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OVER-THE-COUNTER MARKET FEATURED IN THIS ISSUE

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EDITORIAL

As We See It

At the same time that politicians wearing various labels argue with one another about the merits of this, that or the other formula for assuring the farmer a "fair share" in the prosperity of the country in general, the Department of Commerce and other fact finding agencies of the Federal Government continue to pour out statistics which destroy or render quite absurd the very foundations upon which all of the proposed programs rest. The orginal "parity" concept had to do with prices, and posited the notion that simple justice demanded that a way be found to assure the farmer a market in which the prices for his product would show the same increases from some "normal" period that other prices revealed. Thus if the prices of products which the farmer buys rose, say, 15% in a given interval of time after the base period, then the government should see to it that the prices of goods the farmer sells would rise by the same amount —assuming, of course, that they did rise by that amount of their own accord. Sundry changes have been adopted in the means of computing these "parities," but the basic concept still stands.

But in more recent times there has been a good deal of talk about "parity income." Those who have been advocating this idea have not as a rule very carefully defined their terms, but, in general, the idea seems to be that the farmer is entitled not merely to some level of prices for his products, but to income which places him on the level relative to other elements in the economy that he enjoyed in some base period. Thus, so we suppose, if the businessman is able by industry and good management to raise his income,

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The Investment Banker And Private Placements

By DeLONG H. MONAHAN*
Financial Vice-President,
Provident Mutual Life Insurance Co. of Philadelphia

Contending insurance companies have taken over much of the investment private placement function by default, and that the industry still wants to buy from investment and brokerage houses, Provident Mutual finance officer critiques and prods investment houses to: (1) provide adequate information—particularly cost breakdown—of the borrowing firm; (2) resume seeking out investments to merchandise; (3) capitalize on their salesmen's contacts by offering a contingent fee for placements they bring in; (4) not refuse $300,000 to $500,000 corporate loans as too small, and (5) hire men who realize no two industrial firms are ever alike, and who can appraise business—not merely money and credit—risks.

Life insurance company assets today, broadly speaking, are invested 34% in real estate mortgages, 4% in policy loans, 9% in U. S. Government Bonds, 43% in corporate bonds, and 3% in preferred and common stocks. Investment bankers have only an academic interest in real estate mortgages, policy loans, and U. S. Government Bonds and even though you are here today in the hallowed halls of the Wharton School it would be more than a little presumptuous on my part to discuss life insurance company practices in those categories. You are here hopefully to learn some new angles on corporate bonds and stocks, and I shall try to fulfill those desires, as my abilities will permit, with special emphasis on bonds, somewhat in the proportion in which those two categories are present in life insurance portfolios.

DeLong H. Monahan

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*An address by Mr. Monahan before the Institute of Investment Banking sponsored by the Investment Bankers Association of America and the Wharton School of Finance and Commerce, University of Pennsylvania, April 4, 1956.

World's Largest Market Gains New Prestige

By IRA U. COBLEIGH
Enterprise Economist

Many new additions to list, coupled with completely revised statistics, highlight tables on Over-the-Counter "blue chip" common stocks on which consecutive cash dividends have been paid from 5 to 172 years. Essentiality of Over-the-Counter Market dramatized by distribution and market accorded huge Ford stock issue. Distinction between auction and unlisted market explained

We have been delighted with the response to our semi-annual Over-the-Counter Presentation. Right off the bat, we want to give a special salute to the hundreds of broker-dealers who created and maintained the largest single over-the-counter undertaking in the history of corporate equities —a trading market in Ford Motor Company common.

From the moment the price of 64½ was announced on the afternoon of Jan. 17th, there was created an over-the-counter market which in breadth, trading volume, and velocity has never been equalled or even approached. And it was continental in scope. First, "when-issued" trades were made in Montreal and on the West Coast, carrying Ford common, in the first two hours of late afternoon trading to a premium of 5¾ points.

On the day the Securities and Exchange Commission made the Ford registration statement effective and sale of the stock was legally permissive, the unlisted fraternity braced itself for the avalanche of orders, and for their ordained task of establishing in the market place what even the distinguished underwriting group could only esti-

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SECURITIES NOW IN REGISTRATION — Underwriters, dealers and investors in corporate securities are afforded a complete picture of issues now registered with the SEC and potential undertakings in our "Securities in Registration" Section, starting on page 68.

The Security I Like Best

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

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

This Week's Forum Participants and Their Selections

Schenley Industries—Patrick C. Cestaro, of McLaughlin, Cryan & Co., New York City. (Page 2)

American Mercury Insurance Co.—Paul S. Morton, of Peter P. McDermott & Co., New York City. (Page 20)

PATRICK CHARLES CESTARO
McLaughlin, Cryan & Co., New York City

Schenley Industries

I would like to bring to the attention of your readers a very interesting security, which in my opinion, after weighing the profit and loss potentials which surround the company and considering the vagaries of the market in 1956, I would recommend the purchase of at current price levels as a long-term capital-gains investment.

Patrick C. Cestaro

An attractive buying opportunity for the enterprising investor arises through a variety of causes. Sometimes, as in the present situation, the market fails to respond to a number of important events in a company's affairs, this failure being due to complicated aspects of a legal problem which is beyond the comprehension of the average investor. For that reason this report was prepared for the preview and enlightenment of our clientele.

In accordance with the successful maxim of "buying in low and selling when high" we must keep in mind that in order to practice and profit by this saying we must deal in values and not in price movement. In the case of the typical undervalued security, the previous market action has not been encouraging, and the issue is currently unpopular to the "technical experts." This is because of the habit of Wall Street to base forecasts of future happenings on a projection of past trends. Due to this view a company which has been on the downgrade is expected to get worse and worse. Retention of this attitude by the general public creates bargain opportunities such as is presented by **Schenley Industries**, now selling near the $20-a-share level.

When most U. S. industries have been doubling their sales and profits, the American distilling business has been the orphan of this great economic boom. Why? Taxes on a bottle of American whiskey are seven times what they were in 1933 after repeal. In fact, taxes are now amounting to more than half the price of the average bottle of whiskey. The distillers have some long-range problems not shared by other industries, namely, their product must be aged four years; and when it is eight years old, the Federal excise tax of $10.50 per gallon must be paid, whether the whiskey can be sold or not.

Overproduction of whiskey, for any reason, has brought long-term problems to the industry. Distillers are obliged to keep their stock-in-trade in warehouses for four years, and thus cannot sell off their inventories as fast as other manufacturers. This overproduction came about because of the Korean War, when the distillers made whiskey day and night because of a fear that they would be converted to production of industrial alcohol as they were during World War II. In 1950 and 1951 the industry turned out nearly 650 million gallons of whiskey which have become saleable only in the last two years; and for those certain kinds of whiskey which were not selling, there have been distress sales, discount dealing and price cutting.

Of the liquor sold in the U. S., imported liquor, although amounting to 13.3% of the cases sold, drew off 38.9% of the industry total profit. Why?

Simply because quite a bit of whiskey was exported before it had been eight years in bond to avoid payment of the $10.50 Federal tax. (This is known as tax forceout.) The only alternatives to this tax payment of $10.50 a gallon are export, redistillation or destruction of the whiskey. Therefore, what has been happening is that millions of gallons of United States distressed whiskey have been bought at bankruptcy prices and are being sold right here in the United States under Canadian labels at good prices.

This eight-year tax forceout has split the industry. Schenley is leading a campaign to abolish the limit and let the distillers pay the tax when they can sell their whiskey. Others of the big four, Seagrams, Hiram Walker and National Distillers, are opposed to outright abolishment, and this battle will be carried back to Congress in the present session. Schenley has strongly contended before the House Ways and Means Committee that the opposition, Seagrams and Hiram Walker, have reaped this lush windfall by virtue of the U. S. bonding law and that such tax forceout will work to the advantage of foreign distillers because no other country has such a bonding law.

Schenley has opened an all-out war. It is attacking this problem in three ways:

(1) Before the legislature with the Eberharter Bill, which will be introduced again at this session of Congress. This bill provides in essence that the tax-payment date of liquor in bond be extended from eight to 12 years.

(2) Schenley has filed claims upon District Directors of Internal Revenue for a tax refund of $117,559,426, **with interest thereon from the date of the overpayment.** The basis of these claims are as follows: On Nov. 1, 1951, a Federal excise tax was imposed on all spirits in bond at the rate of $10.50 per gallon. The former rate in effect when these products were distilled was $9.00. It is Schenley's claim that the additional $1.50 tax is unconstitutional as applied to whiskey they had in bond on Nov. 1, 1951, and which was produced before Nov. 1, 1951, under the lower rate of tax. The legal basis of the claim is that the additional tax is a direct tax on property and therefore unconstitutional. Also, Schenley is seeking refund of the full amounts of tax paid ($10.50 per gallon) on whiskies which reached eight years of age and were forced out of bond. As to this, the claims include (a) a claim for refund of $10.50 paid on every forceout gallon which Schenley has in its possession unsold and (b) a claim for refund of $10.50 tax paid on whiskey which while in the possession of Schenley actually evaporated after having been tax-paid.

(3) Schenley has filed a suit which will ask for a court adjudication that the tax in question is unconstitutional and that the eight-year bonded limitation, which serves no public purpose, is unconstitutional under the Federal Constitution.

General attorneys for Schenley in these cases are Dewey, Ballantine, Bushby, Palmer & Wood, of New York. Former Governor Thomas E. Dewey is a partner in the law firm.

Schenley's attorneys have requested a special Federal statutory court order to go directly to the Supreme Court, which is a speedier procedure.

The question squarely presented is thus: What probable consequences will result from a successful termination of these legal disputes? In my opinion the company stands a very excellent chance of winning this very involved fight. And, if so, what will this mean to the shareholders of Schenley?

Victory of the $117 million suit with 4,365,726 shares of common outstanding will mean a return of over $26.00 for each share of common to the company. And to add more syrup to the dessert, this $117-million law suit will carry a 6% return from the date the payments were made to the government to the date of settlement of this controversy. As an example of what this means in dollars, 6% on $117 million for one year is over $7 million a year. A possibility of $1.60 in interest alone per common share for every year while the suit is being fought is a real hidden picker, but, as you will admit, a very delightful one.

And to add to all this: Even partial success will restore inventory values and improve profit margins considerably by eliminating tax "forceout" distress sales. Seagrams and Hiram Walker are fighting this vigorously. They contend Schenley will have a definite competitive advantage because it has been hoarding older whiskies and is preparing to start a battle of ages in the whiskey trades.

The truth is that Schenley will definitely have a terrific advantage since it had the ability to pay the taxes and keep the whiskey in bond and gain a terrific lead over the others in the industry. As evidence of that, look into the advertising sections of your newspaper and magazines and see the sales effort Schenley is putting forth. Pushing its "ancient age" liquors, sales of this premium stock have increased along with the profit in 1955, and this trend is strongly continuing.

In conclusion, my reasons for considering this such a fascinating investment for the long pull are:

(1) For the current market price of about $20, you are getting about $37.50 of current assets minus all liabilities of the company for every share of common. The book value is $52.63 per share.

(2) I believe that the present Administration in this election year will go all out to give some

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Portfolio Management For the Individual

By JOHN B. RAMSAY, JR.*
Vice-President, T. Rowe Price and Associates, Inc., Baltimore

Investment Counselor charts a program designed to plan an individual's investment portfolio. Mr. Ramsay describes three objectives individual investor must consider in securities and the requirements of various investors. Strongly recommends planning for inflation with growth stocks which are classified into two types: "stable" and "cyclical." Suggests factors to consider in selecting growth stocks, including increases in principal and income. Author advises knowing the client's whole picture before prescribing and agreeing upon a sound investment program.

My subject is "Portfolio Management," as related primarily to planning for individuals. I hope you won't mind my focusing attention at the outset on a few fundamental factors which are easy to overlook but which should help you do a better job. Let's first take a look at the various objectives which individual investors may have. These will vary widely, but three factors are always considered: (1) Safety of Principal, (2) Assured Fixed Income, (3) Appreciation of Capital.


John B. Ramsay, Jr.

No single security combines all three objectives but there are a great many which qualify for each objective. In other words, you have a variety of tools with which to do each job. Let's take them in order:

(1) **Safety of Principal:** The tools best fitted for this classification are cash; savings bank deposits at 2½% to 3%; short term bonds yielding 2% to 3%; and insurance left with a company at 3% to 3½% interest. This portion of the portfolio usually serves as a common stock buying reserve or as a reserve for estate taxes.

(2) **Assured Fixed Income:** This segment of a portfolio will usually include longer term bonds yielding 2¾% to 4% depending on quality; preferred stocks ranging in yield from 3.6% for a stock like DuPont Preferred to 5% on lower quality preferreds; and convertible bonds and preferred stocks offering some degree of price stability along with appreciation possibilities. Examples of such convertibles would be Dow Chemical 3s 1982, Scott Paper 3s 1971, W. R. Grace 3½s 1975, Union Oil 3s 1975, Magnavox 4¾% Preferred, and Marine Midland 4% Preferred. This fixed income portion of a portfolio provides assured income but is subject to greater market fluctuations as interest rates and business conditions change. For example, even a top quality bond like U. S. Victory 2½s 1972 sold at 106 in 1946 and dropped below 90 in 1953.

