-all economy.

In my opinion, and I imagine to yours, our way of life consists of two basic and indispensable elements. One is our continuous rising standard of living. And the other is our spirit and our ability to keep rate rises below costs, in spite of unfair competition, inflation and excess profits, to engineering contributions of: diesels, centralized traffic control, electronic freight classification, and other modern developments.

In my opinion, our technology will never cease to accelerate and expand.

Better Living
You note the connection he makes. We have all—make—betw’en better living and the need for research and expanding technology. And that better living must be more and more secure. And you see that if any profession is in existence today, it is that of the engineer. This is especially true of the Shriner's of today. It is the Shriner's who are preponderantly an engineering profession, and must be run on engineering principles. That industry is railroad engineers, because the Pennsylvania has literally dozens of departments, ranging from law and real estate to sales services. But in the last analysis, the Pennsylvania is a billion-dollar investment and our railroad is running on real estate and our people are working to do just one thing—keep the wheels rolling, moving on tracks and provide them efficiently and on a financial basis.

Engineering Function
Moving men over distance, efficiently and economically, is certainly an engineering function. You can assure the Pennsylvania knows of. That high is the motive power. It is the motive power of the locomotive, and it's not enough. Many of them of the motive power were 150 years ago, or worked a "slip stick" in years. It is the motive power, but there is one way or another the benefit of their engineering training and the engineer's place in society.

In mentioning our basic jobs—moving goods over distance—you may have noticed I kept adding the formula, "efficiently and economically." That formula is the crux of our whole operation. To back it up in the world, the railroads are moving freight for an average charge of 36 cents a ton mile, and passengers for an average charge of 1.8 cents a passenger mile. As men familiar with the Pennsylvania know, to be in a war, rising taxes, inflation and other costs, and even trebled the prices of the kind of work, materials, supplies and services, must be cut. By 1945, after 15 years of World War II, the prewar price of 36 cents a ton mile was cut to 14.2 cents, and an increase of only 13.9 cents. And another prewar price of 1.81 cents a passenger mile was cut to 10 or 12 cents—an increase of only 44 cents. In other words, with railroad costs doubling and even trebling, freight prices have gone up less than 50%. And while it is the railroads, it might be noted that the average consumer's mile charge is one-third to one-fourth the per-mile cost of driving a private automobile.

Low Rail Rates
The trend in the average of rail rates represents both an achievement by the industry and an important service to the consumer. It provides, maintain and often pay (1182) every consumer service that he might provide, Mr. Thomas McCabe, President of the American Society of Civil Engineers.

"I am confident that the American engineer has done little and desires their duty for better living."

*An address by Mr. Symes before the Engineers' Club of Philadelphia, Feb. 21, 1956.

The Financial Crisis
and the
Perennial
Salaries

Post W. Job
One is that the engineer's post war job for us is only one year. He helped pull us through our worst time. But he has made it as the finest tool of cheap mass transportation by land ever devised. It is up to him to keep making that tool better and better, and to keep it abreast and ahead of the competition of other means of the traveler and shipper.

The other point goes back to the other side. The engineer's role in keeping the railroad's income is sound, at least in actuarial basis, and therefore secures his salary. He has always had the best of it in my mind, if not in the beginning. And I don't think it is so. But so far he has done his part in keeping the railroad's income out of the red, and in keeping it as sound as it is. And that is something that isn't there.

Halsey, Stuart Group
Owes Equi, Tr. Cfs.

Halsey, Stuart & Co., Inc. and New York Central were offered $33,000,000 of Chicago & North Western Rp., 3% equipment investment certificates as early as Nov. 1, 1956 to 1970, inclusive.

These certificates, third and final installment of an aggregate issue not exceeding $11,000,000, are entitled to yield from 3% to 4%, according to fluctuation in railroad rates. Inclusion and sale of the certificates are subject to the authorization of the Interstate Commerce Commission.

The total issue is to be secured by 1578 box cars and 500 gondola cars for delivery in 1963 and 1964.

Announced in the offering are: Dick & Merle-Smith: R. W. Presi
dent; W. S. Van Vl..yn, Vice President; E. M. Hannah & Co.
Baxter, Williams & Co.; Free
wood, William & Co.; Jones

With H. L. Jamieson
of the WALNUT CREEK, Calif.—Del-
hart Stewart is now with H. L. Jamieson Co., Inc., 1257 Main St.

Joint American Secs. Co.

Join American Secs. Co.

(Special to The Financial Chronicle)

DEERFIELD, Colo.—John MacKu-
sick is now with American Secu-
rity Company, 509 Seventeenth

23 (1182)

The Commercial and Financial Chronicle Thursday, March 8, 1956

Digitized for FRASER
fraser.stlouisfed.org/
Annual Report for 1955
of P. LORILLARD COMPANY,
makers of fine tobacco products

Consolidated Balance Sheets

Assets

<table>
<thead>
<tr>
<th>December 31</th>
<th>1955</th>
<th>1954</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash</td>
<td>$6,321,814</td>
<td>$7,812,959</td>
</tr>
<tr>
<td>Accounts receivable (net)</td>
<td>$10,187,553</td>
<td>$10,456,765</td>
</tr>
<tr>
<td>Other accounts receivable</td>
<td>$596,941</td>
<td>$657,431</td>
</tr>
</tbody>
</table>
| Inventories (at average cost):  
  Leaf tobacco | $225,281,174 | $271,632,128 |
| Manufactured stock and revenue stampes | $17,786,337 | $12,341,618 |
| Materials and supplies | $3,915,024 | $4,415,694 |
| Total current assets | $158,294,643 | $163,116,595 |

Property, Plant, and Equipment

(Acquired at December 31, 1932 by authorization of stockholders, plus subsequent additions at cost, less retirements)

<table>
<thead>
<tr>
<th>December 31</th>
<th>1955</th>
<th>1954</th>
</tr>
</thead>
<tbody>
<tr>
<td>Land</td>
<td>$3,026,992</td>
<td>$991,174</td>
</tr>
<tr>
<td>Buildings and building equipment</td>
<td>$14,920,063</td>
<td>$11,868,357</td>
</tr>
<tr>
<td>Machinery and equipment</td>
<td>$10,003,404</td>
<td>$16,979,831</td>
</tr>
<tr>
<td>Less accumulated depreciation</td>
<td>$3,392,757</td>
<td>$7,510,665</td>
</tr>
<tr>
<td>Total property, plant, and equipment—net</td>
<td>$25,488,791</td>
<td>$16,075,223</td>
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</table>

Other Assets

<table>
<thead>
<tr>
<th>December 31</th>
<th>1955</th>
<th>1954</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mortgage note receivable</td>
<td>$300,000</td>
<td>$500,000</td>
</tr>
<tr>
<td>Prepaid expenses and deferred charges</td>
<td>$1,453,901</td>
<td>$1,529,459</td>
</tr>
<tr>
<td>Unamortized delinquent discount and expense</td>
<td>$28,943</td>
<td>$80,275</td>
</tr>
<tr>
<td>Brands, trade marks, and goodwill</td>
<td>$2,502,947</td>
<td>$2,417,186</td>
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<tr>
<td>Total other assets</td>
<td>$186,466,281</td>
<td>$194,209,553</td>
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Liabilities

<table>
<thead>
<tr>
<th>December 31</th>
<th>1955</th>
<th>1954</th>
</tr>
</thead>
<tbody>
<tr>
<td>Notes payable (bank)</td>
<td>$32,700,000</td>
<td>$40,200,000</td>
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<tr>
<td>Accounts payable</td>
<td>$3,900,724</td>
<td>$2,080,566</td>
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<tr>
<td>Debentures due within one year (less held by company)</td>
<td>$1,159,000</td>
<td>$850,000</td>
</tr>
<tr>
<td>Accrued taxes</td>
<td>$5,144,511</td>
<td>$3,651,057</td>
</tr>
<tr>
<td>Accrued payrolls</td>
<td>$610,133</td>
<td>$616,643</td>
</tr>
<tr>
<td>Accrued interest</td>
<td>$104,926</td>
<td>$202,137</td>
</tr>
<tr>
<td>Other accrued liabilities</td>
<td>$460,193</td>
<td>$446,196</td>
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<tr>
<td>Total current liabilities</td>
<td>$45,843,067</td>
<td>$53,289,799</td>
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<tr>
<td>Long-term debt</td>
<td>$28,528,549</td>
<td>$31,134,687</td>
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<tr>
<td>Reserves for contingent incentive compensation</td>
<td>$119,937</td>
<td></td>
</tr>
<tr>
<td>Capital and retained earnings</td>
<td></td>
<td></td>
</tr>
<tr>
<td>10% Cumulative Preferred Stock (par value $10 per share)</td>
<td>$9,000,000</td>
<td>$9,000,000</td>
</tr>
<tr>
<td>Authorized 50,000 shares; issued 96,000 shares</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Common Stock (par value $5 per share)</td>
<td>$10,000,000</td>
<td>$10,000,000</td>
</tr>
<tr>
<td>Authorized 5,000,000 shares; issued 2,085,854.89 shares</td>
<td>$25,925,000</td>
<td>$25,925,000</td>
</tr>
<tr>
<td>Additional paid-in capital (premiums less expenses on common stock issued)</td>
<td>$70,000,000</td>
<td>$70,000,000</td>
</tr>
<tr>
<td>Earnings retained for use in business</td>
<td>$31,614,370</td>
<td>$32,555,697</td>
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<tr>
<td>Total capital and retained earnings</td>
<td>$116,346,201</td>
<td>$118,209,553</td>
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</tbody>
</table>

Consolidated Earnings

<table>
<thead>
<tr>
<th>Year Ended December 31</th>
<th>1955</th>
<th>1954</th>
</tr>
</thead>
</table>
| Revenues:  
  Net sales | $223,263,202 | $233,046,695 |
| Other (net) | $71,294 | $150,190 |
| Total revenues | $223,334,496 | $233,206,885 |
| Costs and expenses:  
  Cost of goods sold, selling, administrative, and general expenses | $123,605,628 | $121,936,054 |
| Interest | $2,519,731 | $2,630,991 |
| Federal and state income taxes | $6,109,500 | $6,217,000 |
| Total costs and expenses | $132,235,859 | $121,783,045 |
| Earnings before special credit | $56,234,336 | $101,423,840 |
| Special credit—Profit on sale of property, less capital gains tax | 965,173 | |
| Net earnings | $55,269,163 | $101,423,840 |
| Dividends on preferred stock ($7 per share in each year) | $606,000 | $606,000 |
| Earnings applicable to common stock:  
  ($2.07 per share in 1955 including 34 cents from special credit; $1.98 per share in 1954) | $5,010,000 | $5,656,143 |
| Dividends on common stock ($1.35 per share in 1955; $1.60 per share in 1954) | $3,851,257 | $4,664,450 |
| Remainder of earnings (retained for use in the business) | $2,158,743 | $1,991,693 |

Provision for depreciation: $1,246,422 in 1955 and $1,156,837 in 1954.
First Effects of the
British Credit Squeeze
By PAUL EINZIG
Discretionary measures are found taking effect, unless this is not the case. The British Chancellor of the Exchequer is to deliver a "touchy" budget, April 12, and the stock market to be unhappy. Zettbacks in some businesses and a cut in the index of wholesale prices have reduced the waging of the wage spiral, and in turn, requires firms to reduce prices, profits, and dividends.

Dr. Einzig finds it important now that increased exports absorb a lot of the increase of industrial production. The number of unemployed in the central industry and the engineering industry are beginning to feel the effect of the credit squeeze and a new area in the reflationary measures being taken. The government is preparing their plans to reemploy otherwise discharged workers. The statistics show that the government is not to be worried by the disunited of workers. The numbers are aware of this and it is therefore, conceivable that they are prepared to moderate their demands so as to be undertaken by the government not to discontinue the reflationary measures.

There is reason to believe that the government is not intending to drive a hard bargain. In the course of the government's measures, it is expected not to demand wages and salaries. The reason for this is that the unions are seen to be moderate considerably and deferred as far as possible during the period of the government's demand. The official argument runs as follows. The degree of demand within the credit squeeze is a result of the government's demand as a result of discretionary measures, and this is considerably more important than ever, in the interest of maintaining full employment for the greatest number of people. Although the fall in domestic demand is the result of domestic demand, it is not difficult to insist, however, that wages demand should be considered considerably and deferred as far as possible during the period of the government's measures.

One of the inflationary situations is corrected, the increasing trend of output will be resumed. It will be granted wages increases without Federal Reserve's discretionary measures. The Prime Minister will not propose additional wage demands that should exercise self-denial until this is brought about.

At the same time, the government is expected to press employers on the next few weeks, it will have to keep down profits and dividends as far as possible. This is essential, not only from the point of view of its direct effect on inflation, but mainly because of its effect on the sort of labor. Self-denial will become more practicable if it is combined with a restraint of profits and dividends. Some recently announced profits showed striking increases compared to the previous year. Trade union officials would fit it and protest the appeal of their members unless they can point to a certain degree of self-denial by business.

It would be perhaps optimistic to expect that this series of measures will produce the desired result. It is not likely that it will be necessary to administer another dose of the discretionary measures, but unions can be induced to moderate their demands.

But for this will be perhaps the cost of the Chancellor's budget, the details of which will be announced on April 10. Unless these are on the turn of the trend will occur within the next few weeks, the Government will have to face a "touchy" Budget. It is no wonder that the Stock Exchange is not in a happy mood. The popular assumption is that things will not get worse before they can get better.

Halsey, Stuart Group Offers Bell Telephone
31 3/4 Debentures
Halsey, Stuart & Co. Inc. announced it is floating $35,000,000 of Bell Telephone Co. of Pennsylvania 4 1/4s of 1995. The issue was won by the company to repay outstanding advances from its parent organization, the Telegraph Co. These advances are expected to approximate $35,000,000 at the time the proceeds are received. The balance of the net proceeds will be used to reemploy the company's treasury for expansion plans and other additions and improvements to its properties.

The debenture is redeemable at the option of the company, at 103 1/2% of par, plus accrued interest.

The Bell Telephone Co. of Pennsylvania is engaged in the businesses of providing telephone services, mail, and telephone services in the Commonwealth of Pennsylvania. On December 31, 1955, the company had 26,000,000 shares of common stock, all of which were in the hands of the company. The company's principal assets are located in the Pittsburgh metropolitan area.

President's Decision Previously Discounted
The announcement by President Eisenhower that he would seek a second term appears to have had practically no effect upon the money market. While the country was looking for a decision from President Eisenhower, this uncertain situation could result in the opinion of not a few market specialists that changes might have occurred. However, the President's decision, that of President Eisenhower had decided not to be a candidate for a second term. However, as it turned out, the money market had not such a change. The reasons for continuing quotations and yields in the government market were about the same.

Because psychology plays such an important part in our markets today, it has been considered as a short range factor, and the events of President Eisenhower's announcement have not removed one of these conditioning factors from the money markets.

Market Operations Reflect Business Trend
Even though the refunding operation of the Treasury is the all-important on the spot business for the money market, the economic position of the country also reflects the confidence that the demand for loanable funds is still very sizable, but not as great as in the previous years. There is more evidence appearing each day that money which ordinarily would be seeking an outlet in other than the money markets is being put to use in that market.