(3) **Appreciation of Capital:** Well selected common stocks are your tools for this portion of the job.

It is always desirable to draw up initially a specific personalized program for each of your clients outlining the basic investment objectives. In order to do this intelligently, a close relationship is essential. No good doctor will prescribe for a new patient without first taking his medical history and giving him a thorough physical examination. By the same token, you cannot do the best planning job without full knowledge of your client's financial status. In formulating a program many factors should be considered, including the following:

(1) **Present Composition of Assets:** How much life insurance is carried and what is the cash value?

What are the liquid assets, including life insurance deposits left at interest?

What investment is there in a private business? A large investment here greatly increases the risk factor in your client's overall picture and will have a definite bearing on what additional funds should be committed to common stocks.

Last and most important, what is the composition of the present securities portfolio? And right here, a word of warning. Do not superficially evaluate any portfolio before first breaking it down into its proper classifications, including industry diversification within the common stock portion. Many a list will look all right at first glance, but you may find that it is poorly balanced between industries, contains a certain amount of dead wood, and may have no representation in many stocks which belong in the portfolio.

(2) **Estimated Total Estate:** An adequate reserve should be established for estate taxes, either in the form of insurance or liquid securities. The tax on a $1 million estate is $303,000 but is reduced to $126,000 if advantage is taken of the marital deduction. It is advisable, therefore, to know the provisions of your client's will.

(3) **Specific Objectives of the Investor:** How much emphasis on safety at a low rate of return? What income is required? How much risk does a client wish to take in order to achieve growth of principal?

The answers to these questions will determine what percentage

*An address by Mr. Ramsay before the Institute of Investment Banking, University of Pennsylvania, April 2, 1956.

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Articles and News Page

"WORLD'S LARGEST MARKET GAINS NEW PRESTIGE"

ARTICLE starting on the cover page, "World's Largest Market Gains New Prestige," discusses the investment opportunities inherent in securities available only in the Over-the-Counter Market and includes a tabulation showing the names of unlisted banks and companies which have paid consecutive cash dividends for 10 to 172 years (Table I, page 31) as well as those in the 5 to 10-year category (Table II, page 60).

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Natural Gas—Under the Ground And Over-the-Counter

By IRA U. COBLEIGH
Enterprise Economist

A spring survey of some of the companies delivering this expanding fuel and their prospects, especially in light of the veto of the Natural Gas Bill.

Everyone calls our market today a selective one. While the steels and aluminums roar, farm implements languish and Servel and Studebaker - Packard strive earnestly for forward market motion. But although there are admittedly soggy items among our active stocks, everyone, from householder to institutional investment buyer has a kind or even enthusiastic word to say about natural gas. It's the most romantic fuel of our generation; it supplies, right now, one-fourth of the total energy needs of our great nation, and is delivered through main and feeder pipeline mileage totaling over 425,000 miles — (almost twice total railway trackage). Only Vermont and Maine and the Pacific Northwest lack natural gas supply. Forty-three states out of the 48 cook by using what comes naturally—and Oregon, Washington and Idaho are now in line for enjoyment and use of this volatile hydrocarbon, by virtue of forthcoming Pacific Northwest Pipe Line joint deliveries of gas from the San Juan Basin in the South, and from Saskatchewan and British Columbia in the North. (The latter Canadian gas will be brought to the U. S. border by Westcoast Transmission Co. Ltd. whose units, consisting of a $100 debenture carrying three shares of common, are scheduled shortly to be publicly offered and already look like a collector's item.)

Ira U. Cobleigh

In more specific terms, 24 million homes and thousands of large industrial users now depend on natural gas, and even though marketed production has zoomed from 2,296 billion cubic feet in 1938, to over 9,100 billion cf. for 1955, the demand seems without limit, and the price at the well head has been steadily rising.

This matter of price has been troublesome. Had the Harris-Fulbright Bill been passed, gas prices would have been determined by straightaway operation of supply and demand forces, as is the case with coal, petroleum, cord wood or any other functional fuel. But here's a case where a $2,500 answer, posed a billion dollar question. Application of sound economics and of common sense must now await another session of Congress and another legislative bill designed (as the Harris-Fulbright Bill was) to release from regulatory control by the Federal Power Commission, some 4,000 producers of natural gas. Just how FPC can ever effectively handle a price regulation task of this magnitude, has never been made clear. Even within the existing framework of price surveillance, however, it would appear that pessimism has been overdone. The FPC, while dampening somewhat the ardor for gas exploration, will not thumb down vital deliveries to pipelines at reasonably negotiated rates; while strictly intraastate deliveries can, of course, be made without any reference to Federal regulatory procedures.

So, while this column contends that FPC gas regulation is both illogical and undesirable; and remedial legislation is both needed and expectable, there are a number of interesting gas equities around, where known reserves and current earning power exist in profusion. Further, in certain instances, producing gas equities seem to have been depressed market-wise to an unreasonable degree. Thus operating on the principle that the soup is never eaten as hot as it's cooked, we'd like to mention a few natural gas shares, traded over-the-counter, whose demonstrable values are reasonably perceptible.

An interesting company to start off with is **Union Oil and Gas Corporation of Louisiana.** On its 1,805,652 common shares outstanding, Union was able to show a net per share of $2.10 for 1955 (39c from a non-recurring realization), against 84c for 1954. Actual cash income (gross, minus operating expenses but before capital and exploration expenditure debits) was $7.14. While Union is a producer of both oil (3½ million barrels in 1955) and natural gas, the big bulge in earnings is derived from natural gas with an 82% increase in daily sales over 1954 (for 1955—166,136,000 CFD). While the company's major operations are in Southern Louisiana, undeveloped, controlled acreage (leases, fee lands and options) in eight states totaled 424,767; and in Saskatchewan, 448,967. Thirteen and three-fourths million dollars was spent on exploration and development in 1955 and outlays at this high level to create new reserves is expected to continue this year.

The biggest gas customer of Union Oil is Texas Gas Transmission which takes roughly two-thirds of company output. The problem here is price. Under the present contract, the price is about 9c. This contract is up Dec. 31, 1956, however, and on an unregulated basis, renewal at a 15c or 16c level would have appeared reasonable and negotiable. With the FPC lowering its regulatory boom, however, any such an advance in price would no doubt be frowned on. On the basis, however, of excellent management, aggressive and effective exploration, and present estimated gas reserves in the order of 1.6 trillion cubic feet, Union Oil and Gas common at 50, is a pretty substantial equity, and a logical beneficiary of any future legislation eliminating FPC as a rate arbiter.

Another favorite is **Hugoton Production Company** with proven gas reserves of above one trillion C. F. in the famous Hugoton field in Kansas. It has 50,000 unproven acres in Kansas and Nebraska from which substantial additions to reserves may be expected. Hugoton has handled the distributing problem nicely by confining sales to within the state of Kansas, its largest client (paying about 15½c per MCF) being Kansas City Power & Light Company. Hugoton's contract with this utility has 8½ years to run. Kansas proration permits but 25% of gas production to be withdrawn for sale. Even under that restriction, Hugoton could probably double its present production rate, and would, no doubt, do so if it had clear sailing in free price negotiations with interstate pipe lines. To serve that broader market, Hugoton would also step up its exploration and drilling activity.

As it is, Hugoton is a tidy earner carrying through the equivalent of about 9c per MCF to net, and steadily building up its cash. It earned $3.09 on the common and has an indicated dividend rate of $2.40. Here's a situation where you have good earnings, reserves and dividends regardless of any gas legislation; and plenty of cash and promising acreage for exploration whenever conditions are favorable for expansion. Hugoton common (sole capitalization 850,000 shares) now sells at 63.

Three States Natural Gas Company was formed in 1950. The states originally referred to were Utah, Colorado and New Mexico but properties in Mississippi and Texas are now included. The main development is now in natural gas in the San Juan Basin of Northwest New Mexico, and the Wasatch Plateau in central Utah. The Utah gas is being sold mostly intra-state to Utah Natural Gas Company at 15c per MCF while the San Juan output is being delivered under long term contracts to El Paso Natural Gas and Southern Union Gas Co.

For the fiscal year ended May 31, 1955, the company recorded a gross income of $4,644,008 and a net loss of $20,892. While this result does not look particularly attractive, the actual cash flow was above $2 million. Six million, five hundred thousand of Three States common are outstanding. By rough calculation, valuing 18 million barrels of oil reserve at $1 per barrel and 1,180,000 MMCF at 5c, adding $10.7 million in other assets, and deducting $17 million in debt, you can arrive at a share valuation of $11. This figure could, of course, be blown up by placing higher price tags on the reserves, and including important recent discoveries on the 76,500 acre Joe's Valley Unit in Utah (Three States has 30,000 net acres here). Utah Natural Gas is expected to construct an eight mile pipe line from Clear Creek to this Joe's Valley section.

Three States Natural Gas at around 7¼ is an interesting value among the lower priced issues.

Western Natural Gas common trading (unlisted) around $10 has values based on 10.8 million barrels in oil reserves, and 1.6 trillion CF of gas which indicate an equity of above $19 a share. The outstanding common 3,660,000 shares, however, is subject to considerable dilution due to the conversion features of two issues of preferred stock. Together these senior shares could be converted into a total of 862,000 of common.

Western Natural has three main areas of activity: Southern Louisiana, the offshore Louisiana Tidelands, and the Peace River District in Alberta and British Columbia. The biggest play is at Peace River where the company has 750,000 net permit acres. Western Natural has a bright future and substantial present and potential values, but some patience may be required while the picture is unfolding.

We didn't have space to touch upon all the representative unlisted issues in this industry, but we did present items of demonstrable merit. Should your zeal for selection of equities here carry you further, you might wish to inspect **Aztec Oil and Gas; Colorado Oil and Gas; Commonwealth Gas and Southwest Gas Producing.** All are selling considerably below their 1952-56 highs, mostly due to legislative disappointment. The next gas bill, however, may not be vetoed.

Baxter, Williams Takes Over White-Phillips

Baxter, Williams & Co., Union Commerce Building, Cleveland, Ohio, members of the Midwest Stock Exchange, announce that they have acquired the business of The White-Phillips Company, Inc. of Davenport, Iowa and Chicago.

Blair A. Phillips, Jr., formerly President of the White-Phillips Company, Inc. will be manager of the Chicago office, which will be located at 38 South Dearborn Street.

The White-Phillips Company, Inc. of Davenport will be maintained under the original name with Blair A. Phillips, Sr. as Chairman of the board; Warren D. Williams, President; Carl N. Stutz, Vice-President; Richard E. Phillips, Secretary and Roy T. Crowe, Treasurer. The Davenport office is located in the First National Building.

Now With Carroll & Co.

(Special to THE FINANCIAL CHRONICLE)

DENVER, Colo. — Thomas D. Cain has become connected with Carroll & Co., Denver Club Bldg.

The State of Trade and Industry

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

Total industrial production for the nation as a whole in the period ended on Wednesday of last week eased somewhat, but the level was moderately above that of a year ago. In such major industries as that of steel, electric power and lumber, output was slightly reduced.

With respect to employment, there was a 9% decline in initial claims for unemployment insurance. The most noticeable decreases were reported in Pennsylvania and Illinois.

According to the United States Department of Labor's Bureau of Employment Security, first claims for State unemployment compensation benefits edged up by 300 to 210,300 in the week ended March 24.

The Bureau said the upturn was due primarily to temporary job separations in New England and the Middle Atlantic States following the recent snowstorms, and to layoffs in the food processing, textile and apparel industries. Some 22 States reported the increase. First claims a year ago totaled 210,700.

In the week ended March 17, the total of workers drawing State jobless pay dropped by 43,600 to 1,460,400. The total a year earlier was 1,655,300. The decline during the week ended March 17 was due to improved job opportunities in seasonal activities such as construction lumbering and logging, according to the Bureau.

A contra-seasonal increase in on-the-cuff auto buying and personal loans boosted consumer instalment credit outstanding during February by $15,000,000, the Federal Reserve Board reported.

The February increase compared with a rise of $72,000,000 in the similar month last year and a decline of $254,000,000 in February 1954.

The board said instalment credit outstanding totaled nearly $27,800,000,000 at the end of February—almost $5,300,000,000 above the level a year earlier.

The significant credit movements during February, the board noted, were increases of $83,000,000 in automobile paper and $52,000,000 in personal loans and a decline of $109,000,000 in other consumer goods paper outstanding.

Steel users and producers are facing one of the toughest three months in recent years, what with pressure for steel and other problems, states "The Iron Age," national metalworking weekly, this week.

The United Steel Workers are armed with prosperous steel financial reports they will mold into a battering ram to obtain the best possible contract.

Industry leaders are privately conceding the supplemental unemployment demand, will take the best defensive position they can on wages, premium pay and other demands. They will have a tough fight holding the tab to the current figure of 17-18 cents an hour package.

"The Iron Age" annual financial analysis covering 93% of the industry shows steel earnings up 72% last year compared with 1954, a slow year for the industry. Sales and production were up 32%. Net income on sales rose from 6% in 1954 to 7.8% in 1955.

Steel users are finding the steel market a difficult one to handle. Automotive companies are revising upward earlier estimates of steel requirements this year.

Further, some top steel producers are more optimistic and are inclined to agree with "Iron Age's" New Year estimate that steel production will range from 118 to 120 million tons this year. "The Iron Age" this week has raised its sights to a 120-122 million ton range.

Although some market pressure can be attributed to strike hedging, its not the whole story. Some consumers are pressing as hard for spots on third quarter order books as they are for second quarter delivery. Strike or no strike, some industries figure to be scrambling for steel throughout the year.

The scrap market is on the loose again with prices this week up in most consuming centers. "The Iron Age" scrap composite price rose to $53.67 per ton,

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Observations . . .

By A. WILFRED MAY

WANTED — ECONOMIC ISSUES

A publicized discussion of "The Economics of Eisenhower" held last week under the aegis of those self-styled militant executors of the New Deal, the Americans for Democratic Action, was most significant. For it unwittingly highlighted the dearth of vital domestic issues in the coming Presidential Election campaign.

A. Wilfred May

Forsaking his economist's cap for that of a political advocate, the chief speaker, chairman of the economics department of one of the country's leading universities, spent his major time in griping that the Eisenhower-ites have appropriated the New Deal—lock, stock and barrel. Addressing the organization's Business Council, he "accused" the President, together with his economic brain-truster Arthur Burns et al., of having "learned the New Deal lesson," of having taken over the New Deal's built-in stabilizers, from welfare programs and social security expansion to pump-priming standbys — all without due acknowledgement to the true authors.

This kind of attack manifests how the Administration's whole-hog adoption of interventionist philosophy has confronted the campaigning Democrats of 1956 with the Hobson's choice of either discrediting their own New Deal, or else admitting their lack of real issues.

REALISM ON THE PERILS OF PREDICTION

All who are interested in the process of prediction might well peruse a succinct observation on the subject in an article, "The Plight of Business Forecasting," by the famed economist, Ludwig Von Mises, in the current (April 4) issue of *The National Review.*

Dr. Von Mises assumes the premise that bust must inevitably follow boom which has been artificially created by credit expansion and easy money; thus entailing businessmen's forecasting, as well as operating difficulties.

Data Retrospective

He points out that the basic method for business forecasts is usually statistical, and hence retrospective. The statistician's mass of statistical data, no matter how neatly or elaborately arranged in charts and curves, refers to the past and not to future problems. In the quest for the widespread yearning for information about the change in *trend,* the statistician really only knows the rather obvious fact that the trend has not yet changed (as this columnist has repeatedly remarked about the "technical" stock market systems, they act as a weather vane telling which way the wind is blowing, not a barometer).

Since the future is not merely the continuation of trends that prevailed in the past, what is called economic forecasting is merely guessing. This confusion of the future with the past, not the excuse of delay or insufficiency of the statistical information, is the essential cause of the prevalent failures registered by the professional forecasters.

Success Self-Deflating

Dr. Von Mises points out that for the individual businessman or investor expectation of practical results from the economist's forecast is self-contradictory and unrealizable — because of lack of monopoly of the information. The individual can only liquidate at the crucial time of business turn if he alone has the knowledge midst extant bullish buyers. Just as in the stock market area, where widespread confidence in Dow Theory is increasingly self-defeating in promoting anticipatory liquidation, the recognized attainment of an effective business forecasting system would cause self-defeating action. "The catastrophic drop in prices, the slump, will at once appear; it will not wait for the distant day for which the economists have predicted it. Nobody would have derived any advantage from the economists' forecast; at the very instant this forecast is uttered and accepted as correct, the crisis is already consummated." Thus, the very act itself of predicting may so change the actions of individuals as to forestall the arrival of the predicted outcome. Widespread faith in the forecast of a crash, in accelerating the occurrence of such crash, actually emasculates the prediction.

Thus the real "plight of business forecasting," is not that it is unscientific, but rather that what the businessman seeks to attain from the economist is unrealizable even if the economist were in a position to give the right answer.

Chicago Inv. Women To Hear Caples

CHICAGO, Ill. — William G. Caples, Vice-President of Inland Steel Company, will address the Investment Women of Chicago at the next dinner meeting on Wednesday, April 11, 1956, at the Chicago Bar Association, 29 South La Salle Street, at 6:00 p.m. The subject of his talk will be, "Problems Dealing with Labor."

Mr. Caples, who joined Inland Steel Company in 1946, is past President of the Industrial Relations Association of Chicago, a director of Unemployment Benefit Advisors, National Association of Manufacturers, and the United Charities of Chicago; is a former director of the American Management Association, Chairman of the Employee Benefits Committee of the National Association of Manufacturers, Chairman of the Cook County Chapter of the March of Dimes, and Chairman of the Joint Subcommittee on Industrial Public Relations of the American Iron & Steel Institute.

The President of the Organization, Mrs. Kenneth A. Kitchen of the Illinois Agricultural Association, will preside at the meeting.

W. R. McGill With Salomon Bros. Hutzler

Salomon Bros. & Hutzler, 60 Wall Street, New York City, members of the New York Stock Exchange, have announced that William R. McGill has become associated with the firm in charge of its municipal research department. Mr. McGill had been with Lehman Brothers in the municipal department.

With FIF Management

(Special to THE FINANCIAL CHRONICLE)

DENVER, Colo. — Nicholas N. Boal has joined the staff of FIF Management Corporation, 444 Sherman Street.

Canadian Economic Prospects And Electronic Growth

By S. M. FINLAYSON*
President, Canadian Marconi Company

Marconi President believes favorable cost differential with America and England will develop with Canadian growth. Electronic component of Canadian electrical industry is $300 million per annum and, aided by automation and government contracts, is expected to grow at a faster pace than the economy or the electrical industry. Mr. Finlayson predicts Canada will become more self-reliant in engineering and fundamental technical work in the next 20-30 years, and suggest instituting a better education program. Depicts limiting factors as the discriminatory taxes and extremely competitive conditions preventing adequate profits and reinvested capital.

I have been asked how costs of production in Canada compare with those in the United States and the United Kingdom, and how these relative costs are likely to change in the future. It so happens that we are not engaged in business in either the United States or the United Kingdom and that, although we have important affiliations in both those countries, our knowledge of cost factors in either country is not great. However, our information leads us to the conclusion that there is no simple over-all way of stating how these costs are related to one another. As we see it, the differentials vary greatly with the field in which one is operating and also as between one company and another. While certain of our costs are high compared to those in the two countries mentioned, many of them are quite competitive. We believe that as Canada continues to develop and grow in population cost differentials generally will become more favorable to the Canadian producer.


S. M. Finlayson

*Report submitted to the Canadian Royal Commission on Canadian Economic Prospects by Mr. Finlayson, Montreal.

Electronic Industry's Growth

You have asked about the spectacular growth of the Canadian electronic business in recent years and whether it is likely to be continued in the future. The expansion in the business is, in our view, something that might well have been predicted had a Commission such as yours been sitting in, say, 1935. The growth is concerned with developments which are not particularly new and which, in one form or another, have been the result of much work by many people in many places. It is our view that electronics, because of its very nature, will continue to develop rapidly and that the employment of these techniques will spread into many processes, products, services and the like; therefore, it is our considered opinion that the expansion of the past will be fully lived up to in the future. At present, the electronic component of the electrical business in Canada amounts to some $300,000,000 per annum and it seems reasonable to suppose that the growth of the business in the future will be at a greater rate than that of the Gross National Product or of the electrical industry as a whole. Upon these premises we would venture to suggest that by 1980 the annual electronic business would amount to something like three times its present volume in present-day dollars.

As we see it, the development of automation will be largely measured by progress in the adaptation of electronic sensitory and control devices to convert mere mechanization into automation. It, therefore, seems to follow that automation will play a really significant role in the expansion of the electronic business.

The rapid growth of the electronic business in recent years has at once stimulated, and been stimulated by, a marked increase in engineering and fundamental technical work being done in Canada and we feel that this trend will continue at an accelerated pace. Although Canada derives much of its basic information from either the United States or the United Kingdom, the Canadian contribution is growing rapidly. There is every indication that a sufficient amount of fundamental work is already being carried on in this country to support the view that in the next 20 or 30 years we will be much more self-reliant in this respect than we have been in the past.

Government Contracts

Government contracts of both a military and a peace-time nature have done much to stimulate the fundamental growth of engineering and research work in this country and this is nowhere more striking than in the electronic field. While one must decry the inherently wasteful nature of military expenditures, it does happen that such disbursements frequently spur on, as by-products, significant advances in more peaceful requirements. Aside from military needs, many government agencies are showing an increasing awareness of the value of electronic work in various forms—and it is our sincere belief that, here again, Canadians, as such, will be increasing their own fundamental engineering and research and that Canada, as a nation, will be contributing to other countries a significant proportion of their requirements in these fields. This process can be encouraged by a continuance of government contracts, particularly for development work.

The electronic business in Canada is one of those which is frequently referred to as a "secondary industry," but we hope that that appellation does not become in any way synonymous, in the public mind, with a **second-rate** industry. It would appear to us that, as the population of Canada grows, the increase will have to be employed mainly by our secondary and service industries. Because of its apparent potential, the electronic business is one of those to which we must look in an increasing degree for additional employment of our growing population.

Handicaps

Our industry has many problems, about which you will be informed by others. We are impeded by discriminatory taxes in some of our lines; also, our electronic business is an extremely competitive one which makes it difficult to get what might be considered adequate rates of profit return and hence to earn the capital for ploughing back into research and forward-looking activities of all kinds. Because of the rapid development of the technical aspects of the industry, it is rarely possible to exploit for more than one year the results of engineering, tooling and the like and so we have a great burden which must be written off annually. **However, in our view, these problems should be looked upon as challenges and opportunities rather than as burdens.**

This concept seems to lead naturally to the question as to how the electronic companies can stimulate research and encourage training of skilled personnel. If we are to deal with the challenge of the future, we must find means greatly to increase the effectiveness of our training programs and the development of the mental resources of our population. This, we feel, can only be done by stimulating education in many forms. Furthermore, it seems to us that, although we need greater numbers of engineers, technicians and specialists of many kinds, we will also need, in an increasing degree, individuals with a well-rounded training; thus, in the years to come we will need, in addition to the technicians, a greater number of graduates of Arts or similar broad educational Courses.

Educational Programs

We sincerely believe that Canada will move forward rapidly in the next generation and that the primary challenge facing Canadian industry today is to find effective ways of—

(a) Assisting our Universities and Technical Colleges — financially and otherwise:

(b) Encouraging potential students by scholarships and the like;

(c) Above all, creating a congenial and effective climate of employment so that we may retain these trained young people in Canada; and

(d) Expending increasing energy and sums of money in training courses for management development and techniques peculiar to given industries.

In presenting these suggestions, we are not unaware of the difficulties that attend upon such a program. However, we feel that, given the requisite understanding of the possibilities, Canadians as a whole—and Canadian industry in particular — can effectively meet the challenge.

We fully believe that such a program can be carried out with a minimum of Government intervention, but that it will need sympathetic understanding and encouragement by Government. There are no doubt many ways in which such encouragement could be expressed—the more obvious being relief from all but essential taxation during periods of first growth and assistance by way of special tax exemptions based upon expenditures for such programs. This would both alleviate the burden on and stimulate a company sincerely engaged in the implementation of a plan such as that envisioned above.

Canadian Marconi Company has been shaping its policies in recent years along the lines above-itemized. We have increased our support to Universities and Training Schools, we have arranged for certain bursaries and scholarships and we have set aside a significant portion of our total budgeted expenses for internal training in management and business development techniques. At the same time—and partly as a result of these procedures — we have been able, by undertaking original research and primary development work in ever-increasing volume, to contribute materially to making our Company more self-supporting in the technical field and simultaneously increasing its contribution to the national economy.

Conclusion

In conclusion, we should like to say that our own experience in dealing with these matters has been encouraging and stimulating and fully supports the view that the broad procedures above-outlined are those which, if properly understood and implemented, will make a most significant contribution to the economic prospects of this country.

Osborne & Thurlow Admit New Partners

Osborne & Thurlow, 39 Broadway, New York City, members of the New York Stock Exchange, announce that Norman J. Marsh, Lucian F. Martino, Lennart J. Gran and Gottfried von Meyern-Hohenberg have been admitted to their firm as general partners and Ralph Hinchman Cutler as limited partner.