It is indicated that these funds are being well spread throughout the market. It cannot be said that there is much heavy demand among the institutions apparently is somewhat more pronounced than it has been.

May Re-open 3s of 1955
The demand for a long-term Government bond which would meet the needs of certain investors such as pension funds, both private and public, trusts, accounts, savings institutions, and a more limited extent some commercial banks, does not appear to be in the offering for the immediate future. Nonetheless, it is believed in some quarters that if this demand for a long Government bond should increase, the Treasury might be inclined to re-open the 3s of 1955.

Switches, according to advice, are still important as ever to the Government market, with the discount 3s being well taken by those that have moved out of the intermediate and short-term issues.

With Merrill Lynch
With First Florida (Special to The Financial Chronicle)
ORLANDO, Fla. — Murray A. Craig has become connected with First Florida Investors, Inc., 21 South Orange Avenue, Orlando.

With Greenberg, Strong (Special to The Financial Chronicle)
DENVER, Colo. — Charles M. Hemery now is with Boettcher & Co., Inc., department head, Denver.

With Curtis Marshall (Special to The Financial Chronicle)
ST. PETERSBURG, Fla. — Charles T. Griffin will be connected with Curtis Marshall Company, Inc., 601 First Avenue, St. Petersburg.

Joints Brown, Madeira (Special to The Financial Chronicle)
ORLANDO, Fla. — Harold R. Emsly is now affiliated with Brown, Madeira & Emsly, Inc., which was previously with Security Asso­ ciates, Inc., of Winter Park.

With First Florida (Special to The Financial Chronicle)
ORLANDO, Fla. — Murray A. Craig has become connected with First Florida Investors, Inc., 21 South Orange Avenue, Orlando.

With WINTER PARK, Fla. — George D. Tyler is with Federated Security Companies, Inc., 533 North Orlando Avenue.

With Boettcher & Co., Inc. (Special to The Financial Chronicle)
JOHNS REVEL MILLER (Chosen by the Editor)
MERRILL LYNCH CO. (Special to The Financial Chronicle)
SANTA MONICA, Calif. — K. ANIA Hall is now with Revel Miller & Co., Bay Cities Building.
Fruehauf Trailer Co.
Debentures Offered
by Lehman Bros. Group

Lehman Brothers and associates yesterday (March 7) offered two debenture issues of Fruehauf Trailer Co. viz: (a) $37,500,000 of 4% convertible subordinated debentures due March 1, 1976 and (b) $10,000,000 of 4% sinking fund debentures due March 1, 1976. The convertible subordinated debentures are priced at 101 3/8% and accrued interest, and the sinking fund debentures at 100% and accrued interest.

Purpose of the offering of the two issues is to provide additional working capital and funds to meet the needs of the company's expanding business. Annual sales during the last five years increased from $151,612,000 in 1951 to $280,612,000 in 1965, the highest annual volume in the company's history. The increased sales volume reflects new developments made by the company in the construction of trailer equipment including the new Volume Van line; and the growing needs of the transportation industry for over-the-highway and railroad "Piggy Back" equipment. This increased sale volume has required additional working capital for the purposes of carrying increased inventories and financing sales of the company's product and also has required substantial expenditures for additional plant facilities. Initially, part of the proceeds from today's offering will be used to reduce current bank loans which were incurred to finance the expanded volume of business.

The subordinated debentures are convertible into common stock at $29 per share. The issue has the benefit of sinking fund provisions under which the company, at its option, may retire up to $1,875,000 annually beginning March 1, 1961 and, at its option, may retire up to an additional $1,875,000 in those years. Beginning March 1, 1971 through 1975, it is required to retire $3,000,000 annually, and, optionally, may retire up to an additional $3,000,000 in each of the years.

Under the sinking fund provisions of the sinking fund debentures the company is required to retire $500,000 annually beginning March 1, 1961 and, at its option, may retire up to an additional $500,000 in each year.

Fruehauf Trailer Co. is the largest manufacturer of truck-trailers in the United States. The company, together with its wholly-owned subsidiary, Fruehauf Trailer Co. of Canada, Ltd., manufactures and sells approximately 50 different types of ru-trailers and accessories, parts and service. Fruehauf Trailer Finance Co., a wholly-owned subsidiary, finances installment sales of the company's products and since its inception in 1948 has grown to rank among the nation's largest installment finance companies. Thirteen manufacturing plants are located in the United States and one in Canada. In addition, Fruehauf operates 81 sales and service branches located on strategic commercial transportation routes throughout the United States and Canada.

Barclay Inv. Co. Adds

Chicago, Ill. — William H. Gardner is now with Barclay Investment Co., 39 South La Salle Street. He was previously with the City National Bank & Trust Company.

A Record Year for J&L

HIGHLIGHTS OF J&L'S RECORD YEAR

<table>
<thead>
<tr>
<th>1955</th>
<th>1954</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales and operating revenues</td>
<td>$696,338,000</td>
</tr>
<tr>
<td>Production of steel ingots (net tons)</td>
<td>6,190,000</td>
</tr>
<tr>
<td>Shipments of rolled steel products (net tons)</td>
<td>4,418,000</td>
</tr>
<tr>
<td>Net income</td>
<td>$50,104,000</td>
</tr>
<tr>
<td>Net income per share of common stock</td>
<td>$7.73</td>
</tr>
<tr>
<td>Working capital</td>
<td>$165,330,000</td>
</tr>
<tr>
<td>Long-term debt</td>
<td>$105,473,000</td>
</tr>
<tr>
<td>Additions and improvements to plants</td>
<td>$37,705,000</td>
</tr>
</tbody>
</table>

The year 1955 was a record year for J&L. We produced more steel, sold more goods, paid more wages, earned more money and paid more dividends to our shareholders than in any other year in our history. The results of our operations, together with the growing needs for our products, encouraged our decision to expand materially our plant improvement plans.

In the ten-year period 1946-1955, J&L spent $521 million on plant improvement and expansion. This amounts to $83 a share of our present common stock.

We have improved our raw material position; increased and made modern our productive capacity; broadened our research program; and made progress in management development, internal controls and relations with our employees.

J&L, in 1956 is a vastly changed company from J&L in 1946. We are now engaged in further important programs affecting all phases of our business.
CONSOLIDATIONS AND NEW OFFICERS, ETC.
CAPITALIZATIONS

The directors of the City Bank Farmers Trust Company, New York, have announced the appointment of Mr. John E. Wyman as Executive Vice-President and Director. Mr. Wyman, a member of the law firm of Willard, Werder, Bergren, Hoch- day & Madsen, was formerly Executive Vice-President of the Farmers Trust Company.

The appointment of Walter A. Blankfort as Executive Vice-President of the First National Bank of St. Louis was announced by Mr. Blankfort of St. Louis. In addition, Mr. Blankfort, a member of the law firm of Blankfort, Talmage, Blankfort & Talt, served as Special Assistant to the Attorney General of the United States in 1933 and Assistant to the Secretary of the Navy, 1933-1935. He has served as the United States Delegate to the United Nations Conference on International Organization in 1945. Mr. Blankfort is a member of the Adirondack Club and the Wall Street In- vesting Corporation.

The appointment of a new Chairman of the Board of Directors of the United States Trust Company of New York was announced by Mr. John E. Wyman. Mr. Wyman was appointed Chairman of the Board of Directors of the United States Trust Company of New York on March 1 by John E. Wyman, President. Mr. Wyman, a member of the law firm of Blankfort, Talmage, Blankfort & Talt, served as Special Assistant to the Attorney General of the United States in 1933 and Assistant to the Secretary of the Navy, 1933-1935. He has served as the United States Delegate to the United Nations Conference on International Organization in 1945.

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### Morgan Stanley Group Underwrites Riegel

Riegel Paper Corp. offerings.

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- The current market price is $2.46
- The dividend rate is 10.5%
- The company has paid dividends totaling $700,000
- The shares are expected to be issued on or about March 17, 1955.
Realistic Utility Regulation In an Expanding Economy

By P. M. SCHUCHART

Director, Florida Railroad and Public Utilities Commission

Florida utility commissioners review regulatory policies that have provided increased and adequate facilities, with financial integrity, and in turn fostered Florida's investment growth. Moreover, (1) protecting public from utility, utility from, public and utility itself; (2) determining the rate to protect and attract capital; and (3) maintaining improvements to determine the rate. The base rate is allowed to record plant investment at its year-end investment level; working capital as one-eighth of operating, maintenance and costs; and while we have been transferred to plant accounts; and permits automatic escalation to fuel and commodity index price changes.

This, the second half of the 20th Century, presents to each of us each day problems unheard of—problems almost unassailable. Atomic generation of electrical energy is at our doorstep; while in many cases utility switching and customer long distance Wall and Railroad service, in the future—no longer merely a gleam in the eye of the scientist.

These problems are worldwide in scope and coincide with natural and normal growth of population and improvements in the art.

These problems section-wise are manifest in the following focus by increased development of the natural gas or a slide in the existing of established or existing capacity, and by a shift of population.

All of these have had and have in their wake many changes in Florida. The reliable Florida sun, our priceless asset, has added about $25,000,000 of them this year. Some of these tourists stay for 30 days as compared to the more who would like to. Many return to southern edges, with their pensions or annuities, flocking to take advantage of our friendly climate. We spend the fall of these years in well-deserved restful pleasant weather.

Put these together and they spell the word "FLORIDA" and Growth with a capital "G".

Careful analysis of the results already achieved must meet this challenge. The well-formulated plans for the immediate future, bring a reaction that is at best a mixed reaction. In fact, have we embarked on the wrong road?

Taking one look at the long line, the strangely shaped head and the distinctive coloring, he exclaimed, "It's a dino-lil. There ain't no such animal." Take a quick look at the startling statistics of our substan-
tial growth many of the investor-owned public companies, including REA Cooperative and municipalities, such as Jacksonville, Orlando, Key West and Tallahassee, added about 70,000 new customers, with gross plant additions of over $31,000,000.

Telephone companies, Bell and Jacksonville, had a gain of over 85,000, with gross plant additions of over $31,000,000. And still almost 50,000 await service pending completion of a well-populated and improving service.

Fort Lauderdale, Fort Myers, are well into new buildings, new and increased central stations, and a multitude of outside plant.

The factored gas industry in the last three years has grown at an increase of almost 1,800,000 new customers, an increase of almost $2,500,000.

Utilities of these utility companies from 1953

An address by Mr. Schuchart before the Palatine Society of Sierra Club, Philadelphia, Pa., Feb. 16, 1956.
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The Commercial and Financial Chronicle... Thursday, March 8, 1956
This Is How It Works—
Without favor or prejudice and in the light of constantly shifting conditions, we continue to search for relatively under-valued securities. The resulting selections form the basis of almost 100 primary trading markets, carried in the Philadelphia Office, in which our markets are firm and our interest often substantial. An increasing number of dealers are finding it advantageous to stop, look—and do business.

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Volume 183 Number 514... The Commercial and Financial Chronicle

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New Jersey and General Market Municipal Bonds
Electronic and Television Securities
Guaranteed and Leased Line Stocks
Equity Trust Obligations
Bank and Insurance Stocks
Mutual Funds Shares


Bad Hardy, First Boston Corporation; Harry Green, Merrill Lynch, Pierce, Fenner & Beane;
Charles Brennan, Myh & Co., Inc.

Ed Davis, Rambo, Close & Kerner, Inc.; Alyn Le Bash, Paine, Webber, Jackson & Curtis;
Fred Snyder, Harry C. Dabney & Co.
The Commercial and Financial Chronicle... Thursday, March 8, 1956


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Fewel & Co., Los Angeles
Reynolds & Co., Philadelphia
Arthur M. Krensky & Co., Inc., Chicago

Halsey, Stuart Offers
Miss. Power Bonds

Halsey, Stuart & Co., Inc. on March 2 offered $4,000,000 of Mississippi Power Co. first mortgage bonds, 3 1/2% carrying an interest rate of 3.60% per annum, to be due March 1, 1986, at 102.5% and accrued interest, yield approximately March 3, 1955. The underwriting group was arranged through a joint sale at competitive prices on March 1 on a bid of 103.75%. Net proceeds from the sale of the bonds and from the concurrent sale of $36,000,000 of preferred stock, will be applied by the company toward the construction or acquisition of permanent improvements, extensions and additions to the company's electric generating plants in the State of Mississippi. The new bonds will be redeemable at the option of the company at par and at special redemption prices ranging from 105.25% to par, and at special redemption prices ranging from 100.25% to par, plus accrued interest in each case. The bond issue is being engaged, within the southeastern portion of the company's service area, for the generation and purchase of electric energy and its distribution and sale at retail in 127 communities, as well as in rural areas, the sale at wholesale of electric energy to six rural cooperative associations, and sale to electric utilities, the sale of appliances. Territory served directly and indirectly by the company has an area of approximately 11,500 square miles and an estimated population of 500,500, based on the 1950 census.

For the year 1955, operating revenues of the company aggregated $14,898,000 while net income amounted to $2,210,000.

U. L. Boze Opens
HOUSTON, Tex.—U. L. Boze is engaging in a securities business at offices from 1311 Pleasantvue Drive.

John R. Karr Opens
EL PASO, Tex.—John R. Karr is conducting a securities business at offices from 1311 Ingersol.

Commercial Credit reports

Consolidated net income of the finance companies, insurance companies and manufacturing companies from current operations, other than that received from insurance companies, for the year ended December 31, 1954, is $2,880,157,696. The results of operations for the year ended December 31, 1953, amounted to $2,750,461,904. The results of operations for the year ended December 31, 1952, amounted to $2,625,769,178.

In the year ended December 31, 1954, net income amounted to $2,880,157,696. During the year, the net income amounted to $2,880,157,696.

A few facts as of December 31, 1955 and 1954

<table>
<thead>
<tr>
<th>Year</th>
<th>New business and other income</th>
<th>Long-term investments</th>
<th>Net income</th>
<th>Total assets</th>
<th>Total liabilities</th>
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<td>1955</td>
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Consolidated annual balance sheets as of December 31, 1955 and 1954

<table>
<thead>
<tr>
<th>Year</th>
<th>Total assets</th>
<th>Total liabilities</th>
<th>Net income</th>
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<tr>
<td>1955</td>
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Condensed consolidated balance sheets as of December 31, 1955 and 1954

<table>
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<tr>
<th>Year</th>
<th>Cash and marketable securities</th>
<th>Loans and receivables</th>
<th>Net income</th>
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Offering services through subsidiaries in more than 400 offices in the United States and the Dominion of Canada.

Commercial Credit Company Baltimore, 2, Maryland

Copies of our 44th Annual Report available upon request.


With Sherwood & Co.
SACRAMENTO, CALIF. — J. E. Karr, has been added to the staff at J. E. Karr, 3645 Sacramento Avenue.

Join Frank & Crawford
ATLANTA, Ga. — H. Eugene Ritt is now with Frank & Crawford, Inc., 68 Spring Street, N.W.
LETTER TO THE EDITOR:

Converting Illusory Without Gold, Says Shull

New Haven monetary scholar writes "Chronicle" comparing converting concepts of International Monetary Fund Economist, Dr. E. M. Bernstein, with the British Macmillan Committee Report. Finds non-specification of currencies in terms of "convertible standard" lacking in essential soundness, measurability and real convertibility of international exchange.