Thomas Bjornstad, John R. Carella, Erna M. Hunter, Robert A. Schweke, Dinwiddie Smith, George M. Snow, Rainer Umlandt and Willard P. Voorhees have become associated with Osborne & Thurlow in the main office.

Laird, Bissell & Meeds Opens in Zurich

Laird, Bissell & Meeds, 120 Broadway, New York City, members of the New York Stock Exchange, have formed a Swiss subsidiary under the name of Laird, Bissell & Meeds AG., S. A. Zurich. The new subsidiary will conduct a general brokerage business in Zurich with its operations confined to transactions, principally in American securities, with brokers, bankers and financial institutions. W. L. Ertinger, partner in Laird, Bissell & Meeds, will be President and Chairman of the Swiss company.

Variable Annuity in Action For Retired College Professors

By R. McALLISTER LLOYD*

President, Teachers Insurance & Annuity Ass'n of America
College Retirement Equities Fund, New York

Analyzing and describing the pioneering variable annuity plan in operation since July 1, 1952, Mr. Lloyd points out that it is a supplement to the fixed annuity benefit plan of the Carnegie sponsored Teachers Insurance and Annuity Association. Policy holders are told there is "no perfect correlation with the cost of living," and the teachers' insurance head also explains other regulations and devices used to protect the contract holders. Plight of the retired college professor due to declining purchasing power, which made a fixed dollar annuity a variable annuity, is held responsible for the development of this first formal variable annuity system in the world.

Changes are constantly going on in financial procedures although they are not often as obvious or spectacular as an annual change in automobile models or the introduction of jet engines or automation techniques.

R. McAllister Lloyd

In 1952 a new type of pension plan was put into effect and a new phrase coined, "The Variable Annuity." This innovation has created a stir in the insurance, investment and, to a lesser extent, the trust business. A vigorous debate is raging now among the titans of the life insurance industry. Legislation proposed in various states, authorizing life insurance companies to provide this new type of annuity, promptly starts a hassle. The dispute is also hot among investment trust people, and the National Association of Security Dealers has taken a stand officially opposing the issuance of variable annuities by life insurance companies. Often the argument becomes acrimonious and in instances emotional.

Almost every issue of the trade periodicals in the life insurance business presents an article about variable annuities written either by an adherent or an opponent. After reading many of these articles and listening to the controversy and attempting to answer many of the questions which are asked of me, I have come to the conclusion that there is a good deal of misconception as to what is meant by the term "variable annuity" and a lack of understanding as to how a variable annuity plan works. TIAA's position in the industry debate is neutral, and my attempt today is solely to be informative.

As trust officers you probably either have or will run into variable annuities not infrequently because:

(1) You advise many individuals on personal financial matters and prepare investment programs and estate plans. It may be that some of those individuals own or are eligible for types of variable annuities now being offered. They might ask questions about them and, in other instances, there might be cases where you would want to recommend such an instrument to fit in best with the individual's needs.

(2) As trustmen, you are advising corporations on pension matters and acting as trustee of pension funds. This is a field in which the variable annuity concept is already growing. A number of pension plans have been established with corporate trustees using a variable annuity device in one or another form.

(3) As trustmen and bank officers, you are looked upon in your community as citizens especially qualified to advise on financial matters; and in the argument about variable annuities, your expert opinion will very likely be asked by legislators and others.

Historical Background

A good deal of what has been written and said about the variable annuity is in theoretical terms. It has been suggested, in order to give you a clear explanation of what a variable annuity is, that I describe this new and unique type of pension service as offered in its limited field by the Teachers Insurance and Annuity Association and the College Retirement Equities Fund. You can apply an analogy to other situations. But in order to understand why CREF was organized in its particular world, we must present some historical background.

In 1905 Andrew Carnegie, disturbed by the plight of the retired and underpaid college professors of the day and searching for a way to make the teaching profession more attractive, established the Carnegie Foundation for the Advancement of Teaching. Its purpose was to provide free pensions of something over half-salary to all professors retiring from degree-granting, nondenominational, privately supported colleges and universities in the United States and Canada. He set up a fund of $10 million, the income of which was to be used for this purpose. Later certain state-supported institutions were added to the list, and the original gift was augmented by an additonal $5 million.

The announcement of these gifts 50 years ago was as dramatic as the recent Ford Foundation announcement of gifts to colleges to aid in raising teachers' salaries.

It became obvious quite soon that with the expansion of higher education on this continent and with increased faculty salaries resulting from the World War I inflation, the free pension fund would not be sufficient to carry out its intended purpose. Therefore, in 1918, the Carnegie Foundation and the Carnegie Corporation, after extensive study and with wide collaboration of educators, established TIAA as a nonprofit, legal reserve life insurance company. The new and special organization was to provide retirement income for college personnel, but based on a contributory and contractual arrangement rather than on the free basis as sponsored by the Foundation. The college and the individual would jointly make contributions to provide the necessary funds. The Association pioneered in writing annuities for its college groups, issuing what were in effect group annuities before they were available commercially. It promoted the concept of the fully vested pension plan, making possible the migration of academic talent from college to college without losing accumulating pension benefits.

With the continued expansion in numbers of educational personnel and salary scales, furthered by the general social concept that providing for pensions was partially a responsibility of management, TIAA grew rapidly. Its main service is in providing pension benefits, but it also provides group and individual life insurance for individual educators and for groups of staff members of educational institutions (not including public elementary and secondary schools). There are now 704 organizations funding their retirement and insurance systems by means of TIAA contracts; and at the end of 1955, the Association had 90,000 policyholders and assets of $460 million.

TIAA provides at the time of retirement an annuity benefit determined in a fixed number of dollars per month. This is a sound concept threading through all pension planning, not just in academic circles. However, changes and fluctuations in the cost of living in the past, especially since World War II, and the fact that over a long period of time there has been a downward trend in the value of the dollar, have focused attention on the one weakness of providing for retirement income in terms of fixed dollars. The fixed dollar income in times of inflation will not purchase the necessities and

Continued on page 43

*An address by Mr. Lloyd before the 37th Mid-Winter Trust Conference, sponsored by the Trust Division of the American Bankers Association, New York City.

Dealer-Broker Investment Recommendations & Literature

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

Annual Review of Life, Fire and Casualty Insurance Stocks of 1955—Showing individual market performance of 95 issues for 1955 vs. 1954—Walter C. Gorey Co., Russ Building, San Francisco 4, Calif.

Atomic Commentary—Semi-annual report on status of industry as of Dec. 31, 1955—Atomic Development Securities Co., Inc., Dept. C, 1033 Thirtieth Street, Northwest, Washington 7, D. C.

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

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

Bank Stocks—Quarterly comparison—Stroud & Company, Incorporated, 123 South Broad Street, Philadelphia 9, Pa.

Banks—Comparison of 22 leading banks outside New York City—Bulletin—Laird, Bissell & Meeds, 120 Broadway, New York 5, N. Y.

Broadening the Base of Stock Ownership—Dartmouth Economic Research Council—Amos Tuck School of Business Administration, Dartmouth College, Hanover, N. H.—paper—$1.

Canada and Canadian Provinces — 1956 Edition containing details of outstanding direct and guaranteed bond issues of the Government of Canada and each of the Canadian Provinces—Wood, Gundy & Co., Inc., 14 Wall Street, New York 5, N. Y.

Financial Facts & Comment—Weekly bulletin on Canadian Market—Gardiner, Annett Limited, 330 Bay Street, Toronto 1, Ont., Canada.

Japanese Stocks — Current information — Yamaichi Securities Co., Ltd., 111 Broadway, New York 7, N. Y.

Japan's Motion Picture Industry—Analysis in current issue of "Investors Beacon"—Nomura Securities Co., Ltd., 61 Broadway, New York 6, N. Y. and 1-chome, Tori, Nihonbashi, Chuo-ku, Tokyo, Japan. Also in the same issue is a discussion on Amending Foregin Investment Law and Japan's Six-Year Economic Program.

Nebraska Municipal Subdivisions—Statistical information for 1955-56—Wachob-Bender Corporation, 3624 Farnam Street, Omaha, Neb.

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

Tin and Its Uses—Articles on pewter foil for basis of handicraft and methods of producing pewter wares than can be hardened by heat-treatment—Quarterly journal of Tin Institute—copies on request—Tin Research Institute, 492 West Sixth Avenue, Columbus 1, Ohio.

Turnpike and Bridge Bonds.—Bulletin—Tripp & Co., Inc., 40 Wall Street, New York 5, N. Y.

U. S. Treasury Securities—Bulletin—New York Hanseatic Corporation, 120 Broadway, New York 5, N. Y.

Wall Street Digest—Bulletin—S. B. Cantor Co., 79 Wall Street, New York 5, N. Y.

Western Canadian Oils—Analysis with particular reference to **Bailey Selburn Oil & Gas Ltd., Calgary & Edmonton Corporation, Ltd., Canadian Superior Oil of California, Home Oil Company, Ltd., Hudson's Bay Co., Husky Oil Refining Ltd., Merrill Petroleums, Royalite Oil, Triad Oil Co., Ltd., Pacific Petroleum Ltd.**—Bache & Co., 36 Wall Street, New York 5, N. Y. Also available is a bulletin on **Butler Bros.** and **Rayonier.**

* * *

Air Express International Corp.—Review—John H. Lewis & Co., 63 Wall Street, New York 5, N. Y.—$2.00 per copy.

Allied Laboratories, Inc.—Memorandum—Barret, Fitch, North & Co., 1006 Baltimore Avenue, Kansas City 5, Mo.

American Radiator & Standard Sanitary Corporation—Analysis —Laird, Bissell & Meeds, 120 Broadway, New York 5, N. Y.

Armco Steel Corporation—Annual report—Armco Steel Corporation, Middletown, Ohio.

Cessna Aircraft Co.—Memorandum—Kidder, Peabody & Co., 17 Wall Street, New York 5, N. Y.

Chicago National Bank—Circular—Wm. H. Tegtmeyer & Co., 39 South La Salle Street, Chicago 3, Ill.

Clark Oil & Refining Corporation—Report—Loewi & Co., 225 East Mason Street, Milwaukee 2, Wis. Also available in the current issue of "Business & Financial Digest" are analyses of **Johnson Service Company** and **American Automobile Insurance Company.**

Continental Copper & Steel Industries — Analysis — Peter P. McDermott & Co., 44 Wall Street, New York 5, N. Y.

Diamond Match—Bulletin—J. R. Williston & Co., 115 Broadway, New York 6, N. Y.

Diamond Match Company — Analysis — In current issue of "Gleanings"—Francis I. du Pont & Co., 1 Wall Street, New York 5, N. Y. Also in the same issue are selected portfolios for the new investor.

El Paso Natural Gas Company — Annual report — El Paso Natural Gas Company, El Paso, Texas.

Emerson Electric Manufacturing Company — Analysis — Reinholdt & Gardner, 400 Locust Street, St. Louis 2, Mo.

Fischer & Porter Company—Progress report—Boenning & Co., 1529 Walnut Street Philadelphia 2, Pa.

Florida National Bank of Jacksonville—Memorandum—Pierce, Carrison, Wulbern, Inc., Barnett Bank Building, Jacksonville 1, Fla.

Georgia Pacific Plywood Company — Study and appraisal — Sutro Bros. & Co., 120 Broadway, New York 5, N. Y.

Gyrodyne Company of America—Late information—Jay W. Kaufmann & Co., 111 Broadway, New York 6, N. Y.

Husky Oil Co.—Report—Leason & Co., Inc., 39 South La Salle Street, Chicago 3, Ill. Also available are reports on **Transocean Air Lines, Inc., Lone Star Steel Co., Mercast Corp., Dynamics Corp. of America, New England Lime Co.** and **Manabi Exploration Co.**

Inland Petroleum Corporation — Report — Aetna Securities Corporation, 111 Broadway, New York 6, N. Y.

Kaiser Industries Corporation—Bulletin—First Boston Corporation, 100 Broadway, New York 5, N. Y.

Kokoku Rayon & Pulp—Analysis in current issue of "Weekly Stock Bulletin"—The Nikko Securities Co., Ltd., 5, 1-chome, Kabuto-cho, Nihonbashi, Chuo-ku, Tokyo, Japan. Also in the same issue is an analysis of **Japan Woolen Textile.**

Merck & Company—Analysis—Seligman, Lubetkin & Co., 30 Pine Street, New York 5, N. Y.

Michigan National Bank—Memorandum—Blair & Co., Incorporated, 44 Wall Street, New York 5, N. Y.

Mohasco Industries, Inc.—Progress report—Cohu & Co., 1 Wall Street, New York 5, N. Y. Also available is an analysis of the **Copper** situation and a report on **Carlisle Corporation.**

National Distillers Products Corp. — Data — Oppenheimer, Vanden Broeck & Co., 120 Broadway, New York 5, N. Y. In the same bulletin are data on **Pullman, Inc., Republic Steel Corporation** and **Sperry Rand Corporation.**

Pacific Power & Light Co.—Analysis—Unlisted Trading Department, Ira Haupt & Co., 111 Broadway, New York 6, N. Y.