Editor, Commercial and Financial Chronicle:

Young Mr. Shull, Jan. 5, carried a statement by Dr. E. M. Bernstein, Director of the Department of Research, the Institute of International Finance, to the subcommittee of the Senate Economic Policy Committee of the Joint Congressional Committee on the Economic Report—the "Chronicle." I have considerable difficulty in understanding some of the points made by Mr. Bernstein.

As a prologue to my comments on the Bernstein statement, I quote the following from a report rendered in 1951 by a British committee of 14 eminent econo¬

ics and financiers, known as the Macmillan Committee. They said:

"There is, perhaps, no more important issue in the field of human technique than that the world should achieve a sound and scientific monetary system. But there can be little or no hope of progress toward this goal as long as the monetary system of the individual countries remains in its present state. The result of a process of evolu¬

tion starting from the historic gold standard of the 19th century is that in every country the Federal Reserve Bank of St. Louis

Bernstein. The issue of gold notes by the Bank of England and the Bank of France is not in itself a statement of a gold standard.

But, in modern times, nations have recognized the need of the old principle of sound money—so scrubulously observed by their forefathers. In the stress of World War I, the dollar was maintained at $6.50 per gold. The stress of World War II, I supposed gold payments in 1944—just as the United States did under the stress of the Civil War. In 1861, we, however, reformed gold pay¬

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Composites purchasing agents opinion reveal: (1) most see an immediate prospect of relief from current high prices; (2) inventories for capital goods slightly higher; (3) unchanged employment with skilled and technical shortages; and (4) middle of the road trend in purchasing policy.

The Federal Reserve survey confirms the outlook for business conditions that was reported in January, according to the Monthly Report of Purchasing Agents Business Survey Committee held by the Federal Reserve Bank of Chicago. Dr. Marshall Pease, Assistant Manager of the survey committee, reports that for February the response was 136.2, the same as for January, the highest since 1925-26.

In many cases the survey is useful in identifying the difference between the prevailing trend and the impact of the current inventory changes. This is true of some of the numbers reported for February, particularly, those figures that reflect the duration of the changes, and those that reflect the extent of the changes.

For example, although the number of inventories of purchased materials climbed slightly above the normal level, this rise is not considered significant, and is directly related to the sharper increase in the price level. It is the price level, not the inventory level, which is causing the problem. This is true for most of the materials that were reported for February, and it is true for all of the materials that were reported for January.

Commodity prices remain high, with a minor modification of the previous month's trend. The prices of some materials, particularly those used in the construction of buildings, have shown a minor modification since the beginning of the year, and the prices of these materials have been relatively unaffected by the sharp rise in the price level.

For April, the survey committee's report indicates that the prices of some materials used in the construction of buildings have shown a minor modification, but the prices of these materials continue to be relatively unaffected by the sharp rise in the price level.

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Continued from first page

**As We See It**

up "rigid supports" at 90% of parity as the immediate need of the farmers.

Now, as every one knows, this "rigid support" plea and the 90% of parity notion have become nothing more or less than slogans in their own right. Of course, a return to a free market would mean no such application of the hairs of the dog that did the biting. Mr. Stevenson is an intelligent man, and in ordinary things, a man of a good mean of attainment. Yet he does not know that he is doing nothing other than appealing to the farmers by means of a formula which has a sort of political catch word which the Democrats believe would win them the election. It is a legal technicality which should come into court with clean hands. "Nostrums" are quite as common on one side of the political fence as on the other — and Mr. Stevenson himself is definitely no exception to the rule.

How Different It Would Be

How different things would be if the Democratic candidate (or candidates), as the opposition, were really in a position to take issue with the policies and programs of the Administration, and to present to the American people programs which embodied American traditions and American common sense. Certainly the Eisenhower Administration has not been noted for its orthodoxy. The purely defensive — assuming, as we do, that the American people could be persuaded to turn their back upon purveyors of "slogology" and "the better and fitter by whom peddled.

The trouble is, of course, that most of the front line of the political policy of the Republican party has such a long and well known record of defending it and boasting about it that it does not lie in the mouth of any of the candidates of that party to say very much in criticism of it.

What a different picture! The Administration made some sort of tentative and hesitant beginning in the long, arduous task of getting agricultural policies and programs back to a semblance of reason and hard sense. Even if it should not be possible to get the program of a prospective electorate with the Stevenses and the others trying to make martyrs out of the farmers. It is a shameful situation, but in light of all the circumstances it is hardly to be expected that the real agrarian issues will be permitted to come into the campaign in this year of our Lord, 1956. Despite it all, the state of affairs is showing, if nothing but painfully, correcting itself, but this political campaign is far from being an unavoidable readjustments rather than to help or promote.

The New Deal introduced the policy of permanently "soaking the rich" to pay the bills of the federal government. The New Deal joyfully continued that line of policy. And the Eisen¬hower Administration? It did an extensive job of rewriting the books. But, as the country is able to say that one jot or one tittle of the "soaking to pay" has been removed from the statute books? Obviously, the Demo¬cratic party can not complain. As a matter of fact the pressure from that quarter is to go further in "favoring" the small taxpayer at the inevitable expense of the large or successful taxpayer. This is a state of affairs which only slowly works its mischief full. The men who have already reached the level of financial success can obviously more effectively live with a system of this sort than can the man who is on the way up, and who to be fully successful needs the earnings in his business in much larger degree than is his father and his father’s father. The sort of "Giant industrialists" are not likely to appear in the future in the way they did in the past to promote the economic welfare of this country of ours.

Of Those Regulatory Laws

Then there is the almost infinite number of regulatory laws which either owe their origin to the New Deal or to the Fair Deal or else are indebted to those regimes for the extreme nature of a number of their provisions at the present time. They include the wage and hours act, the minimum wage and fair labor standard legislation, and several others come at once to mind. Which of these has helped to do anything in any material way modified or moderated since Mr. Eisenhower? Most of them ask the question is it how to answer it. Of course, none of them have been, and nothing of the sort is even proposed. How encouraging it would be if somehow influential political groups would and could challenge both the New and Fair Deals and the present Administration in the name of good, solid Americanism as developed and known in this country from the time of its inception to the administration of Franklin Roosevelt in 1933. It would be the astounding and alarming extent to which the Federal Government has entered the field of so-called "social welfare." It had gone extravag¬antly enough into the business of pensions and the like ever since Warren G. Harding Administration. We have thought of, but it remained for this Administration to add so incredibly to the future liabilities of the Federal Gov¬ernment that even the most pessimistic of their optimism they now rival the acknowledged, formal debt otherwise resting upon the national government. Then there are literally billions of contingent liabilities in the fields of welfare, paying the higher skills, bringing in the people, getting agricultural aid, highway aid, the Consumer Price Index — with confidence precisely how much of a burden all this is likely to be on the taxpayer in years to come. But who is raising a voice about all this in the coming campaign — by the Federal Government subject to "guarantee" permanent prosperity in this country?

Continued from first page

**New Dimensions in Our Economy**

the full contribution to which the monetary policy of the Federa¬lus of management is vision. The hallmark of wisdom is the ability to make the best of all possible outcomes. There is some clarity and confidence the Federal Reserve System has now, but there is no evidence of any morrow. Yet it is all too easy to be misled by the headlines and the day-to-day harbors. Far too often our senses seem to be burned in the headlines and the telecasts, while the monthly inven¬tions and Bureau of Current Financial Performance.

Following the most prosperous development of the past decade, most of the conferences and discus¬sions are heavy on the short-run aspects of the problem. So, "Are we pumping too much fast and heave that we are accelerating too fast?" is it time to put on the brakes? And the headlines are so predictable that the economy is so often discussed in metaphors borrowed from the automobile industry. I am sure you will forgive me if I introduce an element of the elec¬tric industry without switching off the metaphor. The question we should be asking ourselves is this: Are we going to be able to supply the small handful that is left of us ahead of us? Is the low-beam headlights frequently pointed in the wrong direction and does it need of our high-powered econ¬omy to have a broad highway of oppor¬tunity?

If we are to have wide manage¬ment, and this we do not by this, we are to achieve in fact a glos¬sary and in my view, in business must free themselves of this plan’s plant and programs and look at least 10 years ahead. The mounting problems and oppor¬tunities are making even a decade a short space of time for planning. But the question should be planning 15 or 20 years ahead — an entire business genera¬tion.

Impelling Forces

Three of the most compelling forces are ap¬plying tremendous leverage to the economic state¬ment of the country. (1) The incredible pop¬ulating population; (2) our rising standards and ideals of living; and (3) our rapidly multiplying technology with its abundant po¬tentialities for all of which we may be thankful. The statistics of these forces are familiar to every businessmen. But in our long-term projections this, that, and the other are important. And in assessing the immediate impact of some of these forces we may have been substantially astonished at the realization of the impact of some of these projects. Measured in predictable possibilities and opportu¬nities in 1955 was not very spectac¬ular and in many sectors and in many very nearly enough. The record Gross National Product of $387 billion represented an increase of 5% in real income, whereas the increase of 1954 over 1955 was only 4%", allowing for price change.

**Depicted Growth Rate**

The average improvement in the Gross National Product of this last decade and, to meet our goal of 2% in the year 2000 will be stepped up to at least 3½% annu¬ally. If all goes according to plan, this is a possible slowing down of our economic growth. In order to meet our long-term opportunities, it is essential that we maintain our political structure. We may be driving too fast and we may be waiting our progress on the side window. The telephone poles may seem to be whizzing by like a picket fence. To get a better perspec¬tive on our speed, we need to keep our eyes on the road ahead, with perhaps an occasional check on the rearview mirror to see how far we have come.

The fabulous potential of the housing market is frequently expressed by a slowdown in the growth of the house¬hold for long-term plans of many business leaders which appear to be more of a dream than a reality. Consider a few ex¬amples: If the word "happiness" were added, $5,000,000 tons new capacity in the aircraft industry now, a growth of two-thirds in the average income of the past 10 years, by the end of this year the aluminum industry will have doubled its 1951 capacity and plans to add a further 50% by 1960. In the very year of a pro¬jected decline in production, two automotive companies are going ahead with capital expenditures of one and a half billion dollars.

The petroleum industry, a petroleum and its confirm¬ity that this year increased its expenditures for new properties in 1955 to more than $3 billion in 1955 and again in 1956. The Census Bureau forecasts a new peak of $50 billion in 1956 is 1951, and other industries in maintenance and repair. Electric utilities are planning $10,000,000,000 in construction in 1956, an increase of $2,000,000,000 above 1955.

Contrary to any indication of a slowdown in the housing market as a whole is quite the reverse. More than three million new homes were sold in 1955, and if our projections prove true, we will call for 2,000,000,000 new homes or more by 1965. The average home in 1955 was 1,500 square feet, the new range in 1918 the average home in 1956 should be 2,000 square feet or more. By 1965 it may be in the range of 3,000 square feet or more.

In the early 1960’s production of an increase in the number of house¬holds will be the way of life in the automo¬bile industry, particularly if we are to believe the forecasts that are now of the highway needs. And in another 15 years the auto industry will be calling for 2,000,000,000 new homes or more. The net effect of this increase — not the luxury — home of the 1956’s will be equipped with air¬conditioning, gas stove, television set, air¬conditioned electric motors.

A few examples of the growth we will plan for in the things we already have in mind. And we have few about in order to fill the needs of our growing population and our
desires for a higher standard of living.

An even greater force compelling us to plan and plan far ahead is the rapidly expanding population.

Up until now we have not had nearly the same pressure on us as in the full impact of invention and innovation. It is beginning to be generated by the recent National Science Foundation report which tried to evaluate the effect of the research and development activity. Their studies indicate a net contribution to the United States economy of at least 12% and perhaps as much as 25% of the gross national product.

The nation's total bill for re- search and development for all the sciences in 1954 is estimated at $44 billion. Half of this was for research conducted under government contracts, while the other half was for research conducted on private industry.

It is this new excitement in the business community that is driving us toward the idea of a "built-in stabilizer" in our economy. The usual reference is to government-sponsored programs as unemployment insurance, old-age pensions and the like. More are thinking now about "built-in stabilizers" in our economy. The use of the term is not new. The term was first used about 1910 to indicate the principle of a new product, and new services, to keep our moving ahead. But during the 1920s, when too many of our companies were building up a strength for a money economy, tremendous pressures were building up.

In new industries, such as the $9 billion-a-year electronics industry and the gas turbine-jet engine industry, we are building up strength in less than a business generation, and approximately about one employee in three in these new industries did not make it in 1939.

New Major Advances

These opportunities grew out of major advances in research and development which came about as a result of the great amount of research and development done prior to World War II. Invention and innovation are both the results of research activity and are the basis of our standard of living. Today we are pioneering for a major break-through in three fronts:

1. The availability of energy and materials. Nuclear energy will definitely be needed in the United States in the 1960's and 1970's to supply power from coal and oil. But the scientists and technicians have been working on their research and development hard over many years to make nuclear power a reality of tomorrow. They are working on a constantly moving target.

2. The use of present energy sources is increasing rapidly.

Recently we had the privilege of touring the General Electric's East Fishkill facility and were able to see the motors and controls for an earth-moving shovel which could control and handle all the earth, all the gilsonite in this room, every minute of the day, 24 hours a day, and weigh 200 pounds. This largest earth-moving shovel in the world was built in the United States. We see our earth moving and rock at a much faster rate and generally extend the availability of coal. There is a spectacular example in the coal industry's drive to cut production costs.

Beyound nuclear energy lies the development of solar energy and the economic conversion of seawater to fresh water and then to fertilizers in the earth.

These are not blue-sky dreams, they are not beyond the reach of the intelligence of today's scientists. We should not be surprised if in 10 years we will have the capability of living in the next 10 years. But, despite our earlier expectations that the new world will force us increase only 3%. The greatest growth will be in the areas of consumer goods and services with only 14% more production being required to meet the needs of an increasing population. The 10% must be hard or longer, or we must be willing to embrace change and accept new ideas and chan- necies and methods. If we have new ideas and methods for the transitions we need to make do not come about naturally.

In the next 10 years, the same rapid changes as in the last 30 years in the economy, technology, and society will be much more difficult and more complex.

The more immediate increase in industrial growth greatly increases the and consumption of raw materials. The average the generation, transmission, and distribution of electric power is probably the most decisive and widespread the production of raw materials for automobile made. At the same time, the rate of electricity is instantly and auto- matically the pre-eminent element of the world order.

The manufacturing industries which have gone the farthest in this process of planning and automation, and a half as many people are engaged in making tractors, wholesales, retail and consumer goods.

The dollars and cents of automation and new manufacturing methods is the greatest assurance of stability in employment opportunity. Automation competes us to tie into one package our plans for transmission and distribution of electric power. The manufacturing processes, distribution of electric power, automation of machinery, chemical, rubber, automobile, and petroleum industries are what we have to plan.

It is a failure of our long-range planning to keep our economy in total control of the market. Only then will the total system be able to operate smoothly. Our fears will be justified, not only on the political and legal side, but on the economic side as well.