Petroleum Corporation of America—Report—Thomson & McKinnon, 11 Wall Street, New York 5, N. Y. Also available is a survey of the **Food Industry** with particular reference to **Beatrice Foods, Penick & Ford** and **Swift & Company,** and a report on **Arvin Industries.**

Ribbon Copies Corporation of America — Bulletin — Seaboard Securities Corporation, Tower Building, Washington, D. C.

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

Saaty Fuel Injector Corp.—Report—D'Avigdor Company, 63 Wall Street, New York 5, N. Y.

Spanish Trail Uranium Co.—Bulletin—Greenberg, Strong & Co., First National Bank Building, Denver 2, Colo.

Standard Oil Co. of Indiana—Memorandum—McDonnell & Co., 120 Broadway, New York 5, N. Y.

Sunray Mid Continent Oil Company—Annual report for 1955 —Sunray Mid Continent Oil Company, Department N, Sunray Building, Tulsa, Okla.

Texas International Sulphur Co.—Memorandum—Makris Investment Bankers, Ainsley Building, Miami 32, Fla.

Virginian Railway—Memorandum—Salomon Bros. & Hutzler, 60 Wall Street, New York 5, N. Y.

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

Williams McWilliams Industries—Data—Bruns, Nordeman & Co., 52 Wall Street, New York 5, N. Y. Also in the same bulletin are data on **Crane Company.**

Fred E. Busbey With Robert Showers

Fred E. Busbey

(Special to THE FINANCIAL CHRONICLE)

CHICAGO, Ill.—Fred E. Busbey has become associated with Robert Showers, 10 South La Salle Street. Mr. Busbey was formerly President of Fred E. Busbey & Co. Recently Mr. Busbey has been active in political life, serving in the House of Representatives.

With Aubrey Lanston

(Special to THE FINANCIAL CHRONICLE)

BOSTON, Mass. — William C. Allison, IV, is now connected with Aubrey G. Lanston & Co., Inc., 45 Milk Street.

With Whitehall Secs.

(Special to THE FINANCIAL CHRONICLE)

BOSTON, Mass. — David Weisman is now with Whitehall Securities Corporation, 80 Federal Street.

Steel Industry's Plight in Meeting Future Capacity

By CHARLES M. WHITE*
President, Republic Steel Corporation

Higher prices and rapid depreciation, Republic Steel head avers, are required to overcome present non-competitive steel stock price-earnings ratio, provide earning base encouraging to equity capital and justify huge borrowings so that industry's $1 billion programmed 15,000,000 ton capacity increase for next three years, and future expansion from 1955 per capital steel consumption of 1,437 pounds to 1,500 pounds by 1965 can be achieved. Mr. White traces his firm's tremendous cost rise from present $33 per ton book value to future $200-$300 per ton of installed capacity. Asserts prices should be based upon a price-cost ratio at 70% operating rate and not 100%.

Preparing a talk for a group such as this presents real difficulties. These difficulties are brought about by the very nature of your profession.

Charles M. White

One of your responsibilities is to keep a close and constant check on the operation of companies and industries. It is not difficult for me to believe that you know more about some companies than do the men who actually operate them. You have the benefit of a detached viewpoint unblinded by prejudices and preconceived ideas. Your look at a company is factual, analytical and objective.

In addition to your personal knowledge, you have analysts who probe deeply into a company's operation and sometimes uncover information which may have profound bearing on the operation of a company from an investment viewpoint.

This makes it difficult for any businessman to tell you something about his company that you don't already know. To help me meet this problem, I asked our Commercial Research and Accounting Departments to develop some ideas which I hope will give you some new and useful knowledge about Republic.

First, however, as a background to what I am going to say, I would like to review some basic facts which may already be familiar to you.

Plant Locations

Republic's steel plants are favorably located in relation to both raw materials and markets. They are in the area in which raw materials—iron ore, coal and limestone — are assembled most efficiently and economically.

Three of the plants are on the Great Lakes—Chicago, Cleveland and Buffalo. The balance of our northern steel plants are a maximum of 60 miles from a lake port.

In the south our Gadsden, Alabama, steel plant is only a short distance from its supplies of coal, ore and limestone. Through the development of the Coosa River there is promise of water transportation.

So much for that side of the picture.

Now let's see where our customers are located.

More than half of the nation's steel (54% to be exact) is purchased by fabricators in the five states of Ohio, Michigan, Indiana, Illinois and Wisconsin. Another 21% is bought and cut up in Pennsylvania, New York and New Jersey. So within a practical shipping distance from one or more northern Republic plants is 75% of the industry's market.

The southeastern states consume about 8% of the nation's steel output today and will consume more in the future. Our Gadsden plant is well located to serve this important and rapidly growing demand.

Yes, Republic is fortunate in its plant locations.

Outside of these concentrated areas we serve customers in every part of our country and in most countries of the world with a wide range of steel mill products as well as fabricated products made in our manufacturing plants.

Our big pipeline and casing customers — Republic produces pipe in Youngstown, Gadsden (Ala.) and Chicago—are largely west of the Mississippi. However, half of the pipe we make in Youngstown and a third of all the pipe we make is shipped into the strong northeastern market. Competitive freight rates operate favorably for us. The aircraft and guided missiles industries are large stainless and alloy steel users and both products, because of their high value, can be shipped profitably to the West Coast, for instance. A surprising amount of steel is also fabricated into components for the aircraft industry in the area north of the Ohio and east of the Mississippi Rivers.

Complicated Problems

But not only are these concentrated steel markets, which I have described, enormous today, they are growing and expanding year by year. This fact presents Republic's management with a never-ending series of problems of which the following are typical:

(1) Can we profitably expand our steel ingot capacity?

(2) If we feel we can, where and how big should expansions be?

(3) Product-wise, how should we expand? Is the market trend, for instance, toward more flat rolled steel or a greater demand for stainless and alloy steel or in the direction of an expanding consumption of pipe for drilling and pipelines, or will the demand for bars increase? Or all four?

(4) What are our competitors doing? In which direction are they moving?

These are complicated problems and no crystal ball will give the answers.

Steel expansion, and you know this as well as I do, requires a very large investment. It is not a short-term decision. Mistakes can seriously damage a company's strength and earning capacity.

To help us arrive at the right answers, we maintain a capable, well-staffed Commercial Research Department whose job it is to carry on continuous studies in fields in which we are interested and to carry out special studies to answer special problems.

Long before we announced our recent $152 million expansion program, the Department was put to work to give management answers to the four questions I just outlined—and a lot more.

We asked, for instance, how much steel will the nation need in 1965? In what volume will end products — automobile, household equipment, machinery, building, etc., — be purchased by the consumers? In what areas will the ultimate consumers live? What can be the effect of economic technological and population changes?

Now I have a constitutional suspicion of surveys unless I know how they are made. Having that knowledge I can judge for myself as to the soundness of the conclusions. So I think it is only fair to tell you briefly how this study was made.

Depth Surveys Used

The technique used by our research people in forecasting steel demand does not depend on a single correlation of steel with total industrial production figures or the dollars of Gross National Product.

Rather, some 20 major steel-consuming industries are analyzed and measured, industry by industry, not now and then, but continuously.

Our researchers become as familiar with each of these industries as they are with steel. Among the factors examined are production, sales data, trends, plant locations, markets, the demand for the consuming industry's products and technological changes. We consult with people in these industries and learn something of their motivations and plans. We have an important subsidiary interest in this knowledge. Our pension funds are sizable and some of them are being invested in good industrials.

With such data as a foundation, we arrive at a composite picture of each industry. These in turn can be translated into total steel demand by industries and by products.

These findings become a guiding factor in the development of plans for our company.

Petroleum Production

What does our research show about the oil and gas industry? As already mentioned, Republic has three steel pipe operations—at Youngstown, Chicago and Gadsden. Each operation has its own characteristics and the product of each serves a somewhat different, though to some extent overlapping, market. For simplification we will not go into the matter of our two plastic pipe operations.

In 1948 the oil and gas industry, directly or through distributors, took about 4¼ million tons of pipe and tubing for operations ranging from drilling to transportation by pipeline. Careful analysis of the industry indicates this requirement may reach some 6½ million tons by 1965. One factor in this conclusion is that the Bureau of Mines forecasts a 45% increase in petroleum production by 1967 which would mean 70,000 wells a year as compared to the present 50,000 to 55,000.

Machinery and Equipment

We also have a great interest in the industrial machinery and equipment industry. Carbon and alloy bars, both hot rolled and cold finished, are important raw materials for the producers of durable goods. Steel shipments to this industry totaled slightly more than 2,000,000 tons in 1948. By 1965 this will be doubled. One reason for this substantial increase is the industrial expansion which has gone on and will continue.

There is another one which must be considered as we look ahead. The labor force will be decreasing in relation to total population. If our living standards are to continue upward, more and more machinery will be needed to take the place of men.

Automobiles

Finally, let's look at the automotive industry. That industry consumes 20% of all the steel produced. While its share of the total output has not increased sizably since 1948, the actual tonnage has nearly doubled reflecting the increased steel production and capacity. It is our belief that passenger car production should be *averaging* 8,500,000 units a

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*An address by Mr. White before the Investment Bankers Association Institute at the Wharton School of Finance and Commerce, University of Pennsylvania, April 4, 1956.

Atomic Energy Development—Present and Future Plans

By MOREHEAD PATTERSON*
Chairman and President
American Machine and Foundry Company, Inc.

Former Atoms-for-Peace advisor outlines and champions this international peaceful effort by Pres. Eisenhower for its altruism and benefit to us. The slow but solid development is implemented, according to Mr. Patterson by: training courses, information dissemination; setting up research reactors, and creation of an International Atomic Energy Agency to administer eventually world-wide economic nuclear power under stringent safeguards and standards. Mr. Patterson submits data showing future world power shortage; particularly so in Western Europe's foreseeable future where fossil fuel consumption depletion rate makes nuclear power a necessity for economic endeavor. The OEEC inter-European plan of regionalized nuclear power stations is supported.

Events not of our choosing have placed upon the United States a responsibility linked to, but much greater than, the political leadership of the free nations in the cold war to which we are committed. At present, this country is obliged to represent before the world the moral and social fundamentals that underlie the competitive enterprise system as we operate it in our factories, in our stores, in all walks of life. The world is looking with awe and admiration at the progress made by our people despite the fact that, generally speaking, the rest of the free world is experiencing excellent economic health too.


Morehead Patterson

An influential American magazine recently said that the real story of the success of the United States business is still not fully understood by Americans themselves—not to speak of the lack of comprehension of people in other countries. Non-Americans cannot escape the facts surrounding the success of the United States economy because of the inter-relationship of their economies with our system. But many of our friends abroad can and do refuse to face its full implications.

An inescapable expression of the United States economic prowess is the ready acceptance of international obligations. Whether this is true in the field of international political, social or economic cooperation, it is, as President Eisenhower said in his State-of-the-Union Message, a philosophy of unselfishness and conviction based on the following premise, to quote the President:

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

Inherent, I believe, in the President's remarks is that basic ingredient of American thought—a missionary drive to improve the lot of mankind, to move ahead economically so that progress will enrich the entire world. That crusading spirit was in existence in the early days of this nation's birth when we could already realize that what we had in the United States was a lot better than what anybody else had. We also knew that the rest of the world was watching enviously as we moved ahead. We knew that the rest of the world on their own volition wanted to be exposed to this American system. The end result of all this was that doctors, missionaries, educators, merchants and industrialists, on a small scale, carried the knowledge and the know-how of the system—which the people abroad called the great American experiment—to all corners of the globe.

We know today that give-aways in time of crisis are important and valuable, but there is a definite danger in letting charity go too long to people who can and want to stand on their own feet. By continuing to make the American economic system work and grow at home and by spreading the word and the work overseas through private means—investment, trade and other economic participation—the United States has, I believe, the best chance to fulfill its assumed obligation of world leadership.

The exchange of know-how to the benefit of mankind is a typical way in which the American people desire to express their deep and genuine hatred of war and their devotion to peace. History shows that the American civilization flourishes in peace. War, and especially war in the Twentieth Century, must of necessity bring with it the type of economic regimentation that is destructive of the finest and most productive assets and values of American life.

Atoms-for-Peace

This principle of American policy, American thought and American determination must be applied to one of the Eisenhower Administration's most imaginative programs—the peaceful applications of atomic energy, better known as the Atoms-for-Peace program.

Atomic Energy means many things to many people. Some of these interpretations are realistic. Others are utopian and still others are misincentives to an alert industrialist, but at this stage of its development it is still a gamble for the future. But it is a good gamble that will bring progress and well-being to human beings gradually in the times ahead.

Atomic Energy has possibilities for generating power; it will have great impact in the field of radio-sterilization of meat, of vegetable products. There are fabulous opportunities, no doubt, in medicine, in agriculture, in metal fabrication and in mining, to cite just a few areas of the many utilizations.

The American philosophy of sharing developments is the underlying reason, I suggest, that we are ready to assist the less fortunate nations to learn about the atom, its use and its application. We are not completely unselfish about this, but our friends abroad do not expect us to be otherwise.

Nineteen hundred and fifty-five was a year of general progress in realizing cooperation in the international atomic energy program. Nineteen hundred and fifty-five enabled the world to move forward in translating into action the President's original proposals. I can report on this because, as many of you know, I was associated with this program in a most active way until early December.

It was a great experience to see as all-inclusive an idea to develop slowly, but definitely into a workable program. The road ahead is still difficult because many personality problems must be overcome. I have no doubt that the most imaginative policy idea of recent times will work for the benefit of mankind real soon.

Atomic energy for peaceful purposes is the natural consequence of a most memorable event in the history of the United States. On Dec. 8, 1953, the President of the United States delivered a message of hope to the world by announcing a broad plan for turning the atom to peaceful uses.

"It is not enough," he said, "to take this weapon out of the hands of the soldiers. It must be put into the hands of those who will know how to strip its military casing and adapt it to the arts of the peace."

President Eisenhower then stressed that "the United States knows that if the fearful trend of atomic military build-up can be reversed, this greatest of destructive forces can be developed into a great boon, for the benefit of mankind."

By this simple, straight-forward pronouncement the President speaking for the American people thus proposed that the benefits of atomic energy be used for the good of all mankind and not confined to the few states that

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*An address by Mr. Patterson before the Commonwealth Club of California, San Francisco.

From Washington Ahead of the News

By CARLISLE BARGERON

On every Easter Monday there is an egg rolling on the White House lawns. Thousands of children, with their parents, trod the beautiful grounds and it takes weeks and several thousands of dollars to get the grounds back into repair.

This year, President Eisenhower and Mrs. Eisenhower appeared to greet the throng a d as the President was leaving, he said: "See you again next year."


Carlisle Bargeron

Inasmuch as he is an announced candidate for reelection there was nothing unusual about this. He certainly expects to be back again next year and if you ask most anybody around the country, Republicans or Democrats, they will most likely agree that, with continued good health, that is exactly where Eisenhower will be.

Yet there is a lot of political craziness, so to speak, going on in the country and there are some indications, at least, that we may be in for another 1948 when the general assumption was, and the betting was 10-to-1, that Dewey would be elected but Harry Truman turned up as the victor. So sure that he had the job, Dewey advisers had bought houses in Washington, and Dewey had started the ball rolling for higher pay for the advisers which advisers, but not Dewey's, subsequently got.

There is much in the wind now, far more than there was at the time of Dewey's 1948 campaign to give the Republicans pause, and to some of them it is doing just this.

As the situation now stands, Eisenhower would again carry several Southern states. You would think that this being the case he would again be a shoo-in which is the general impression.

But brewing in the South also is a third party. It is definitely in the making without as yet any head or leadership. But the way things are going it would be surprising to this writer if it did not develop before next November.

Well, you had a third party in the South in 1948. Four states left Truman and voted for the South Carolinian, Strom Thurmond. Amazingly enough, Truman still won with the loss also of New York State.

But Truman won because of Middle Western farm states bolting the Republicans and going for him. I may be wrong in my history but my recollection is that this was the first time a Democrat ever won without the Solid South.

Now, to get to the Republican situation. They are obviously in trouble in the farm belt. They are reluctantly coming to that realization. And their troubles are not likely to be lessened in the next few weeks. As it looks now Mr. Eisenhower will be compelled to veto the farm bill which is likely to be handed up to him. Statesmanship or no statesmanship, from all appearances, that does not seem to be destined to help him in the Mid-west.

Such defections as may be expected to happen in the Mid-west could be easily offset in the South if there is no third party. If there is a third party, the Southern dissidents will flock to it, instead of voting as they did last time for Eisenhower.

It must be said that although many Republicans are cognizant of these possibilities, the Democrats, by and large, are by no means hopeful. Their general disposition is that, of course, Eisenhower will be the next President and their hope is again to elect a Democratic Congress.

To this end, the Northern Democrats are inclined to go all the way on so-called civil rights and let the Southerners be damned. But they are not alert to the possibility, or if they are, they give no expression of it, that in pushing the Southerners around they may bring about a third party and, in the end, come up with the Presidency. As they come to see this possibility, the more they are likely to kick the Southerners around and if this goes to the extent of creating a third party, the less, believe it or not, the chances of Mr. Eisenhower will be. The indications are that he will need some Southern states which he is not likely to get if there is a third party. It sounds amazing but it is true.

Reynolds Minerals Stock Offered at $6

Luckhurst & Co., Inc., New York City, are offering publicly 40,000 shares of common stock (par $1) of Reynolds Minerals Corp. at $6 per share as a speculation.

The net proceeds are to be used to pay for exploration costs, and to acquire other property, or for working capital or for other corporate purposes.

The properties of Reynolds Minerals Corp., incorporated on Dec. 2, 1953 in New York State, are located in Clear Creek County, Colo., and in the Frand Island Mining District, Boulder County, Colo. The general type of its business is the exploration for and the mining of silver, tungsten, lead and zinc and related pursuits.

De Pontet Places Debs

The Corpus Christi Develop ment Co., it was announced o April 3, has placed privatel through De Pontet & Co., Inc New York City, an issue of $3 000,000 5% convertible deber tures due March 15, 1966.

With Colo. Investment

(Special to THE FINANCIAL CHRONICLE)

DENVER, Colo. — Williai Huizingh is now associated wit Colorado Investment Co., Inc., 50 Seventeenth Street.

Joins Founders Mutual

(Special to THE FINANCIAL CHRONICLE)

DENVER, Colo.—Garrat B. Va Wagenen, Jr., is now associate with Founders Mutual Deposito Corporation, First National Ban Building.

Continued Credit Restraint Will Help Prolong the Boom

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

Prominent banker weighs negative and affirmative factors affecting economic direction and concludes reasonable credit restraint can lengthen the boom. Holds bank resources can not accommodate all credit worthy demand. Surprising demand for bonds is traced to faster growth of insurance and trusteed pension reserves and sustained savings flow.

I doubt if there was ever a time when the responsible authorities in Washington were watching economic developments more closely than they are today. It is a national election year, a fact of particular significance to the Administration. But there is more to it than that. The non-partisan Federal Reserve System is trying to feed out just enough credit to prolong the boom without letting the price-wage spiral get out of hand. As Arthur Burns, Chairman of the President's Council of Economic Advisers, has put it: We are trying to "travel henceforth the narrow road that separates the swamps of recession on the one side from the cliffs of inflation on the other."


Norris Oliver Johnson

Past Policies

We faced a not dissimilar problem three years ago, just as the Eisenhower team were settling down to their desks, though then the cost of living had been rising for three years while now—thanks to depressed farm prices—the cost of living is steady. The Federal Reserve Banks in January, 1953 raised discount rates from 1¾ to 2% and—more significant—tightened up on the use of the discount facility. The Treasury reentered the long-term market, for the first time in seven years. The Administration went to work cutting down programmed government expenditures to the tune of $10 billion, and insisted on keeping EPT and tax rates generally at their Korean emergency levels.

It is hard to arrest a rising price drift without a business decline. Anyhow we got a decline though the 1954 business recession was as modest as anything entitled to this label can be. It was not much of a price to pay for what we got: a stabilization of the dollar, abolition of price controls, and—now—a balancing of the budget at lower tax rate levels.

When business slid off, the tax reductions were brought into play and a radical easing of credit supply. The Treasury avoided long-term borrowing during the second half of 1953 and all of 1954, while the Federal Reserve authorities eased bank reserve requirements, bought government securities in the open market and cut discount rates from 2 to 1¾ and 1½%. These credit policies built up surplus loan funds, drove bond prices up and money rates down, and put terrific pressure on lenders to find outlets for money. Corporations and state and local government bodies came through with increased bond offerings. However, the most dramatic absorption of surplus credit came from John Q. Public who borrowed to buy homes and cars on a scale never before witnessed.

It took some time for easy credit to become fully effective, for lenders to get organized for bigger operations, and for competitive easing of terms to percolate through the market. General business improvement, however, became apparent in the fall of 1954, increasing trade requirements for credit. Rising optimism progressively enlarged business capital spending programs. In 1955 pressures on the labor market, overtime work schedules, shortages of manpower, and generous wage settlements accompanied by price advances indicated that the credit expansion had passed the limits of safety.

1955 Policies

These developments led the Administration to drop any ideas of cutting taxes further in advance of a balanced budget. The Treasury during 1955 twice entered the long-term market, placing $2¾ billion of 40-year 3% bonds. The Federal Reserve advanced discount rates four times, from 1½% prevailing as late as April, to 2½% beginning in November. In November member bank borrowings averaged $1 billion a day. A mild slowing of credit expansion was apparent in bank lending during the second half of 1955; savings and loan associations shortened sail; but business rolled onward.

Since November Federal Reserve policy has been noticeably gentler, initially because of the big Treasury debt operations in December. Slackening in home building and automobile sales, and some feeling that lenders might be tending to become too restrictive, eliminated the possibility of further discount rate advance in January. Recently policy has been a bit easier in light of the Treasury's March refunding.

The question is where do we go from here.

Future Policies

One of the ironic things about the banking business is that when loan demand is weak the authorities and your depositors build up still more idle funds for you; when loan demand is strong the authorities and your depositors are stingy with what they give you. Right now credit demands are running strong. Bank resources are inadequate to take care of all the creditworthy loan applications coming in. Banks are having to screen loans harder, and tell marginal borrowers that what they really need is more permanent capital as a basis for expansion plans and stronger credit standing. Demand is spilling over into the bond and stock markets which have been free from real strain. The demand for bonds in some ways is surprising, considering the fact that banks have been chronic sellers.

Last year the bond market took a $3 billion increase in outstanding corporate notes and bonds. With all this the long market absorbed more mortgages than ever before in a year's time. It is true that the mortgage market had some bad moments last summer and fall; bonds did too when discount rate advances were looming up. But the absorptive capacity for bonds and mortgages has been increased by the faster growth of insurance reserves and trusteed pension reserves and the sustained inflow of savings funds into savings banks and savings associations with the encouragement of better interest rates.

If we try to finance too much this year, and non-farm prices keep crowding up, the Treasury and Federal Reserve authorities will be under an obligation to act. One obvious cue, if market conditions permit, would be for the Treasury to tap the long market, raising some of the money needed to take care of maturities, and encouraging some would-be borrowers to defer their programs to a time when the economy will have slack. And the Treasury ought to keep a place for itself in the long market and in nonbank portfolios.

Pressures of corporate offerings, and competing opportunities for mortgage investments, may foreclose the possibility of long Treasury financing without disordering the market. The question becomes: will more affirmative actions—specifically further discount rate advances—be required to hold the economy in check? Or is credit tight enough already? Is activity ready to turn down on its own, as people tighten up on spending and businessmen lay back on ordering to work inventories off?

The negative factors in the equation have been well publicized. The advance in the minimum wage on March 1 has taken away something from textile activity. Steel price boosts associated with the wage settlement may do the same for steel this summer. The upturn in programmed Federal Government expenditures has dimmed hopes of tax reductions. Home-building has slowed.

There has been enough doubt to make the authorities hesitate about taking overt actions to tighten credit further. On the other hand, developments to date do not warrant an easing turn of policy. Loan demands indicate a strong desire to borrow to spend. Business confidence is running high. Retail trade is good. The clear threat of a rising wage-price spiral leaves no alternative to a policy of restraint on credit. With reasonable restraint on credit the boom can be stretched out. Without it we will invite wider swings in the economy than we have had to experience since World War II.

*An address by Mr. Johnson before the First Atlanta Meeting of the National Industrial Conference Board, Atlanta, Ga., March 22, 1956.

With Investors Planning

(Special to The Financial Chronicle)

WORCESTER, Mass.—John L. Charamella is now with Investors Planning Corporation of New England, Inc., State Mutual Building. He was formerly with Hanrahan & Co.

Nathan Abell V.-P. of L. D. Sherman & Co.

L. D. Sherman & Co., 30 Pine Street, New York City, announces that Nathan Abell has been elected a vice-president of the company. Mr. Abell for many years was manager of the Arbitrage department of L. D. Sherman & Co.

Joseph Walker & Sons Admit Two Partners

Joseph Walker & Sons, 120 Broadway, New York City, members of the New York Stock Exchange, announce the admission of Gordon B. Whelpley to general partnership and Samuel S. Walker, Jr. to limited partnership in the firm.

With B. C. Morton

(Special to The Financial Chronicle)

BOSTON, Mass. — George M. Chambers is with B. C. Morton & Co., 131 State Street.