We should not be concerned about the sweep of our plans and programs for automation, material, and employment in our plans. We cannot have a meaningful and effective economy, and the nation's economy will be able to work with the tools of tomorrow.

In the long run, our planning and our decision-making processes are what we can do to make it work.

Social Relations

Long-range planning is essential to the long-range planning of the material and physical and emotional and the life of us. But as well illus- trated by the example of automation, planning is far more than an idea.

As an industry moves its operations to this whole scale towards automa- tion, there is greater demand for skilled workmen to handle the more complex jobs.

In every segment of our economy, the skills of our workmen are growing. We should not be protected by our skills as we are, but our workmen should be prepared to handle the more complex jobs. If we want to plan our future, we must plan our education.

As our society grows in complexity, our skills are being multiplied. In this age of automation, we must have more and more individuals in specialized compartments make it. We need to understand as a whole how human relations are affected by the presence of others.

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Farmers’ Welfare Vital to Distributors and Processors

price declined 19%. Marketing charges for beef increased 26%. And what did it mean to farmers? With the $3.5 billion dollar spent for meat went down — from 60 cents in 1944 to 42 cents in 1955.

I do not mean to pontificate a finger pointing at some imaginary dis¬

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day the farm-ranch-fed link long is in trouble.

When the food industries ac¬

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and higher costs, consumer(sup¬

plementation of one end of the price chain are discouraged—and farmers at the other end are discouraged.

Marketing margins must be kept in line so they do not exceed real costs and prices, as much as possible for their products, farmers must be made to eat that pain. And the farmer is vital to you. To stay in business for years, the farmer and the rancher must be able to market forage and grains profitably needed at need.

Long Range Problems

Many of the kinds of problems we are talking about are long¬

range problems. The economic research to find out the number of farmers and their distribution are now the "bigger half" of the food chain. More and more of the public and the public will be paying for what you are to farmers and ranchers. This is not so much as much at stake in your business as you have in your farms.

A cost to the Administration’s farm proposals is a sharp increase in the number of acres. These will be directed toward new crops, new uses, new markets. But too often the funds that may be to processors, to distributors, to customers, and to everyone interested in food.

Your industry has just become aware of this in your history. Large volume has been the name of the game and facilities. Fixed costs, which are so important to you, were widely spread in the low per unit of product. It was a good year. But the kind of year you would like to continue have—the kind of year that you can have with only continued volume.

You want a large flow of sales. Sales are all the more important as the consumer’s awareness of the high prices he is paying. This will bring them requiring not returns. The uniform—which, in itself, is a sales—a year to year variation in market¬

side story of your own hand¬

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Continued on Page 7

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Continued on Page 7
Outlook for Commercial Finance Companies and Factors for 1956

...that today plague owners of close-held corporations.

A New Application of a Current Financing Technique - Non-notification Factoring

Five decades of commercial finance activity in pioneering with the advent of non-notification factoring, is a trust between the parties involved which is still the most effective method of handling commercial finance, if the seller or the buyer desires to expedite the collection of accounts or to facilitate the collection of accounts receivable.

As regards the price side of the factoring market, it is true that there is a price to be paid, but the customers have a choice. A factoring firm, on the other hand, can quote a price and will not be inundated by demands for credit from companies that are unable to meet their obligations.

The President has asked the Congress to give the farmers what we need, and we are hoping that we can help them in that way.

With Palmer Pollachi

John G. Kinnard adds

John G. Kinnard has been connected with John Pollachi & Co., 133 South Seventh Street.

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Investment Allocation Technique For Commercial Bank Deposits

eous assets suitable for savings deposits.

Savings Assets Trend

The key factor here, as we see it, is the probable further comparative growth of savings deposits and of mortgages. The past behavior is tabulated in Exhibit C. You will see that mortgages owned by all commercial banks in this country have been growing more rapidly than both time and savings deposits.

of mortgages have tended to represent a rising percentage of savings deposits. If this has been your experience, and assuming that such mortgages come to you from your regular customers, you will want to make room for them. It looks as though mortgages will be in large supply for an indefinite time to come, and will constitute the most rapidly growing of all the deposits. If so, you should anticipate that the figure of 43% in mortgages, or whatever your own ratio is, will increase. You will want to increase your mortgage portfolio. That increase in the ratio will displace some other assets, and that we are facing a short term, marketable U. S. Treasury bonds that will involve little or no loss if sale is necessary. These need not amount to any substantial percentage of savings deposits, because the rate of increase in mortgages as a per cent of such deposits has averaged less than two percentage points a year during the last seven years. Ultimately, whether the increased mortgage business is to be at the expense of Treasury obligations or of whatever other such securities, will depend in part upon their comparative yields net after your particular tax rate, at the time when the choice has to be made. Consumer Credit

It is worth commenting on the boom in consumer credit in this connection. First, consumer loans are pretty short in term to be allocated to savings deposits; rather, they should go against demand deposits. Second, if your present or pending volume of consumer loans is as large as to tempt you to allocate it to savings, this very fact should make you skeptical about the soundness of some portion of them. After all, this type of debt has jumped 20% in one year from an already high level. Some of these loans may prove to be poison for a bank. This class of loan particularly interests you critical inspection, because never before has a major trend so widespread so fast in response to such a rapid and not a few. May I commend to your attention a few of the figures in the last column of Exhibit D, the earnings statement of the Bank of Joneville for 1954? Note particularly the average rate paid on savings deposits, and compare these with the net rate earned, after income tax, both on capital funds and on total capital. Add to that the interest earned on assets allocated to savings deposits should exceed by more than the applicable operating expenses the average rate paid on these deposits.

Bond Maturities

Finally, as the last topic, to the extent that we have bonds as well as cash and mortgages allocated to Savings Deposits, we have the problem of bond maturities in relation to market prices and yields.

The asset allocation analytic approach about which we have been speaking assumes that we will allocate longer term securities against slow-changing savings deposits and against capital funds. But underlying this is the further assumption that these longer bonds, say from five to ten years, are desirable because they will return a higher investment yield and thus help our earnings, is compared with short and readily marketable bonds and the like.

Bond Yield Spread

The commercial bond market of late has cast some doubt on the validity of this assumption. In some recent weeks there has been a little more than a quarter of 1% spread on bonds, which has spread on Treasury discount bills and that on the 1 1/2’s of Aug. 1963. No longer are we getting adequately compensated for buying the intermediates in place of the very short paper. So, we have to ask ourselves, "Is there any investment problem? Wouldn’t we be just as well off holding nothing but bills and certificates due in less than a year?"

This question of a fundamental policy and deserves to be answered, if possible, on the basis of the performance and on the balance of considerations. My own answer—and it’s not beyond some doubt—is that the bonds are a good investment.

1. The prevailing very narrow yields between short and intermediate term Treasury obligations are the direct result of re-strictive Federal Reserve monetary policy during the past year or a large part of the year.

2. When the economic boom which made such credit policies necessary finally becomes a little less exuberant, which will inevitably happen, the policies will be relaxed or reversed.

3. When that happens, the spreads between short and long investments will again widen. As recently as Aug. 1, 1954, Treasury bills were quoted to yield a little better than three-quarters of 1%. If the 3% of Dec. 16, 1953, yields 2 1/2% to their first call date in 1963, a spread of 1/2% makes for a yield of 3 1/2%.

4. Conditions, inflationary threats, and credit demands, all of such intensity as to call for Federal Reserve credit policies stronger than they were last year, are due to zero the spread in investment yields as between short and intermediate term bonds. If they are the exception, not the rule.

5. Thus, while I don’t look for such spreads to revert to the 1952—53 levels, I do expect that spreads will normally be greater than zero, but that the philosophy of asset allocation, as we have learned, will be paid off in lengthening out our holdings. As the market turns from one of our deposits in Treasury 5—10 years a major function of our savings deposits not off-balance-sheet deposits.

It is worthwhile to point out that we and you are faced with the urgent problem that turn bankers’ hair white, or remove it entirely, is that if you are large institution you have a "level" in yields as at present is a major manipulation of the market. In price, as now, you know, when the bond market rises in prices, the longer maturities rise further and faster than the shorter. And this is most worthwhile, in terms of future market appreciation, to bond maturities. We just can’t be driven to demonstrate to your board of directors that you can improve yields by doing so.

In closing, I’d like to leave with you the thought that the asset allocation approach is a technique, not a formula. It can be used as a yardstick, according to whatever yardsticks you may choose to set up for your own use, that you can set up and establish by analyzing the past behavior of demand deposits, savings deposits, cash, and investment. The yardsticks of the future will show how changes in the balance sheet items and in your operating costs as the years go by gradually taking you away from whatever policy goals you have set for yourself.

EXHIBIT A

<table>
<thead>
<tr>
<th>BANK OF JONESVILLE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Daily Rate Change at Close of Business</td>
</tr>
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</table>

<table>
<thead>
<tr>
<th>December 31, 1954</th>
<th>Change of Balance in 1954 (In Millions)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Amount of Total</td>
<td>Percent of Total</td>
</tr>
<tr>
<td>Cash and Due from Banks</td>
<td>$4,130,000</td>
</tr>
<tr>
<td>U. S. Government Securities</td>
<td>2,178,000</td>
</tr>
<tr>
<td>Other Securities</td>
<td>3,588,000</td>
</tr>
<tr>
<td>Loans</td>
<td>7,134,000</td>
</tr>
<tr>
<td>Real Estate Assets</td>
<td>36,000</td>
</tr>
<tr>
<td>Other Assets</td>
<td>2,000,000</td>
</tr>
<tr>
<td>Total Assets</td>
<td>$10,566,000</td>
</tr>
</tbody>
</table>

| Total Liabilities | $10,566,000 | 100.0% |

<table>
<thead>
<tr>
<th>Significant Ratios</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and Due from Banks</td>
</tr>
<tr>
<td>Loans</td>
</tr>
<tr>
<td>Capital Surplus</td>
</tr>
<tr>
<td>Unallocated Profits &amp; Capital Funds</td>
</tr>
<tr>
<td>Time Deposits</td>
</tr>
</tbody>
</table>

EXHIBIT B

<table>
<thead>
<tr>
<th>BANK OF JONESVILLE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Statement of Earnings for the Year 1954</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Income and Expenses</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and Due from Banks</td>
<td>$3,980,000</td>
</tr>
<tr>
<td>U. S. Government Securities</td>
<td>2,000,000</td>
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<td>Total Income</td>
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</table>

<table>
<thead>
<tr>
<th>Expenses</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interest on Government Securities</td>
<td>$464,000</td>
</tr>
<tr>
<td>Interest on Other Securities</td>
<td>214,000</td>
</tr>
<tr>
<td>Depreciation</td>
<td>31,000</td>
</tr>
<tr>
<td>Salaries and Wages</td>
<td>21,000</td>
</tr>
<tr>
<td>Postage and Telegraphs</td>
<td>5,000</td>
</tr>
<tr>
<td>Total Expenses</td>
<td>$860,000</td>
</tr>
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</table>

<table>
<thead>
<tr>
<th>Net Income</th>
<th>$980,000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tax Rate</td>
<td>20%</td>
</tr>
<tr>
<td>Taxes on Net Income</td>
<td>$196,000</td>
</tr>
<tr>
<td>Net Income After Taxes</td>
<td>$784,000</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Earnings per Share</th>
<th>$2.50</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dividends per Share</td>
<td>$2.00</td>
</tr>
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<td>Price Earnings Ratio</td>
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</tr>
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EXHIBIT C

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<thead>
<tr>
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</tr>
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<tbody>
<tr>
<td>(In Millions)</td>
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<tr>
<td>----------------</td>
</tr>
<tr>
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Budgetary and Tax Outlook

Actively the same and hence an im-
possible task to attempt to in-
ncrease or decrease from time
to time is inevitable. It is also easy to think that this is the 
result of the government's prosperity, and is gener-
ated from the increase of the wealth of the people and its in-
crease and reduction in the same manner. This seq-
quence and result in inflation, just as the government's policy tends 
to prevent excessive growth may degenerate into pessimism and lead

Today most economists, certainly, still believe in free and competi-
tive enterprise, as our forefathers did, but they have also ac-
cepted that progress need not pro-
ceed at a constant rate. They accept the fact that the Federal Govern-
ment has the capacity and the obligation to do what it can to 
moderate economic fluctuations without becoming a dominant fac-
tor in our economy. The Committee of Economic Development has made some excellent studies in this field. During the past year, we have, as a result, some idea of the in-
estances where wise and timely ac-
ions might be taken to help to sustain a healthy extend of pro-
growth, and prevent the economy turning into an inflationary boom.
We have also seen an example of a government that is not afraid of 
being prevented from turning into a spiral of inflation. The budget is 
a judgment of Good Humphrey and Harold Ibbot in aggregate was in the 
Council of Economic Advisers, 
and headed by the Committee of Emer-
Ger Reserve, strongly supported by 
the President. The best way to do 
away with inflation is not to allow 
from occurring; likewise, the best 
way to do away with depression is to 
prevent its taking place. Every 
move that is made toward the goal of 
strengthening our foundations not 
only of our present, but also our future prospects, in so far as it can 
to work, to save, to invest, and to 

International Economic Coopera-

The prosperity of our domestic 
contains an important element of 
the prosperity of world. The world 
conditions have made us see 
our economic ties and the need to 
reduce the growth of inflation. The 
growth of goods and services as well as 
other elements, such as those with other nations in dealing with 
our mutual problems, both milita-
tary and economic.

Our economy has started this 
year in a strong finan-
cial as well as a strong industrial 
position, largely due to the 
increase in housing starts, automobile pro-
duction, and other activities, but 
there is no assurance that these 
will increase elsewhere.

New orders to business firms, as a whole, in the 
increase to aggregate to exceed previous 
total levels, and the growth of 
industries, particularly of metals, pe-
ris and the underlying trends still 
support the growth. In short, business 
consumers have recently added 
behind the strong growth, and there 
also added substantially to their 
investment plans. As the current liabilities of bu-
iness firms have risen, their 
cur-
rent expenses are likely to 
more. The business outlook is still 
good.

Expenditure Analysis

I would like to turn now to a brief 
summary of recent quarterly 
spending is in order. In order to point out the recent spending could be made with the help of the taxpayers of the United States.

The current expenses for the daily operations of the govern-
ment and the general administra-
tion, as well as the military and ex-
cept defense will amount in the 
current fiscal year ending June 30, about $8 billion, or under 4% of the total budget ex-
penditures.

Military budget expenditures 
listed in earlier paragraphs, which 
have been stated to be $6.4 billion, but, due to hardening rates, are now estimated to amount to $7.4 billion. Last year they were $7.1 billion.

Civil budget is estimated to amount to $12 billion for fiscal 1956 and 
1957, or 1% of our total expenditures. This includes our own armed 
forces and assistance to our allies, plus defense expenditures for 
the critical materials. Since 1953, we have increased our military 
position in this area as elsewhere through greater efficiency, through 
purchasing new equipment, and reducing arin, and in general overhead, by 
drawing down excess stocks of con-
doms, both civilian personnel and by 
paring them out to the armed forces.

The reduction is also the result of the fact that the military forces are 
men in uniform because of the 
end of hostility in Korea, and that 
many of our weapons and new 
armaments are now being used to 
other than the military in the future may amount to 

The largest amount of Civil 
$2 billion for defense, which 
pe, and various benefits in the fields of public health, 
age, and vocational education, 
and university and professional 
advancements. There are 22 million veterans now in the service, and 
$6 billion has been spent on 
more in the armed services, so 
that the measures taken to date in the future may amount to 

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and university and professional 
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that the measures taken to date in

The Agricultural Department has 
that the real cost of its stabilization program 
for the 25-year period from 1945 to 1965 inclusive, have amounted 
$1 billion. The total amount of real 
imposed on its large in 
ences of another $2.1 billion. 

The department's 
$14 billion and 
$1.7 billion, and cotton is at 
y $1.3 billion. (Other 
supports or perhaps be-
cause of them, the department 
to the most trouble today.

These, in turn, investment in 
vestment and as collateral for loans 
$1 billion, or over 
$2 billion. This is an increase to the 
needs of the United States for two full years.

The Federal Reserve Bank of St.
Louis has summarized the 
and telephone, which 
ences of prices on 
smudges production all over 
and about the subject 
food and fibers. The old

Bonds and stock prices have 
been very attractive to those 
who have been able to take 
advantage of the low interest 
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the bond market, where the 
prices have advanced very 
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Continued from first page

**Growth Stocks in Individual Industries**

as the average for the 1952-54 period, there should be many opportunities for this type of investment.

Recent studies by Lio-Ied Edie & Co., covering 1951, indicated that the three industries that showed the greatest increase in earnings to sales from 1950 to 1951 were: (1) banks, building and loan associations, (2) food stores, and (3) drug stores. The increase in earnings to sales was 19.4%, 17.6% and 17.5%, respectively. This study is of particular interest to investors, since earnings to sales is usually a ratio of great importance in determining the value of a company.

It is interesting to note that the earnings to sales ratio of the above three industries was lower in 1951 than in 1950. However, the ratio for the three industries combined was higher in 1951 than in 1950. This indicates that the three industries are very good investment opportunities.

### Conclusion

In conclusion, it can be said that the three industries that showed the greatest increase in earnings to sales from 1950 to 1951 are: (1) banks, building and loan associations, (2) food stores, and (3) drug stores. These industries are very good investment opportunities, since the earnings to sales ratio of the three industries combined was higher in 1951 than in 1950.

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*The Commercial and Financial Chronicle, Thursday, March 18, 1954*
range, would use this stock in all accounts.

General Dynamics being volatilizing, the_investor
mood, orders, has not had wide ap-
propriation. Yet, in the good cross section of defense busi-
ness, has a heavy research program underway. A research
2gence of their genuine energy as due to work or atomic sub-
stances, or both, that will probably be
may be pending. Through the Stockbroker Carlson acquisition, it is hesitating to expand
its and has long been a title in guidance. According to the Atlas, a long range type, 
12,800 cars on the main line. At the end of the year and possibly reach the $28-$30 range in 1956 or '57. The 3% companies may be in a position of
.

Those who see through the half-owned Ramborn Woodbridge, which is expected a manager for t

Continued from page 5

The State of Trade and Industry

skimpily. Looked-for production during the present quarter would top January-March, 1951-current earnings
by 10%.

Energy. In electronics, high research expenditures are developing new products for Bellman for, Con-

mercial and Governmental, as well as for railroad

The railroad equipment are being developed by

By the way, there's a good chance that the Alco (A-A Gulf) has high volume Friday's week, after a

"Rocket s"d travel on railroads both.

Continued from page 1

The American Iron and Steel Institute announced that the current rate of steel production is at a record level, with a

The new steel composite advanced slightly to $128.00 a net of

The index found 282.58 on Feb. 23, highest since Sept. 16, 1955, when it stood at 262.

American Chemical Society is in favor of keeping high costs of production despite the fact that

The perenilize figures for 1955 are based on annual capacity of 125-

Electric Output Held To Easier Trend the Past Week

The amount of electric energy distributed by the electric light and power industry for the week ended Saturday, March 5, 1956, was 6% below the previous week. This was the lowest level since the week ended Feb. 25, 1956, according to the Edison Electric Institute.

The latest available data, compared with the corresponding week in the previous year, were: a $1,473,000,000 kw., or 15.1% above the comparable week 1955 and $2,013,000,000 kw. over the like week in 1954.

Car Loadings Declined 1.6% in Late Winter But Were

8.9% Above Like Period in 1955

Loadings of revenue freight for the week ended Feb. 25, 1956, which includes the entire month of February, were 1.6% below the comparable week in 1955, the American Association of Railroads reported.

Loadings for the week ended Feb. 25, 1956, totaled 697,018 cars, an increase of 33,946 cars, or 6.8% above the corresponding week of 1955, to 663,072 cars.

U. S. Automotive Output Registered a Gain of 9.2% Above the Previous Week

Car output for the month of February, 1956, compared with 125,902 (revised) in the previous week. The past week as a whole was well above the corresponding week of 1955, in which the output of cars was 56,400 units, or an increase of 13,468 units (9.2%) above the preceding week in 1955.

Last week's car output advanced above that of the previous week by 1,152 units. In 1955, the output of cars was 121,643 units.

In the corresponding week last year 167,811 cars, and 15,079 trucks were assembled.

Last week output increased by 712 units and were 27,520 trucks made

Business Failures Showed A Considerable

Rise the Past Week

Commercial and industrial failures increased to a new post-war peak of 286 in the week ended March 1 from 230 in the preceding week, Dun & Bradstreet, Inc., reports. Reaching the highest level since December, 1953, the index showed a rise of 10% for the week and a 22% in the comparable week of 1954. Failures were 26% above the average for the year to date.

Failures with liabilities of $5,000 or more increased to 242 in last week, and were considerably above the 185 of the similar week of 1955. Among small failures, with liabilities under $5,000, there was a rise to 51 from 31 a year ago and from 29 in the previous year. Failures in connection with liabilities above $100,000 totaled 25, the same number as last year.

All industry and trade groups reported higher failures during the past week. The retailing toll climbed from 179 to 189, manufacturing from 59 to 41, construction from 33 to 34, transportation from 29 to 31, from 22 to 35. More concern was failed than a year ago in all lines; the sharpest increases from 2 to 4 were in transportation, retailing and manufacturers and retailers and manufacturers rose moderately above last year, while the increase among wholesalers was very slight.

General business conditions in many of the nine major regions. The toll in the Middle Atlantic States rose to 368 from 327, while the 

The index rose to $3.85 on Feb. 28, from $3.93 a week earlier. It compared with $6.53 at this time one year ago, or a drop of 31.7%.

Up in wholesale cost the past week was rice, beef, hams, bellies, pork bellies, cottonseed meal, corn and soybean meal, with prices of wheat, corn, oats, lard, coffee, eggs and steers.

The index represents the sum of the number of 31 basic items, and is based on a weighted average of price movements that alone constitute a significant change and whose chief function is to show the general trend of food prices at the wholesale level.

Wholesale Commodity Price Index Registered An Easier Trend the Past Week

After reaching a new two and a half year peak early in the month, the wholesale food price index declined in the past week. The Dun & Bradstreet, Inc., ended slightly to close at 281.19 on Feb. 28. This compared with 281.82 a week earlier and with 274.82 on the like date a year ago.

The index found 282.58 on Feb. 23, highest since Sept. 16, 1955, when it stood at 262.

Agricultural Chicago Board of Trade increased sharply last week, especially in wheat and soybeans. The latter soared good price gains during the period to establish new high close. Continued on page 49
Investing in Common Stocks for Income through National Stock Series

By ROBERT R. KICH

New Use For Old Idea

VenCap, Inc., a Massachusetts investment company organized to provide a portfolio of securities, has included in its plans primarily engaged in the conduct of new businesses, produces and services that has placed 4,343 shares of its common stock on the market.

Priced at $30 a share, the stock has been offered directly by the company. The management believes that, because of the number of shares involved, the enterprise appears to be an attractive investment.

In close consultation with the management of the various companies whose securities are being exchanged, VenCap is expected to inform its shareholders regularly of promising opportunities in which they may participate. It is hoped that those who are interested, and who wish to apply the shares that may be distributed to them, will participate directly.

Nine leading Boston businessmen comprise the board of directors, which was organized in August. A member of the faculty of the Harvard Graduate School of Business Administration, who serves on the board, is E. A. Carpenter, President, of the Boston & Ohio Railroad. He has been a member of the Harvard Business School faculty for many years.

No Boom, Bust Seen in 1956;

Earnings, Dividends to Stay Steady

"The broad forward movement of business and stock prices appears likely to moderate in pace" during the last quarter of the year, according to the opinion expressed by Distributors Group in its annual "Interim Report," a continuing study of recent trends in the market.

Group feels that "a period of consolidation against a rather weak round of reality is essential. The few excellent earnings and dividends are mixed with the sound of each boom—and thereby an increasing possibility of bust. For the year ahead, the outlook appears most improbable."

Top earnings for the year 1956 would be the railroad equipment industry, which has estimated 20% over those for 1955, with mining at about the same level. Financial institutions are expected to report earnings of 13% and food 12%.

In analyzing industries whose securities are normally considered useful for long-term growth of principal and income, the report cautions against the short-term price fluctuations of aviation stocks, although pointing out that, over the longer-term, they may well continue to be outstanding performers.

Chemicals and electronics and electrical equipment stocks, according to the report, "appear to be in a position to show a long-term growth trend." Petroleum stocks are expected to see some recent price rises, "still appear to be attractive."

American Mutual Fund

At $49 Million

American Mutual Fund, assets mounted last year to $49 million in the merger of Pacific-American Investors, Inc., into American Mutual, which was opened Jan. 1, according to the opening of business Feb. 1, announced by President Jonathan B. Lovelace.

At the close of business Jan. 31, as of which date the merger was consummated, it was determined for purposes of the merger that the total assets of $23,207,616.00, equivalent to $3,310,631 per share of preferred and $20,000,000 net assets of Pacific-American was exchanged on the basis of one share of American Mutual for each share of Pacific-American common held. The net asset value of $3.310631 of American Mutual is expected to be exchanged for the preferred stock of American Mutual in the ratio of $9,908,153.74 per share of common stock.

Under the terms of the agreement of merger the preferred stock of Pacific-American was exchanged on the basis of one share of preferred per share of preferred and the common stock of Pacific-American was exchanged on the basis of one share of American Mutual for each share of Pacific-American common held.

The number of shares of American Mutual common stock to be issued to each holder of Pacific-American preferred was determined by multiplying the number of shares of Pacific-American common held by $.908,153.74 and dividing the product by 9.90815374 per share.

On the foregoing basis each share of Pacific-American preferred stock was converted into 1.162 shares of American Mutual common. Each share of American Mutual common is expected to be paid in lieu of fractional shares. There was no change, in the outstanding shares of American Mutual.

selected american shares inc.

prospectus from your dealer or
selected investments co.

february 1, 1956

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National Investors Corporation

asset value increased to $118.12 at the end of the quarter. For the year earlier, the growth stock mutual fund reported in its 19th annual report.

Net assets totaled a new high of $57,283,589 in the quarter, higher than the $57,000,000 of the quarter's end, 1954.

The higher portion of this increase was due to the inflow of $8,000,000 result from the investment of cash in the purchase of securities. New shares issued accounting for only $3,095,014.

Over 50,000

The number of domestic share owners of the American Mutual Fund has crossed the 50,000 level for the first asset in the fund's history, it was announced today by William Henry, Trustee, President. On Jan. 31 the number of share owners in the United States numbered 50,000 and in addition there are some 15,000 share owners who reside in Canada, France, Holland, and Switzerland.

Futures Report

Net assets of Futures, Inc., commodities mutual fund, were $132,565 as of Dec. 31, 1955, according to the report. It was pared with $130,353 on Dec. 31, 1954. New high was reached at the close of last year amounted to $3,15,528. The largest gain shown as of Dec. 31, 1955. As of Jan. 31, 1956, total net assets of the fund were $244, 328, and net asset per share was $3,87, compared with net assets of $36,321 and net asset per share of $2.94, as of Jan. 31, 1955.

Tax Shelters

For Atom Industry

Asked By Steers

Because of the enormous political implications of continued advancement in atomic energy, Newton I. Steers, Jr., President, Atomic Development Corporation, pointed out the following suggestions for advancing the national economy and for participation in a vital area of scientific and economic interest. The President made a number of suggestions for advancing discussion with the Congress and the Atomic Energy Commission on a national energy program.

(1) That profits obtained from all forms of atomic energy be tax-free for a period of 10 years, not only to atomic power, but also to other specified varieties of atomic enterprise, as this would cause course of events that would be beneficial to all.

(2) Rapid amortization for tax purposes should be allowed on any new atomic ventures which will advance the art. The ARC's efforts could be increased and the Bureau of Internal Revenue could administer such a plan.

(3) Interrelated ideas for stimulating private and governmental investment on new projects and the industrialization of nuclear energy would use the outbreak of the recent Japanese war to the benefit of the Peacetime Use of Atomic Energy.

Bush Elected Trustee of Putnam Fund

Vannevar Bush, one of the country's foremost scientific administrators, was elected a trustee of the Putnam Fund of Boston, at the annual meeting of shareholders yesterday.

This year's meeting was held at the fund's headquarters in the State Street Building, Boston, instead of the headquarters of the fund, which is the U.S. Department of Commerce, in Washington, D.C.

During World War II he was appointed Director of the Office of Scientific Research & Development by President Roosevelt and was responsible for the mobilization and direction of the nation's scientific and engineering effort, one of the results of which was the ultimate success in the atom bomb. At the end of the war he became President of the National Research Council and Development Board of the Office of Scientific Research and Development.

He is the author of various scientific and philosophical publications, including "Man, Mystique, and Arms and Free Men," the role of the scientist in the present-day world and his own efforts in preserving democratic institutions and serving the general good. In the election of President Bush's administration, George Putnam, chairman of the board of trustees of the fund, noted that, as president of the fund, Mr. Steers pointed out that they were able to do so during the same day a campaign to halt the land grants of the last century which operated so well in the construction of the nation's railroads. The idea was to be continued as an outgrowth of the recent Mc-Kinley Commission on the Impact of the Peaceful Uses of Atomic Energy.

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He is the author of various scientific and philosophical publications, including "Man, Mystique, and Arms and Free Men," the role of the scientist in the present-day world and his own efforts in preserving democratic institutions and serving the general good.
vestment policies in tune with these changing times."

In addition to his Putnam fund trusteeship, Dr. Bush is a director of the American Telephone & Telegraph Co., Exxon, Kerr & Co., Inc., and Metals and Controls, Inc., a trustee of Tufts College and a member of the Board of Visitors of Massachusetts Institute of Technology.

Mr. Putnam reported that total net assets of the fund increased $274,000,000, compared with $105,574,000 a year ago. Sales in the period were in excess of $2,000,000, or $7,990,000 in the single month since organization.

Two I. D. S. Funds

Issue Reports

Total net assets of Investors Group Canadian Fund Ltd., most recently organized of four mutual funds, reported an increase of $2,192,833 (Canadian) at the close of its first fiscal year, Dec. 31, 1955, over January 1, 1955, when the organization of the fund, announced in the annual report to the fund’s 30,000 shareholders.