With Paine, Webber

(Special to The Financial Chronicle)

BOSTON, Mass. — C. Leslie Clark has become affiliated with Paine, Webber, Jackson & Curtis, 24 Federal Street.

Can the Distribution System Keep Up With Boom Prophets?

By ROBERT M. OLIVER*

Vice-President, Marketing, Thomas A. Edison, Incorporated

Marketing expert describes variety of sources predicting "boom" times ahead and reviews revolutionary changes taking place in distribution. Mr. Oliver concludes: (1) economic expansion pace is hardly matched by distribution system's productivity; (2) discount houses are here to stay and "have every right to stay;" (3) mass production requires mass merchandizing; and (4) only known brands be stocked and better packaging be encouraged. Mr. Oliver advises replacing the percentage point with the dollar sign so that more meaningful returns would be computed upon investment rather than the sales dollar.

The subject, Prophets of Boom refers to almost every business publication, financial service, economist, government expert, traveler, author and lecturer in the country.

Rob't M. Oliver

To a greater or lesser degree, all are unanimous on one salient point. Business is good. It will remain good. We are enjoying a boom and will continue to enjoy it.

Here are direct quotations, many of which I am sure you will recognize:

William F. Butler, Consulting Economist for the Chase Manhattan Bank, in a talk before the National Industrial Conference Board, Nov. 17, said:

"(1) Business inventories are definitely low in relation to sales.

"(2) If sales rise 3% in the year ahead, business may need to add as much as $5-$6 billion in inventories.

"(3) The current phase of inventory building is proceeding in an orderly manner."

From "Newsweek," Dec. 12:

"While without question 1955 will go down as the nation's best year to date, the record promises to stand only until 1956 returns are in. Barring a war, the United States should turn out more than $400 billion worth of goods and services next year."

Other statistics, equally pointed:

(1) The Federal Reserve Board Index promises to be 144% of the 1947-49 average. It was 138% in 1955. This refers to industrial output.

(2) Consumer income, after taxes, will be around $280 billion vs. 1955's $269 billion.

(3) Corporate income, before taxes, will be $49 billion vs. last year's $44 billion.

(4) Business investment will be $63.5 billion vs. $59 billion. An estimated $33 billion of this will be spent on new plants and equipment, 10% above 1955. We have already read about the expansion programs of big steel and General Motors. Two giants have said they will invest $2.1 billion in America's future (and their own) this year.

(5) Unemployment promises to be down to 2.1 million, lower by 400,000 than 1955.

The First National City Bank said in its December letter:

"The business boom continues, with trade and industrial activity holding at peak levels and no early slackening in sight. The rate of climb in industrial production has leveled out, as was to be expected after the basic industries began to bump against the ceilings of practical capacity, **but this in itself has not dampened optimism.** Most people have understood that the spectacular gains of late 1954 and early 1955 could hardly continue; and in housing and automobiles, which have contributed so much to the 1955 showing, a little slippage is more commonly expected than further advances. But in many important lines new orders are outrunning shipments and unfilled orders are still mounting. **The urge is for expansion,** not curtailment. (This is still the National City bank talking). A good many manufacturers would be producing more if they could; for example, the railway car builders, with order books billed, are unable to operate full time for lack of steel, although the steel producers are turning out all of the tonnage they possibly can."

The publication, "Money Matters," issued monthly by the Life Insurance Institute, said:

"A spectacular increase in the people's material possessions and in the nation's over-all stock of privately owned capital assets, has gone hand-in-hand over the last decade with the great growth of the American economy; now some four-fifths bigger than it was at the end of World War II in Gross National Product."

This, of course, means an increase in purchasing power. And in spite of the hue and cry about rising instalment credit, liquid savings and individual net worth are increasing, not decreasing. For example: life insurance purchases for the first 10 months of 1955 were up 24% over the same period in 1954; amounting to $38,322,000,000.

Liquid savings, which are savings deposits, savings bonds, and life insurance cash values, increased from $50 billion in 1937 to $220.2 billion at the end of 1954. Another $15 billion was added in 1955.

The rate of liquid savings has stepped up from 3.7% of disposable income in 1937 to 5.4% in 1954 and 5.8% in 1955.

According to the United States Department of Commerce, personal income is at an all-time high and is expected to continue.

Summarizing a forum discussion conducted by the National Industrial Conference Board on the Business Outlook for 1956, John S. Sinclair, President of the Board and Chairman of the forum, said:

"(1) The Forum, as a group, anticipates Gross National Product to be somewhere between $400 and $405 billion.

"(2) Surprisingly, an increase is expected in the second half.

"(3) Virtually full employment is expected.

"(4) The commodity price index is expected to 'remain virtually where it is, moving up perhaps only half a point during the course of the year'.

"(5) Elements of weakness are:

(a) The agricultural situation.

(b) Softness in housing demand.

(c) A lower level of automobile sales, though there is a possibility that the second half will be better than the first because new models will be introduced earlier.

(d) Less stimulus from consumer credit and tightening of

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*From a talk by Mr. Oliver delivered at the 1956 Annual Convention, West Virginia Hardware Association, Huntington, W. Va.

Economic Warfare's Impact Upon Inter-Nation Trading

By DR. J. ANTON DE HAAS

Lecturer, U. S. Naval War College, Newport, R. I.
Professor of International Relations, Claremont Men's College, Claremont, Calif.

International economics professor questions widely held assumption regarding "slave state" productive ability. Dr. de Haas examines the German experience to show: (1) it may be more dangerous to underestimate Russia's economic strength than its military power; (2) Russia, too, may use foreign trade for power and not profit by manipulating exchange rates; (3) how economic ties succeeded by political penetration may, in turn, be followed by armament sales and its inevitable strategic penetration; (4) in spite of consumer goods deficiency, Russia has made many economic treaties; and (5) that Russia possesses a superior scientific educational system. Recommends United States match or better Russian terms of trade and increase its foreign aid.

The government of Russia seems to have realized that in the military field there has been established a stalemate between Russia and the western world. There is now evidence that the rulers in the Kremlin have established a new policy. No longer will they place reliance on force and intimidation. The old communist doctrine that the capitalist world will destroy itself is now being questioned. A new policy, a policy of friendly economic cooperation with countries in need of financial assistance is now in the making.

J. Anton de Haas

Can the western world meet this new danger, the challenge of economic penetration? It has been the generally accepted axiom in the western world that no "slave state" can equal the productivity of a country where a free competitive system operates. We are so thoroughly sold on this pleasing thought that it is heresy to raise any doubts regarding its accuracy. Is this axiom correct? We must make certain that it is. If it is not correct we may be lead to underestimate Russia's economic strength. This will be no less disastrous than underestimating that country's military power. If we look back a few years we may find evidence that our beloved axiom may not be correct. When Hitler took over the government of Germany, that country was in desperate straits. Recovery from the effects of the first world war had been slow and the worldwide depression of 1930 had still further aggravated the country's economic distress. The banks were closed. Factories were idle. The period of inflation that followed the first world war had almost completely wiped out the middle class. Millions of unemployed walked the streets. The country had fantastically large foreign obligations. Recovery seemed impossible. There was no Marshall Plan to come to the aid of the country. That was in 1933.

Recovery Under Hitler

Six years later German business was flourishing. Factories were working overtime. Modern highways had been built. There was no unemployment. And while the country was thus rebuilt economically, Hitler was able to build a military machine that was able to withstand for nearly six years the combined strength of countries whose combined armies numbered in excess of 45,000,000 men.

How was this miracle wrought? Not by free competition. It was accomplished through rigid regimentation of the entire economic and financial life of Germany.

Now it is quite possible that, even if there had been no war, the Nazi world would not have lasted the 1,000 years of which Hitler spoke so frequently. But it is well to remember that Hitler's regime was successful while it lasted. Successful, not in terms of human happiness or civilized living, but definitely in terms of national strength.

Russian Output

It is not possible to obtain reliable information regarding the present industrial output of Russia. Russian statistics are deceptive. They are often given in terms of percentages of earlier production. When the published figures state that this year production of tractors is 200% above that of last year, then this may mean that this year three tractors were produced, a 200% increase over the one tractor they manufactured last year. The Russians may lay claim to all modern inventions—everything short of the law of gravity; nevertheless, some significant facts have become known.

Russian Scientific Training

Russia had and has several universities and technical schools that rank among the best in the world. One of them dates back to the middle of the 16th century: Vilna was founded in 1578. Since then many new institutions of higher learning were added: Dorpat, Moscow, Kharkow, Kasan, St. Petersburg, Kiev and Tomak. Since the revolution several new technical schools have been established. It has been reported that the salaries of university professors are among the highest paid to any government officials. Technically trained graduates far outnumber those of our American institutions, so it is claimed by American observers. Since the second world war many German scientists and engineers have been employed in Russian laboratories and factories.

As in Germany under the Nazi regime the Russian government places apparently more weight on guns than on butter, but this does not necessarily mean that no goods are produced that can be sold abroad. We may learn something about the present and future methods that Russia may employ in its new policy of economic warfare by re-examining the methods that were used by Germany in the years preceding the second world war.

Foreign Trade for Power

Once Hitler had assumed control over the German economic life, the foreign trade of the country underwent a significant change.

Trade for profit was changed into trade for power.

In the Balkans, in Latin America, notably in the Argentine, German businessmen offered attractive prices for the agricultural products of these countries. These prices were frequently well above world prices. German exporters sold manufactured products at prices below those at which similar goods were offered for sale by Germany's principal competitors and potential enemies: the United States and England. By means of commercial treaties with these countries, Germany was often able to arrange a kind of barter trade through the cooperation of the central banks of these countries. A profitable arrangement all around. An arrangement that established a high degree of dependence of the treaty nations on the German economy.

The central banks that acted as intermediaries to this barter trade were often faced with the problem of selling the German goods in order to reimburse themselves for the funds they had paid the farmers. Thus they became the sales agents of German industry in that country.

How could German exporters undersell their foreign competitors? How was it possible for German businessmen to pay excessively high prices for wheat, for manganese and industrial diamonds?

Foreign Exchange Rates

This was made possible by the simple process of manipulating foreign exchange rates.

A German buyer of industrial diamonds who was expected to outbid American and English buyers was able to get from the German banks foreign currencies at lower than normal rates. This meant that the high price in foreign currency did not enhance his cost in German marks. He still made a profit.

German exporters on the other hand were able to undersell others because the relatively small return in foreign currencies they received was bought up by the German exchange bank at favorable rates. They sacrificed no marks by selling cheap.

Once such an arrangement was made, the countries were not easily able to discontinue them. Where else could they get such favorable terms?

Thus, the Germans staged effective economic penetration. The next step was usually political penetration.

In order to make such trading agreements operate smoothly the countries affected found it necessary to establish at least a measure of government control over the production of products purchased by the Germans under the plan.

If opposition developed against this German penetration into the domestic economic life, what was more natural than that pressure was brought by Germany to assure the appointment of government officials favorable to the continuation of the scheme. In this the Germans found support among the producers who were benefited by the favorable prices they offered. Thus, political penetration followed economic penetration.

Penetration Via Arms Sales

But this was not the end. In defiance of the Treaty of Versailles, armament production was resumed in the Krupp plant. The conquest of Czechoslovakia gave Germany possession of the efficient Skoda works. Germany was thus able to offer military equipment in return for the products it obtained from the countries where they had staged economic penetration. As, through experimentation, German industry developed better weapons, a profitable outlet was thus found abroad for the equipment superseded by new models. This equipment offered at bargain prices was readily accepted abroad. The upsurge of nationalism that followed in the wake of the depression, combined with the increasingly tense diplomatic atmosphere, made it easy to persuade the economic vassals of Germany to increase the size of their military establishments. Thus, many of the Balkan states, Turkey, the Argentine and other nations trading with Germany, began to equip their force with German armaments.

Since special equipment requires special ammunition, special repair parts and special training, the countries affected thus became more and more dependent on Germany strategically as well as economically.

The sales of army planes to Turkey and Argentina included an agreement to train pilots. Many of the army flyers of these countries received their training in Germany.

The cycle was now complete. First, economic penetration, then political penetration and finally strategic penetration. That was the German scheme.

The regimented economic life of Russia allows that country to adopt this plan that proved so effective when inaugurated by Germany. In fact, Russia is even more favorably situated since its foreign trade is in the hands of a government trade bureau and the interests of private traders are entirely eliminated. The Kremlin is to some extent handicapped because it cannot offer the variety of consumer goods that made dealing with Germany attractive. Nor do the goods they have to offer enjoy the reputation that German goods possessed.

Russia can offer weapons, can offer oil and other products, scarce in underdeveloped countries.

Russian Trade Treaties

In the last few years Russia has made many trade treaties, with Argentina, Yugoslavia, Egypt, Japan, and India.

Some of these agreements call for heavy equipment requiring capital investment.

The western world cannot ignore this new economic policy of Russia. It holds too many dangerous possibilities for the future. It will take time for the full effect of this new policy to show itself. It will take longer than in the case of efficient Germany but the threat is there nevertheless.