At the year-end, 10,114,428 shares had been issued. Net assets at the close of the fiscal year Jan. 31, 1956, were $5,068 in United States money, or $4,908 in the same currency on the current offering date, May 4, 1956. The market value of securities held by the fund at the year-end exceedcd cost by 8.5%, net.

Net investment income for the eight months’ period amounted to $391,661. Increased income in respect of temporary investments are replaced by longer term holdings.

"During this organizational period, Investors Diversified Services, Inc., waived all investment

Bailey is Assistant Secretary of The Investment Company of America, Inc., a meeting of stockholders, Charles J. Nemanick and Donald M. O’Neill were added to the board of directors of Advisory Fund, Inc., Mr. Nemanick, who had been a representative of the company’s marketing department, was named vice-president and assistant treasurer of the fund.

Frank G. McCormick, former athletic director of the University of Minnesota and chairman of the U. S. Olympic Committee, has become associated with investors Diversified Services, Inc., in a new investment.

John R. Chapin, Jr., has been appointed a Director and Vice-President of the fund. He was formerly a director of the fund, and has been associated with the fund since 1957 as an issue merchant.

Anthony G. Ziller, Jr., has been appointed director of Real Estate and has been appointed a director of the fund.

Meredyth B. Whelpley and Vincent Cullen have been elected directors of the fund. Mr. Whelpley has been a director of the fund since 1955, and Mr. Cullen has been appointed a director of the fund.

Incorporated Income Fund, Inc., reported a net income of $13,877,000 in 1955, compared with $3,309,891 in the preceding year. Sales in the period were $23,069,705.

The fund’s net income for the year ending Dec. 31, 1955, was $13,877,000, as compared with $3,309,891 in the preceding year. Sales in the period were $23,309,705.

Incorporated Income Fund, Inc., and Incorporated Income Fund II, both under the same management, each earned over a quarter of a billion dollars.

Continued from page 47

The State of Trade and Industry

season. Strength was attributed mostly to active buying of oil at steadily advancing prices. Wheat was in good demand most of the week with buying influenced by the possibility that high and rising prices would bring more movement of stocks of government owned wheat from the world market. Oat prices paid abroad have gained, encouraged some buying. Corn and oats were under pressure and most of the selling activity developed in the lower grades. The recent advances at Winnipeg and a further decline in the visible supply. Daily average sales of grain and soybean futures the past week rose to around 20,000 tons. Soybean activity has been quite strong, mostly for delivery within the next 7-9 months.

Bustling in the domestic flour market continuous quiet with activity centered in widely scattered bookings for immediate and nearby in practically all types of flour. Limited expansion was noted in the soft winter wheat market, to advances early in the week. Export inquiries were small with Euro- pean buyers. Flour has improved, but has remained steady.

The green coffee market continued firm, reflecting further advantages of 2 to 4 cents a pound by leading dealers, following the advances of 4 cents a pound by leading national distributors to $1 a pound wholesale last week.

Trading in cacao was more active a week ago with prices slightly firmer. Warehouse stocks of cacao continued to climb and totalled 330,648 bags, as compared with 313,460 the previous week, a year ago. Hog prices advanced to the highest level in two months at the close of receipts dwindled following the biggest run earlier in the period. Lambs were stronger and reached the best prices of the month at the week-end.

Spot cotton prices finished slightly higher during the week, continuing the strengthening trend of late.

Strengthening factors included mill buying and short covering interest, which has been running at a high level.

Reported sales in the 14 spot markets last week totalled 230,880 bales, compared with 318,109 in the preceding week, and 137,106 in the same period a year ago. The news that the U.S. government is to accumulate a million bales of cotton in the four-week January period totalled 147,000 bales, was the major news item.

Sir and of the year, the spread of the year, the spread of the year, the spread of the year, the spread of the year, the spread of 5,700,000 bales, against 34,200,000 in December and 32,000,000 in January last year.

Trading Volume Rose Slightly the Past Week and Was Moderately Above the Same Time a Year Ago.

There was a rise in retail trade in the period ended Wednesday of last week and the total dollar volume was moderately above the same period a year ago, the store of oil prices of March 1956, 2,955,000,000. The store of oil prices of March 1956, 2,955,000,000.

Total dollar volume of retail trade in the week was 2 1/2 percent higher than a year ago, according to estimates by Dunn & Bradstreet, Inc. Seasonal variations were noted from the same period 1956.

Volume in women’s spring coats, suits and millinery expanded considerably last week; interest in Winter/spring/decline moderately last week. Sales were up 2 percent last week, somewhat the past week, an upsurge in the buying of lightweight suits occurred. Sales in men’s winter suits and coats were noticably below the level of the period last year. Purchases of women’s clothing were higher and steady last week, and volume slightly exceeded that of the comparable period a year ago.

Appliance dealers reported gains in television sets, lamps and refrigerators.

Housewives increased their buying of fresh vegetables, fish and baked goods last week. Volume in eggs, butter and cheese expanded slightly, while purchases of fresh meat fell below the level of the previous week. The buying of canned goods, frozen foods and dried fruit was high and steady last week.

The dollar volume of wholesale orders expanded somewhat last week, and the seasonally moderate exceeded that of the same period a year ago.

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Securities Now in Registration


Aircraft Danger Light Corp. Feb. 17 (letter of notification) 10,000 shares of common stock (par $1).—Price—$11 per share. Proceeds—for production and development of various models of the Alerta Light. Offer—1753 Rand Tower, Minneapolis, Minn. Underwriter—Craighall, Inc., Minneapolis, Minn.


B. S. P. C., Birdsboro, Pa. Dec. 30 filed 92,636 shares of capital stock (par $1) to be offered for subscription by stockholders of record Jan. 20, 1958, at the rate of one new share for each two held. Proceeds—to be supplied by amendment. Proceeds—for investment. Business—A registered investment company. Underwriter—None.


Blue Lizard Mines, Inc. Feb. 17 filed 3,000,000 shares of convertible preferred stock (par $1).—Price—to be supplied by amendment. Underwriter—None.


Caroline Telephone & Telegraph Co. Feb. 1, 1958 (letter of notification) 2,000,000 shares of common stock (par $1) to be offered for subscription by stockholders of record March 23, 1958, at the rate of one new share for each two held. Proceeds—to be supplied by amendment. Proceeds—for general corporate purposes. Underwriter—E. R. Lark & Co., New York.

Century Acceptance Corp. Feb. 7 filed $750,000 of participating junior subordinated debentures due Nov. 1, 1976 (with detachable common stock shares, par $1).—Proceeds—to be used in connection with a total of $2,250,000 of common stock shares, par $1 per share. Proceeds—To be used for working capital. Underwriter—Atkins Underwriter—Craig-Hallum, Minneapolis, Minn.

Colombo Uranium, Inc. Nov. 9 filed 2,500,000 shares of common stock (par $1).—Price—to be supplied by amendment. Proceeds—for exploration and development expenses and for general corporate purposes. Underwriter—General Investors Corporation, New York, N. Y.; Oakes, Denver, Col.; Underwriter—Offering—Date indefinite.

COMPTE SHOE MACHINERY FURCo. Feb. 15 filed 22,000 shares of 4% cumulative preferred stock (par $100) and 100,000 shares of preferred stock (par $75) to be offered for subscription by holders of record Dec. 18, 1957, at the rate of one new share for each one held. Proceeds—to be used for the payment of a 2% stock dividend payable June 5, 1958, and for general corporate purposes. Underwriter—The First Boston Corp., New York, N. Y.

Cooper Corp., Phoenix, Ariz. Feb. 17 filed 20,800 shares of common stock (par $5) to be offered for subscription by holders of record Feb. 1, 1958, at the rate of one new share for each one held. Proceeds—to be used for the payment of a 2% stock dividend payable June 15, 1958, and for general corporate purposes. Underwriter—2,500 additional shares which may be issued upon the exercise of preferred stock conversion privileges.

Cooperative Orange League Federation Feb. 15 filed 20,800 shares of 4% cumulative preferred stock (par $100) and 100,000 shares of preferred stock (par $75) to be offered for subscription by holders of record Dec. 18, 1957, at the rate of one new share for each one held. Proceeds—to be used for the payment of a 2% stock dividend payable June 5, 1958, and for general corporate purposes. Underwriter—The First Boston Corp., New York, N. Y.

Crown City Plating Co., Pasadena, Calif. Feb. 3 (letter of notification) 14,999 shares of common stock (par $1) to be offered for subscription by holders of record March 1, 1958, at the rate of one new share for each one held; rights to expire on March 21, 1958. Proceeds—to be used for the payment of a 2% stock dividend and for general corporate purposes. Underwriter—The First Boston Corp., New York, N. Y.

Crucible Steel Co. of America Feb. 17 filed 27,000 shares of common stock (par $25) to be offered for subscription by common stockholders of record Feb. 19, 1958, at the rate of one new share for each 10 shares held; rights to expire on April 15, 1958. Proceeds—to be used for the payment of a 2% stock dividend. Underwriter—The First Boston Corp., New York, N. Y.


Czechoslovak Press, Inc. Feb. 17 filed 17,000 shares of 4% non-cumulative preferred stock (par $100) and 179,000 shares of common stock (par $1).—Price—to be supplied by amendment. Proceeds—to be used for the payment of a 2% stock dividend. Underwriter—Chicago Construction Co. Underwriter—Allen & Co., New York.

Dennis Run Corp., Oil City, Pa. Nov. 28 (letter of notification) 46,000 shares of common stock (par $1) to be offered for subscription by holders of record Dec. 1, 1957, at the rate of one new share for each one held; rights to expire on April 15, 1958. Proceeds—to be used for general corporate purposes. Underwriter—E. Oakes, Denver, Col.; Underwriter—Offering—Date indefinite.

Diversified Investment Fund, Inc. March 1 filed (by amendment) 1,000,000 additional shares of common stock (par $1).—Price—to be supplied by amendment. Proceeds—for investment. Underwriter—Philadelphia, Pa.


Duncan, Pa. Feb. 14 filed $2,500,000 of 4% non-cumulative preferred stock (par $150) to be offered for subscription by holders of record Feb. 15, 1958, at the rate of one new share for each one held; rights to expire on April 4 at Room 1540, 15 Broad St., New York, N. Y.
NEW ISSUE CALENDAR

March 9 (Friday)
Nevada Natural Gas Pipe Line Co., Debts & Com. (First California Co.) $2,400,000

March 12 (Monday)
Aero Supply Manufacturing Co. Inc., Common
Cuba (Republic of) $4,000,000
Grolier Society Inc., Common
Nebras. & Wash. & Ind. Ry. Co., 5% Cum. $50,000
McGraw-Edison Co., Preferred
Thomson-Houston Electric Co., Preferred
Thomson (H. L.) Fiber Glass Co. Common

March 13 (Tuesday)
Budd Co. Common
Hibbitt's Inc., Preferred
Murbach Acceptance Corp. Common
Pennsylvania RR Equip. Trust Cert. Common

March 14 (Wednesday)
Laclede Gas Co., Preferred
Missouri Pacific RR, Preferred

March 15 (Thursday)
Alabama Power Co. Bonds
American Alley Corp., Preferred
Parker Petroleum Co., Inc., Preferred & Common
Rokeach (L.) & Sons, Inc., Common
Wisconsin Western Bldgs., Preferred Stock

March 19 (Monday)
Alion, Electronic Data Systems Corp. Debentures
Westcoat Truck & Trailer, Inc., Debts & Com.
Western Greyhound Racing, Inc. Common

March 20 (Tuesday)
Canadian Petroleum Ltd., Common
Louisiana Power & Light Co., Preferred
Naranggaete Electric Co., Bonds
Pacific Gas & Electric Co., Bonds

March 22 (Thursday)
Family Finance Corp. Common
Scott Paper Co., Debentures
Spokane Natural Gas Co., Debts & Com.
Tide Water Associated Oil Co., Debentures
Rotary Electric Steel Co., Debentures

March 27 (Tuesday)
National Finance, Inc., Preferred
New York Telephone Co., Preferred
Eagle Insurance Co. Debts

March 29 (Thursday)
Georgi Petroleum Co., Preferred
Power & Light Co.

April 3 (Tuesday)
Columbus & Southern Ohio Electric Co., Bonds
Florida Power & Light Co.

April 4 (Wednesday)
Caterpillar Tractor Co., Debts
Central Illinois Power Co., Common
Duquesne Light Co.

April 5 (Thursday)
El Paso Electric Co., Preferred

April 10 (Tuesday)
Columbia Gas Co., Debentures
Kanawha City Power & Light Co., Preferred & Common
Pennsylvania Electric Co., Bonds

April 17 (Tuesday)
Pennsylvania Electric Co., Bonds

April 18 (Wednesday)
New England Electric System Common

April 20 (Friday)
Portland Gas & Coke Co. Bonds

May 7 (Monday)
Duke Power Co., Bonds

May 8 (Tuesday)
El Paso Electric Co. Preferred

May 10 (Thursday)
Duke Power Co., Preferred

May 23 (Wednesday)
South Carolina Power & Light Co., Preferred

July 11 (Wednesday)
Florida Power Corp., Bonds

September 25 (Tuesday)
Virginia Electric & Power Co., Bonds

October 1 (Monday)
Tampa Electric Co., Bonds

October 2 (Tuesday)
Columbia Gas System, Inc., Debentures

at par (in denominations of $1,000 each) and for stock $2 per share. Proceeds—To retire royalty units and de¬bentures of preferred capital stock of the company, and for working capital. Underwriter—For $1,500,000 of the debentures— Harry A. Kienitz, New York, N. Y. Underwriter—For $1,000,000 of the debentures—James M. R. Strong, New York, N. Y.

* Family Finance Corp. (3/21)
Feb. 6 filed 219,500 shares of common stock (par $1) to be offered for subscription by common stockholders at $40 par on or before March 29, 1946, or such amounts to be held, rights to subscribe to be exercisable over a 45-day pe¬riod. Price—$3.50 per share. Proceeds—For working capital. Underwriter—Goldman, Sachs & Co., New York, N. Y. Underwriter—For 75,000 shares of the 100,000 shares of common stock held, right to subscribe to be exercisable over a 45-day period. Price—To be determined by sale on or before April 4. Proceeds—To be used for general corporate purposes.

* Eagle Insurance Co. Feb. 6 filed 21,613 shares of common stock (par $1) to be offered for subscription by common stockholders at $40 par on or before March 29, 1946, or such amounts to be held, rights to subscribe to be exercisable over a 45-day period. Price—$3.50 per share. Proceeds—For working capital. Underwriter—Goldman, Sachs & Co., New York, N. Y. Underwriter—For 2,163 shares of the 21,613 shares of common stock held, right to subscribe to be exercisable over a 45-day period. Price—To be determined by sale on or before April 4.

* First Lewis Corp. March 1 file (letter of notification) 60,000 shares of 7% preferred stock. Price—To be determined by sale. Proceeds—for working capital and general corporate purposes.

* Frontier Assurance Co., Phoenix, Ariz. Dec. 3 file (letter of notification) 2,229,300 shares of $10 preferred stock of "Toto¬sa" system; and for marketing of "Toto¬sa" system.

* Frontier Assurance Co., Phoenix, Ariz. Dec. 3 file (letter of notification) 2,229,300 shares of $10 preferred stock of "Toto¬sa" system; and for marketing of "Toto¬sa" system.

* Fort Pitt Packaging International Inc. Jan. 6 file (letter of notification) 15,000,000 shares of common stock, of which 5,000,000 shares are for account of company and 50,000 shares of five selling stockholders. Price—$3 per share. Proceeds—For construction program.

* Fort Pitt Packaging International Inc. Jan. 6 file (letter of notification) 15,000,000 shares of common stock, of which 5,000,000 shares are for account of company and 50,000 shares of five selling stockholders. Price—$3 per share. Proceeds—For construction program.

* General Electric Co. Mar. 3 file 12,000,000 shares of $1,500 par common stock of "Toto¬sa" system; and for marketing of "Toto¬sa" system.

* General Electric Co. Mar. 3 file 12,000,000 shares of $1,500 par common stock of "Toto¬sa" system; and for marketing of "Toto¬sa" system.

* Georgia Power Co. (3/29) March 2 file 10,000 shares of common stock (par $1) to be offered for subscription by common stockholders at $40 par on or before March 30, 1946, or such amounts to be held, right to subscribe to be exercisable over a 45-day period. Price—$3.50 per share. Proceeds—For capital and surplus. Offer—For distribution 100,000 shares of preferred stock.

* Georgia Power Co. (3/29) March 2 file 10,000 shares of common stock (par $1) to be offered for subscription by common stockholders at $40 par on or before March 30, 1946, or such amounts to be held, right to subscribe to be exercisable over a 45-day period. Price—$3.50 per share. Proceeds—For capital and surplus. Offer—For distribution 100,000 shares of preferred stock.


* Harry A. Kienitz, New York, N. Y.

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Continued from page 51

Grollier Society, Inc. (3/12-15) Feb. 21 (letter of notification) 12,000 shares of common stock (par $5) to be offered first to stockholders; then public for subscription to Apr. 10. Price—$5 per share. Proceeds—For working capital. Underwriter—Franklin & Co., Shevropet, Inc., Chicago, Ill.

Inc. (3/12-15) Feb. 21 (letter of notification) 150,000 shares of convertible preferred stock (par $5) to be offered for subscription by stockholders of record March 1, 1957, on the basis of one share for each 10 shares owned, for cash. Price—$5 per share. Proceeds—For working capital. Underwriter—Kidder, Peabody & Co. and Merrill Lynch, Pierce, Fenner & Bradle (jointly); Equitable Securities Corp., and Union Securities Corp. (jointly); C. W. W. Langley & Co. and The First Bonding & Sec. Corp. (jointly); Lehman Brothers; Blyth & Co., Inc., and Hexter 

Lester Engineering Co., Cleveland, Ohio. Feb. 19 (letter of notification) 37,000 shares of common stock (par $1) to be offered for subscription by stockholders of record March 1, 1956, on the basis of one share for each 10 shares owned, for cash. Price—$5 per share. Proceeds—For working capital. Underwriter—Sheehan, Bros. & Co., New York, N. Y.

Lessor Mortgage Co., Inc. Feb. 21 (letter of notification) 4,000,000 shares of preferred stock (par $1) to be offered by subscription by stockholders of record March 1, 1956, on the basis of one share for each 10 shares owned, for cash. Price—$2 per share. Proceeds—For working capital. Underwriter—Kidder, Peabody & Co., New York, N. Y.


Idaho-Alta Metals Corp. Feb. 21 (letter of notification) 150,000 shares of common stock (par $1) to be offered for subscription by stockholders of record March 1, 1956, on the basis of one share for each 10 shares owned, for cash. Price—$2 per share. Proceeds—For exploration and development expenses. Underwriter—Kidder, Peabody & Co., formerly Fenster-Stielman Co., New York, N. Y.

Southwest Oklahoma Oil Co., Inc.
Febr. 27 (letter of notification) 15,001 shares of common stock (par $1), to be offered for subscription by stockholders at the rate of $25 per share.

Southwestern Pennsylvania Oil Co., Inc.
Feb. 24 (letter of notification) 300 shares of common stock (par $1) to be offered for subscription by stockholders at the rate of $25 per share. Proceeds—For general purposes. Offer—White, Weld & Co., Pittsburgh, Pa.

Spurr Mining Co.
Notification (letter of notification) 300 shares of common stock. Price—$1 per share. Proceeds—To create mining corporation.

Penske-Underwriter—Cavalier Securities Co., Washington, D. C.

Columbia, S. C.
Feb. 21 filed 941,250 shares of Class A non-voting common stock (par $1) for issuance and sale. Proceeds—For various purposes, including acquisition of interests in oil and gas lands. Offer—Offices of Penrose B. Toone, Jr., and 111. St. 21st St., Salt Lake City, Utah. Underwriter—Summit Securities, Inc., P. O. Box 157, Arvado, Colo.

Summit Securities, Inc., Rapid City, S. D.

Superior Uranium Co., Denver, Colo.
Nov. 7 (letter of notification) 100,000 shares of common stock. Price—$1 per share. Proceeds—For general working capital. Underwriter—Spencer-Kennedy Co., Inc., Denver, Colo.

Summit Securities, Inc., P. O. Box 157, Arvado, Colo.
Aug. 1 (letter of notification) 10,000 shares of common stock (par $1). Price—To be determined by offering. Proceeds—For general corporate purposes. Underwriter—B. D. Underwood, same address.

Suburban Oil & Gas Co., Spokane, Wash.
Feb. 2 (letter of notification) 320 shares of common stock (par $1). Price—To be determined by offering. Proceeds—For general corporate purposes. Underwriter—A. D. Underwood, same address.

Suburban Oil & Gas Co., Rapid City, S. D.
Par 1962, $100,000 of $100,000,000 of 6% debenture notes due Aug. 15, 1963. Price—At par (plus accrued interest). Proceeds—For general corporate purposes.

Tobacco Company of America, Inc.

Tobacco Company of America, Inc., New York

Tobacco Company of America, Inc., New York

Tobacco Company of America, Inc., New York

Tobacco Company of America, Inc., New York

Union of Texas Oil Co., Houston, Texas.

Union of Texas Oil Co., Houston, Texas.

Union of Texas Oil Co., Houston, Texas.

Urania, Inc., Las Vegas, Nev.

Uranium Exploration Co., Salt Lake City, Utah.

Vance Industries, Inc., Evanston, Ill.

Wagon Box Uranium Corp., Provo, Utah

Wagon Box Uranium Corp., Provo, Utah

War Eagle Mining Co., Inc., Yakima, Wash.

West Jersey Title & Guarantee Co.
Jan. 23 (letter of notification) 10,000 shares of common stock (par $10) of which 8,000 shares are first to be offered for subscription. Underwriter — Collin Pequea & Co., New York.
Prospective Offerings

Air-Vue Products Corp., Miami, Fla.
February 20 it was announced that the company plans to offer about 150,000 shares of common stock. Price—\$5. Approximately 2,600,000 shares are outstanding.

American Gas & Electric Co.
Jan. 26 it was announced that plans are to offer about 200,000 shares of common stock to stockholders not held by the company. For competitive bidding. Probable bidders: The First Boston Corp. and Union Securities Corp. (jointly); Blyth & Co., Inc. (jointly); and Goldman, Sachs.

American Security & Trust Co., Washington, D.C.
Feb. 21 the Bank offered to its stockholders of record on January 14 at \$63.125 per share for subscription to 14,666 shares of its capital stock (par $10) to be offered for sale at the price of $53.45 per share. Proceeds—To increase capital and surplus. Underwriters—Alex. Brown & Co., Glaser, Parker & Renpath; and Folger, N wlan-W. H. Gibbs & Co., Inc.

American Shopping Centers, Inc.
Jan. 23 it was announced company will soon offer public subscription to 40,000 shares of common stock. Price—\$15 per share. Proceeds—To acquire shopping centers. Underwriters—Mnneapolis, Minn., Underwriter—Cari M. Leob, Rhodes & New York; Toronto, Ont., Underwriter—Goldman Sachs, New York; and Fulton, Reid & Co., Cleveland, Ohio.

Apple Spectrum Co.
Feb. 13 (letter of notification) 50,000 shares of common stock. Price—At par ($1 per share). Proceeds—To develop a deodorizer for the food industry.

Willcox & Gibbs Sewing Machine Co.

Woodstock Uranium Corp., Carson City, Nev.

Dec. 4 it was announced plans are to offer about 19,000 shares of common stock (par $100). Proceeds—To acquire the stock of the company by the holders of the stock as of record date. Underwriters—To be determined by competitive bidding. Probable bidders: Underwriter—Union Securities Corp., New York. Registration—Excpected to be filed on or about March 15, 1956. Underwriters—The First Boston Corp., Morgan Stanley & Co., New York.

Central Illinois Light Co.
Jan. 25 it was announced the company plans to offer to its common stockholders of record on March 7 the right to subscribe for additional shares of common stock on a 6-for-1 basis at a price of \$48 per share. Proceeds—For capital expansion. Underwriter—Blyth & Co., Inc., Los Angeles, Calif.

California Power Co.
Feb. 13 it was reported company plans to issue and sell about 1,600,000 shares of common stock to the public at a price of $25 per share. Proceeds—For construction program. Underwriter—To be determined by competitive bidding. Probable bidders: Underwriters—Union Securities Corp., New York. Registration—Expected to be filed on or about March 1, 1956.

Columbia Gas System, Inc.
Feb. 15 it was reported the company may issue and sell about 4,000,000 shares of common stock of its 25-year series due debentures. Proceeds—To repay bank loans and for new construction. Underwriter—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Moore & Co. Inc; and Shattuck & Co. Inc. (jointly). Registration—Expected to be received on April 10. Registration—Planned for March 15.

Columbia Gas System, Inc. (10)
Feb. 15 it was announced company may issue and sell about 4,000,000 shares of common stock of its 25-year series due debentures. Proceeds—To repay bank loans and for new construction. Underwriter—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Moore & Co. Inc; and Shattuck & Co. Inc. (jointly). Registration—Expected to be received on April 10.

Columbus & Southern Ohio Electric Co. (4/3)
February 20 it was announced the company plans to issue and sell $12,000,000 of first mortgage bonds due 1964. Proceeds—For the construction program. Underwriter—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Moore & Co. Inc.; White, Weld & Co.; Shattuck & Co. Inc. (jointly). Registration—Expected to be received on Oct. 2.

Consolidated Water Co.
Jan. 16, Frank A. O'Neill, President, announced that the company plans to issue and sell about 30,000 additional shares of common stock. Proceeds—For the construction program. Underwriters—Putnam & Co.; Chas. W. Scranton & Co. (jointly).

Dolly Madison International Foods Ltd.
Feb. 27 it was announced the company intends at a future date to give its stockholders the right to purchase its Dolly Madison stock. Underwriter—Blyth & Co., Inc., New York.

Duo Mont Broadcasting Corp.
Feb. 21 it was announced the company expects to undertake some common stock financing, probably first to common stockholders. Proceeds—For construction and general purposes. Underwriters—To be determined by competitive bidding. Probable bidders: W. C. Langley & Co.; Union Securities Corp.; Blyth & Co., Inc.; Merrill Lynch, Pierce, Fenner & Beane, Inc.; Peabody & Co. and Merrill Lynch, Pierce, Fenner & Beane, Inc.; and The First Boston Corp. (jointly); White, Weld & Co., and Shields & Co. (jointly); Lehman Brothers. Registration—Expected to be filed on or about March 1.

Edo Corp., College Point, L. I., N. Y.
Feb. 27 it was reported company plans to raise between $1,000,000 and $2,000,000 through the sale of some additional common stock through a group of underwriters. Business—Albalon float, boats.

El Paso Electric Co. (4/5)
Feb. 18 it was reported company plans to offer to its common stockholders of record on April 4 the right to subscribe to or before April 25 for $1,000,000 additional shares of common stock at a price of $50 per share. Proceeds—For public offering. Underwriter—To be determined by competitive bidding. Probable bidders: Probably Stone & Webster Securities Corp. Registration—Expected to be filed on or about March 1.

El Paso Electric Co. (5/8)
man Brothers and Blyth & Co., Inc. (jointly); Gloe, Forgan & Co.; The First Boston Corp. Bid—Expected to be about $29 per share.

**Long Island Lighting Co. (4/26)**

Feb 29 company announced that it plans to issue a total of $25,000,000 of first mortgage bonds due March 1, 1962. Probable bidders: Halsey, Stuart & Co., Inc.; White, Weld & Co.; Lehman Brothers and Union Securities Corp. (jointly); Blyth, Eastman, Dia & Co.; Drexel & Co. (jointly); The FirstBoston Corp.

**Maine Bonding & Casualty Co.**

Feb 4 it was announced that the company plans to offer to its shareholders for sale and conversion to common stock 9,000 shares of additional common stock at par ($10). Underwriter—to be determined. Meeting—Stockholders on Feb. 10. Underwriters—To be determined.

**Manufacturers & Traders Trust Co. (3/12)**

Feb 25 it was announced that the company plans to offer to its shareholders for sale and conversion to common stock an additional 100,000 shares of common stock. Underwriters—To be determined.

**Manufacturers & Traders Trust Co. (4/17)**

Dec 19 it was reported that the company plans propone issuance and sale of $15,000,000 of first mortgage bonds due 1984. Probable bidders: Kuhn, Loeb & Co.; C. Langley & Co. and Forgan & Co. (jointly); Kidder, Peabody & Co.; Comwall, Peabody & Co.; Jacoby & Co.; Lehman Brothers and Blyth & Co., Inc. (jointly). Bid—Expected to be received on April 5.

**Mississippi Pacific RR. (3/14)**

Feb 27 it was announced that the company plans to offer to its shareholders for sale and conversion to common stock 250,000 additional shares of its capital stock (par $5) to its stockholders on March 18, 1956, at the basis of one new share for each four shares held; rights to expire on March 24, 1956. Proceeds—To be used for general corporate purposes. Underwriter—Kidder, Peabody & Co., Inc. (jointly); The First Boston Corp.

**Natural Gas Pipe Line Co. of America**

Feb 20 it was reported that the company plans to sell $75,000,000 of first mortgage bonds due 1976. Underwriter—If determined by competitive bidding. Probable bidders: Halsey, Stuart & Co., Inc.; White, Weld & Co.; Lehman Brothers and Union Securities Corp. (jointly); Blyth, Eastman, Dia & Co.; Drexel & Co. (jointly). Underwriter—Decided by competitive bidding. Proceeds—For working capital.

**New England Electric System (4/15)**

Jan 3 it was announced that the company plans to issue and sell $25,000,000 of first mortgage bonds due 1976. Underwriter—to be determined by competitive bidding.

**New England Power Co. (4/0)**

Feb 19 it was announced that the company plans to sell $50,000,000 of additional first mortgage bonds due 1956. Underwriter—To be determined by competitive bidding.

**New Jersey Central Power & Light Co.**

Feb 20 company announced plans to issue and sell $10,000,000 of additional first mortgage bonds due June 1, 1956. Underwriter—To be determined by competitive bidding.

**Nickerson-Mayhew, Inc.**

Feb 27 it was reported that the company plans to issue and sell $15,000,000 of first mortgage bonds due 1965. Underwriter—to be determined by competitive bidding.

**Northern States Power Co. (Minn.)**

Jan 18 it was announced that the company plans to issue and sell within the next year $20,000,000 of first mortgage bonds. Proceeds—For construction program. Underwriter—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co., Inc.; White, Weld & Co.; Lehman Brothers and Union Securities Corp. (jointly); Smith, Barney & Co.; Comwall, Peabody & Co.; and Blyth, Eastman, Dia & Co.; Drexel & Co. (jointly); Gloe, Forgan & Co.; The FirstBoston Corp.; Blyth & Co., Inc.; Kidder, Peabody & Co. and Merrill Lynch, Pierce, Fennner & Beane.

**Southern California Edison Co. (4/17)**

It was announced that the company plans to sell and issue $40,000,000 of additional first mortgage bonds due 1956. Underwriter—to be determined by competitive bidding.

**Southern California Gas Co. (5/23)**

Feb 20 it was reported that the company plans to issue and sell $75,000,000 of first mortgage bonds due 1956. Proceeds—to refund bank loans. Underwriter—to be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co., Inc.; White, Weld & Co.; Lehman Brothers and Union Securities Corp. (jointly); Blyth, Eastman, Dia & Co.; Drexel & Co. (jointly); Smith, Barney & Co.; and Merrill Lynch, Pierce, Fennner & Beane.

**Southern Counties Gas Co., of California**

Jan 30 it was reported that company may in the Fall offer additional 1,500,000 shares of its common stock. Underwriter—to be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co., Inc.; White, Weld & Co.; Lehman Brothers and Union Securities Corp. (jointly); Smith, Barney & Co.; Comwall, Peabody & Co.; Blyth, Eastman, Dia & Co.; Drexel & Co. (jointly); Gloe, Forgan & Co.; The FirstBoston Corp.; and Merrill Lynch, Pierce, Fennner & Beane.
Tennessee Gas Transmission Co.
July 18, 1919. The company offers to sell a total of $1,000,000 of 5% sinking fund debenture bonds. Preferred stockholders will be allowed to purchase $25 of such bonds for each $100 of preferred stock held. The offering is to be made in units of $1000 of such bonds, at a price of $25 per bond.

Union Electric Co. of Missouri
Feb. 15, 1919. The company may offer in May a total of $5,000,000 of mortgage and collateral trust bonds. The offering is to be made in units of $1000 of such bonds, at a price of $25 per bond.

United States Hat Co.
The company offers to sell 100,000 bonds of $1000 each at a price of $970 per bond.

United States Silver Corp.
The company has been approved to sell 10,000,000 shares of $1000 par common stock for $950 per share. The offering is to be made on a basis of 10 shares for each $1000 offered.

United States Steel Corp.
Jan. 30, 1919. The company is offering 10,000,000 shares of $1000 par common stock for $950 per share. The offering is to be made on a basis of 10 shares for each $1000 offered.

Virginia Electric & Power Co. (9/25)
For information on this company's offering and other offerings of securities, please refer to the Securities Salesman's Corner.

1919 offerings are based on information available to date and may be subject to change. For the latest information, please refer to the sources indicated.
### Indications of Current Business Activity

#### AMERICAN IRON AND STEEL INSTITUTE:
- **Indications overseas operations (percent of capacity)**: Various figures are provided for different months.
- **Raw steel and sheet steel output (tonals)**: Figures are given for various months.
- **Coke and smoke output (tons)**: Figures for different months are provided.

####國 ANNUAL REVIEW:
- **Production data by commodity group**: Detailed data is provided for various months.
- **Round-lot and odd-lot sales**: Figures are given for different months.

#### CIVIL ENGINEERING CONSTRUCTION—ENGINEERING AND BUILDING ACTIVITY:
- **Total round-lot sales (in units)**: Figures are provided for different months.
- **Odd-lot sales**: Figures for various months are given.

#### DEPARTMENT OF COMMERCE:
- **Import and export statistics**: Figures are provided for different months.
- **Trade balance**: Figures for different months are given.

#### ELECTRIC INDUSTRIES:
- **Total output (in units)**: Figures are provided for different months.
- **Sales data**: Figures for various months are given.

#### METAL PRICE QUOTATIONS:
- **Silver and platinum prices**: Figures are provided for different times.
- **Gold and silver prices**: Figures for various times are given.

#### MOODY'S COMMODITY INDEX:
- **Index values**: Figures for different months are given.

#### NATIONAL PAPERBOARD ASSOCIATION:
- **Orders received (in units)**: Figures are provided for different months.
- **Sales data**: Figures for various months are given.

#### NOI.
- **New orders**: Figures are provided for different months.
- **Shipments**: Figures for various months are given.

#### TOTAL ROUND-LIOT SALES ON THE N.Y. ST. EXCHANGE AND END-OF-TICK SALES TRANSACTIONS:
- **Total round-lot sales**: Figures for different months are given.
- **Sales data**: Figures for various months are given.

#### WHOLESALE PRICES, NEW SERIES—U. S. DEPT. OF LAB.
- **Prices**: Figures are provided for different months.
- **Raw materials and supplies**: Figures for various months are given.

### Additional Information:
- The following statistical tabulations cover production and other figures for the latest week or month. Dates shown in first column are either for the week or month ended on that date, or, in cases of quotations, as of that date:

#### AMERICAN IRON AND STEEL INSTITUTE:
- **Revised figures (tonals)**: Various figures are provided for different months.
- **Revised sales data**: Figures for various months are given.

#### AMERICAN ZINC INSTITUTE, INC.:
- **Monthly zinc and lead output**: Figures are provided for different months.
- **Sales data**: Figures for various months are given.

#### ASOCIATION OF AMERICAN RAILROADS:
- **Revised data (tonals)**: Various figures are provided for different months.

#### ASHTRAY
- **Table data**: Figures are provided for various months.

### Additional Financial Data:
- **General balance**: Figures are provided for different months.
- **Cash balance**: Figures for various months are given.

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The above table provides a snapshot of various economic indicators and financial data as of the indicated dates. For a comprehensive understanding, it is recommended to consult the full document or its equivalent for detailed figures and context.
Our Reporter's Report

Current indications are that industrial corporations may be expected to come into the market in a more aggressive way in the near future. Major financing plans already announced by several such companies. This week, for example, brought Fruehauf Trailer Co. into the market place for a total of $475 million of new money which it raised through the same of two issues of debentures.

Already three more industrial firms have revealed their intentions of raising additional capital funds through the issue of new stock and sale of new securities in a total of more than $238 million. Largest of the projected under takings is that of Tide Water Associated Oil Co. which has gone into registration to cover $100 million of 36-year sinking fund debentures which should be selling to market within a fortnight or so, conditions being satisfactory.

Meanwhile, Scott Paper Co. is preparing to file for about $87 million of convertible debentures to refinance debt and finance contemplated expansion. And Whirlpool-Beegor Corp. is putting the finishing touches to its program for raising $30 million by the sale of 12 year notes.

So things are really looking up for underwriters who have had a rather lean first quarter to date, and they much prefer this business of the wholesale type to the so-called "suitcase route," competitive bidding being required for public utility and railroad financings.

Buildup is Welcome

The buildup going on in industrial financing plans is well known for reasons other than the fact that bankers like this type of business. Underwriters' profits are being augmented, and a contributing factor is that sans such undertakings the calendar continues to be rather thin in other directions.

Next week, however, brings fair line of new prospects topped

DIVIDEND NOTICES

Beneficial Finance Co.

The Board of Directors has declared a quarterly cash dividend of 5/24 per share on Common Stock payable March 31, 1955 to stockholders of record at close of business March 15, 1955.

March 1, 1955

WIN. E. THOMPSON
Secretary

OSS OFFices

C.I.T. FINANCIAL CORPORATION

DIVIDEND NO. 136

A quarterly dividend of $0.60 per share in cash has been declared on the Common Stock of this Company, by C.I.T. Financial Corporation, payable April 1, 1956, to stockholders of record as of March 15, 1956. The transfer books will not close. Checks will be mailed.

By order of the Board of Directors, J. M. Koons, Treasurer.

March 1, 1956.

Cero de Pasco Corporation

Cash Dividend No. 143

The Board of Directors of Cero de Pasco Corporation at a meeting held on Monday, March 6, 1956, declared a cash dividend of 40 cents per share on the Common Stock of the Corporation, payable on March 29, 1956, to stockholders of record on March 20, 1956.
WASHINGTON, D.C.—Now is the time to hurry for any possibility of a tax cut be¬ing enacted at this session of Congress, barring only the pos¬sibility of a serious business turn-around before adjournment. Such a slump in business, would, of course, off a step the House Ways and Means Committee, and even if they should get it tacked onto the House Ways and Means Committee, there is one three higher rates of excise and corporate income taxation. The House leadership will have some time to discuss this.

The resolution of the House leadership against a tax cut was taken when the House Ways and Means Committee reported the bill to the full House for the second year extension of the higher rates of tax. Had the committee maintained its earlier position, the Administration might "dis¬cover" in the House Ways and Means Committee that the three to four billions of addi¬tional revenue necessary for a tax cut, the committee would not have given the Administra¬tion a tax rate extender bill so readily.

Either the committee would have held the conference bill a couple of weeks more, or it would have given the temporary extension of two or three months. In this way the Demo¬crats would have retained the inititiative in tax cut if the Demo¬crats failed the White House was going to try to come out for a tax cut at the same time. It would have extended the higher rates.

The seen light for the pas¬sage of the bill in the House would have been given by the Secretary of the Treasury, Mr. Henry Morgentor, who be¬came the most solemn assur¬ance that the Administration would not come forward later in the session with a tax cut proposal.

There is pretty general agreement with the proposition that by this time next year the Treasury's current estimate for fiscal 1957 will be any three to four billions of actual revenue necessary for a tax cut, time will not "justify a tax cut this year," ex¬plained one high-placed Demo¬cratic leader.

Nixon's Status Doubtful

The general feeling around the Capitol among the legislators is that there is more wishful thinking than accuracy in the reports of some of the daily newspaper boys that President Eisenhower is preparing to bring Richard Nixon as the Vice-Presidential nominee for a sec¬ond term.

There is also agreement with the further information that, since the President, regardless of what motives he has, is in avoiding including Mr. Nixon in his bid for a second term, has done the Nixon candidacy no good whatever.

It is claimed, however, by some hands observed, that if Mr. Eisen¬hower wanted Mr. Nixon to run, it would have been entirely proper for the President to have expressed the hope that the Repub¬lican national convention would do its part to continue the entire leadership of the GOP ticket unchallenged. A President has every right when his nomi¬nation is as much as in the last to go to the convention to make known his wishes on the Republican Presidential nominee.

Open Competition

In view of the known move of the White House political bureau to ditch the anti-tax cut, as backing by the neo-liberal ele¬ments of the party, the factual consequence of Mr. Eisenhower's retrenchment is going to change. The White House is fully reporting if he again wants Mr. Nixon, is simply to ask the way for the anti-Nixon drive. In other words, the White House boys have got the green light to do their thing. The White House advice to the other applicants have some lee¬way to "let friends" come more into the open on their behalfs.

There are aspiring followers of Secretary Humphrey and former Governor Dewey, as well as of Governor Chris¬tian of the party, circulat¬ing around frantically to pre¬pare the candidates of their patronage. It is said that Mr. Eisen¬hower says it is going to be Nixon.

Have Faith in Ike

In spite of the doubt cast upon Mr. Nixon's status, not too many of these men bring to believe that the President is prepared to ditch his Vice-President and precipi¬tate a force-intra-party row, the very kind of a row which it was sought to avoid by per¬suading him to run again.

These men, some of them pri¬vately disappointed in Mr. Eisenhower's "forward-looking" policies, sought to accept the substance of the President's advice for shelving his views on Mr. Nixon at this time. This was in effect that it would be premature of him to name his Vice-Presi¬dential candidate.

They consider that in view of Mr. Nixon's totally loyal sup¬port of the President's policies and of the President personally, and in further view of the President's unqualified praise of his Vice-President, it would be a breach of faith of which the President is not capable. At any moment he feels like it, the President can cut the ground from under the top-Nixon movement. These Republicans, correctly or incorrectly, believe that if the President accen¬tuates what damage he has done his stand-in, he will correct it promptly by making known clearly the fact that he wants Mr. Nixon as his running mate.

Legislation

See Little Antitrust

Mr. Nixon is good enough to think that among the President's re¬port of anti-trust or anti¬trust proposals, about the only one which is rated as hav¬ing a good chance of passage is his suggestion that all mergers of which would result in companies having $10 million or more of sales shall be reported 90 days in advance of their consumma¬tion to the Department of Jus¬tice and the Federal Trade Commission.

They particularly do not ant¬icipate legislation sm e d at cut down the activities of cor¬porations.

With the death of Senator Hatton Kilgore of West Vir¬ginia, Chairman of the Senate Judiciary Committee, the whole campaign against business via the antitrust laws takes a defini¬tive set-back.

Senator Kilgore, although a "liberal" Democrat, did not have the flare for shoving through legislation by the piece aimed at remedying this or that supposed evil, the method of Chairman (D., N. Y.) of the House Judiciary Committee.

Furthermore, the recommen¬dations of the staff of the anti¬trust subcommittee of the Sen¬ate, committee of which the late Mr. Kilgore was also Chairman, had just about been completed upon the Senate's death. Now the whole question of what if any recommenda¬tions shall come forth from the monopoly subcommittee will wait the installation of the new full and subcommittee chair¬men.

Eastland Is Conservative

Senator James O. Eastland (D., Miss.), who is also the chairmanship of the Judi¬ciary Committee, is as thorough¬going a conservative as can possibly be found in Congress. His conservatism is attested by two outstanding "liberals," Sen¬ators Wayne Morse of Oregon and Herbert Lehman of New York, both Democrats, in the unusual action they took in pro¬testing the elevation of East¬land to the Chairmanship.

Boondoggle Has A Silver Lining

Whenever anything comes out of the lobbying and influence investiga¬tion in the way of legislation remains to be seen. It is possible that the special committee might clarify the laws relating to campaign contribu¬tions, but unless the solu¬tion has wide appeal, it will have a hard time stirring up House interest.

That is because the lobby in¬vestigation is strictly a Senate affair, touched off by the hor¬rrendous offer of a campaign contribution $2,500 by a man to the Senatorial cam¬paign of Francis Case (R., D., Dak.). Furthermore, to old hands the whole lobby investi¬gation has all the earmarks of an old fashioned political boon¬doggle, which the boys and girls have seized upon to get out of other and harder work.

In other words, it is easier to roam around among the trivial but readable copy as lobby¬ing and influencing, than to haggle over such difficult prob¬lems as aid to education.

The best the Senate Finance Committee can do is to moder¬ate the lobbying and influence bill if it is to fini¬mately make upon the Treas¬ury.

This column is intended to re¬flect the "behind the scene" inter¬pretation from the nation's Capital and may or may not coincide with the "Chronicle's" own views.

Business

Man's

Bookshelf


TRADE MARKS

Fashion Park

Indian Head Mills

Geo. E. Keith Co.

Morgan Engineering

National Co.

Riverside Cement

Sightmaster Corp.

Lener & Co.