Our Defense

What must be our defense? There is still time to meet the economic challenge. We will not be able to meet it by reorganizing our economic life after the pattern of Nazi Germany or Soviet Russia. We do not need to nor are we willing to make that sacrifice. We will not be able to keep countries from being induced to deal on favorable terms with Russia by preaching to them about the virtues of democracy and the perfection of a free competitive system of economics. We will not induce them to refuse to deal with Russia by telling them how prosperous we are, how much better off than Russia. We can only succeed in arousing resentment by telling them about the American standard of living.

The only argument that will be effective is to offer them more and better terms of trade than Russia can offer. That they will understand.

This is, therefore, not the time to decrease the funds set aside for foreign aid. The appropriations for the Point 4 program that have up to now been pitifully inadequate should be greatly increased.

There can be no question that these funds should be spent wisely. A careful study of the economic penetration of Russia should show the places where we can most effectively offset the Russian economic activities and how we must proceed. The administration of our aid program should be allowed the highest degree of freedom. Each country will present its own peculiar problems. In giving this aid we should make it abundantly clear that no strings are attached to our aid. The countries that receive our capital, or our loans, should be given ample evidence that the Russian claims are false and that our financial program is not a new phase of "capitalistic financial imperialism."

Our foreign aid program will cost money. But it will prove a moderate premium paid to prevent the extension of Russian influence and possibly another world war.

Woodcock, Hess & Co. Open Wednesday Night

PHILADELPHIA, Pa. — Woodcock, Hess & Co., Incorporated, members of the New York Stock Exchange and other leading exchanges, announce that its office at 123 South Broad Street will remain open every Wednesday night until 9 p.m. "to better serve our clients and other interested investors."

With Taiyo Secs.

(Special to The Financial Chronicle)

LOS ANGELES, Cal.—Minoru Nagata is now associated with Taiyo Securities Company, 208 South San Pedro Street.

Mason Brothers Add

(Special to The Financial Chronicle)

OAKLAND, Calif.—Richard J. Janusch has been added to the staff of Mason Brothers, Central Bank Building, members of the San Francisco Stock Exchange.

With Ervin Stein

(Special to The Financial Chronicle)

SACRAMENTO, Calif. — Floyd W. Parker has joined the staff of Ervin E. Stein, 1414 Broadway.

Elworthy Adds to Staff

(Special to The Financial Chronicle)

SAN FRANCISCO, Calif.—Stevens Manning, Jr., is now with Elworthy & Co., 111 Sutter St.

With Mutual Fund Assoc.

(Special to The Financial Chronicle)

SAN FRANCISCO, Cal.—Stanley M. Briggs has become affiliated with Mutual Fund Associates Incorporated, 506 Montgomery Street. In the past he was with Gross, Rogers & Co.

Is Stock Market at Blow-Off Stage?

George C. Astarita suggests caution in buying and holding equities with attention paid to defensive and better than average gains characteristics. Foresees recuperative period of slowed down debt and economic expansion which may mark the beginning of "blow-off" market stage, followed by next stage of inevitable economic growth.

In an opinion regarding investment policy at this time, George C. Astarita of Boettcher & Co., Colorado Springs, Colorado, stated:

George C. Astarita

"There is no greater believer in our economy and common stocks than myself. For the past six years, I have strongly advocated the purchase of common stocks primarily because the market, until recently, was the only uninflated segment of the economy. With Eisenhower's candidacy a reality, however, my side of the fence is becoming crowded. Job holders and investors alike feel more secure and, therefore, both industry and the market are feeling the beneficial effects of a shot in the arm. The fact remains that 1956, while in all likelihood proving a good business year, cannot record the vast gains witnessed in the past year. Instalment credit, advanced in recent years, must be repaid and total personal debt cannot continue its rapid expansion. A slowing down of debt expansion will remove an important economic impetus. Housing and automobiles must catch their breath. The economy as a whole needs a period of consolidation preparatory to resumption of the long-term dynamic uptrend."

Mr. Astarita, in weighing the effect of this on the stock market, pointed out that "the one who knows what the market will do still owes 15 instalments on his automobile, but I feel safe in stating that the 100% advance of the last two years may possibly, and temporarily, place the market ahead of the economy. Recent new highs, accompanied by 3,000,000 share days, may well constitute the beginnings of the traditional 'blow-off' stage of the market. How high it will go and how long it will last, no one knows but caution from now on might be a good policy for the American public. To some degree, the investor today is underwriting the health and life of one man and guaranteeing the peace of an uneasy world. It is my hope that we shall not so greatly enjoy the fruits of present enthusiasm as to create a subsequent and painful readjustment both in business and the stock markets.

"Believing as I do in our dynamic economy and the inevitable growth for investment values which lies ahead, I shall continue to buy and hold sound equities, especially those with defensive characteristics and special situations wherein corporate developments should produce better than average gains. I shall, however, maintain a buying reserve and expand that reserve with any further general advance in market prices."

Geo. D. B. Bonbright Admits Cunningham

ROCHESTER, N. Y. — George D. B. Bonbright & Co., Power Building, members of the New York Stock Exchange, announce that Eugene H. Cunningham has been admitted to general partnership in the firm. Mr. Cunningham is manager of the firm's mutual fund department.

Public Utility Securities

By OWEN ELY

Arizona Public Service Company

Arizona Public Service is one of the fastest growing utilities, reflecting the rapid gain in population in the state. During the period 1940-54 Nevada led the procession with an increase in population of over 91%, while Arizona was second with 86%, California third with 81% and Florida fourth with 74%. Arizona Public Service's electric sales increased from about $393 million in 1945 to $1,825 million in 1955, or an increase of about 365%. Gas sales increased somewhat more slowly — only about 195%. Total revenues showed a gain of 320% and net income 408%. The number of shares outstanding increased 176% and share earnings 50% (from 92c to $1.37). Most of the latter gain was during 1945-52.

Arizona Public Service and its subsidiary, Northern Arizona Light & Power, supply electricity and/or gas to an area of 40,000 square miles with a population of about 570,000, or 60% of the people in the state. Ten of the 14 counties are supplied with electricity, while natural gas is distributed to central and southern portions of the state, steam-heat in Flagstaff and bus transit in the Bisbee-Warren-Lowell area. Electricity contributes about 73% of revenues and gas 27%, other services being negligible (the water plant was sold in March 1955 — sales of water accounted for 3% of revenues in 1954).

The service area has a varied economy, including mining, diversified industry, agriculture, cattle and tourist trade. Once predominantly agricultural, the state's activities today are diversified and well balanced. Much of the state's amazing growth was a result of the industrial expansion that has taken place since 1945, enabling manufacturing to rank second in the economy. The value of manufactured products jumped from $105 million to $350 million, and the number of people employed in industry nearly doubled. Paced by copper production, mining leaped from third to first place in Arizona's economy with output valued at $360 million, which compares with $96 million in 1945. Agriculture is now the third most important segment of Arizona's economy, providing total annual income of $340 million. Of this total, crop production accounted for $260 million, and livestock income was $80 million. Now over two million people visit Arizona every year to bask in the sun and enjoy scenic splendors. Tourist expenditures last year were $175 million, compared with $40 million in 1945. One of the newer industries in the state is electronics, including such firms as Sperry-Rand, Hughes Aircraft, Douglas, Air Research, Motorola, etc.

Water supply in Arizona remains a major problem, but one encouraging factor is that as farm land is replaced by residential, industrial or commercial areas, the demand for water per acre is reduced one-half. The management feels that the water supply will remain ample for a population of 3-4 million, although it might be difficult to accommodate chemical and other plants which require large amounts of water. Efforts are being made to obtain water from the Colorado River.

Gas is cheap as compared with other fuels and the company's gas division enjoys almost 100% house-heating saturation. However, there are 100 or more heat pumps in use experimentally, and in future these may make some inroads on gas house-heating; this will however benefit the electric divisions by providing a balanced load—heating in winter and air-conditioning in summer. Both gas and electric rate schedules include automatic adjustments for changes in the cost of natural gas. While the generating plants burn a little sawdust and fuel oil, natural gas is used principally for boiler fuel, costing around 24c per mcf.

Arizona Public Service has spent over $130 million on construction in the past decade, the largest item being the $24 million Saguaro Steam Generating Plant, where a second 100,000 kw steam generating unit went into operation last year. (Incidentally Saguara now produces more electricity than the entire state used in 1942). Construction expenditures should approximate $16 million this year, or about the same as last year, and a total of $95 million appears likely over the next five years. This will require selling about $55 million in new securities. The company raised $5.7 million from the sale of 260,000 shares of common stock last November, hence no stock sales are expected in 1956; necessary funds will be raised by bank loans or perhaps by sale of bonds.

Public Service late in 1955 signed a contract with the Arizona Power Authority (a state agency) which calls for the Authority to buy up to 30,000 kw power annually on a long term basis. Public Service also cooperates with another public power agency, Salt River Power District, the two having signed territorial and power coordination agreements last September, expanding and bringing up to date a 50-year contract made in 1928. This calls for close coordination of the [illegible]ating and transmission facilities of both firms, staggering of future generating installations, and pooling of power and reserve capacity. Salt River will install new capacity in 1957-8; Public Service in 1960-61. Previously both firms had planned to install new units in 1957. The new agreement will also prevent duplication of transmission and distribution facilities.

Capitalization is approximately as follows:

	Millions	%
Funded Debt	$67	54
Preferred Stock	19	15
Com. Stock Equity	38	31
	$124	100%

The rapid increase in the number of shares has tended to dilute share earnings, and the management now reports earnings on the basis of average shares as well as outstanding shares. On this basis earnings last year would have been $1.48 compared with 94c in 1945, or a gain of 58%. On actual year-end shares earnings were $1.37 and on the same basis $1.45 has been forecast for 1956 by President Walter Lucking. The interest on construction credit was about cut in half in 1955 as compared with 1954, and will be negligible in 1956.

The stock has been quoted around 24½ recently to yield about 4.1% based on the $1 dividend. The price-earnings ratio is 17.9 times last year's earnings, or 16.9 times this year's estimated figure.

Securities Salesman's Corner

By JOHN DUTTON

"World's Largest Market Gains New Prestige"

Today's issue of the "Chronicle" once again provides a wealth of documentary evidence of the numerous high quality investment opportunities available only in the Over-the-Counter Market. This marks another chapter in the campaign inaugurated by the "Chronicle" to enlighten investors, institutional and otherwise, on the merits of unlisted securities. The continuing necessity for such an educational program is, of course, a source of amazement to those of us who are thoroughly conversant with the world's largest market. However, prejudices die hard and it is unfortunately true that there are many otherwise knowledgeable individuals who are disposed to look askance on securities which are not listed on an Exchange.

Because of this feeling, the "Chronicle" deems it vitally important to continue its efforts to dramatize the real facts in the case. This, in my opinion, is admirably accomplished in the article starting on the cover page of today's issue entitled *"World's Largest Market Gains New Prestige."* What's more, the study provides dealers and brokers throughout the country with a valuable piece of literature for an educational and sales promotion campaign.

Reprint Available

As is well known, thousands of reprints of the "Chronicle's" earlier presentations were mailed by broker-dealers to their clients and investors generally. However, as already noted, the objective is still a long way from being completed; hence the brand new and completely revised presentation in this issue of the "Chronicle" bearing the caption *"World's Largest Market Gains New Prestige."* Reprints of it will be available at a cost of 20¢ each in lots from 1 to 199, and 15¢ each in greater quantities. The list of over-the-counter consecutive cash dividend payers from 5 to 172 years alone makes interesting reading, and the information pertaining to this market is presented in a manner that even the most unsophisticated investor can understand.

This excellent sales promotion literature is being made available by the "Chronicle" as heretofore in an attractive pamphlet which fits neatly in a Number 10 envelope. "Compliments of" and the dealer's name in the line below is imprinted in the space provided for this purpose when 100 copies or more are ordered.

Advertising the Product

Using a double return card, or a newspaper advertisement, copy along this line might be productive of interested inquiries.

"World's Largest Market Gains New Prestige"

Send for a free list of sound, growing unlisted companies whose common stocks have paid cash dividends consecutively for 5 to 172 years. A free booklet, *"World's Largest Market Gains New Prestige,"* will be sent you on request —no obligation, of course.

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Telephone __________ or mail coupon below for your free copy

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Without cost or obligation, please mail me a copy of your pamphlet on *"World's Largest Market Gains New Prestige,"* containing data on unlisted stocks that have paid consecutive cash dividends from 5 to 172 years.

Name ______________________________

Address ____________________________

- -

Why Advertise?

This booklet should be sent to all clients, and it should be advertised in the newspapers for the simple reason that it will break down sales resistance against unlisted securities. Every day that your salesmen are out talking with potential clients and investors they are faced with the unnecessary burden of explaining and apologizing for the fact that some security they may be offering is unlisted. If you will only look around and see the opportunities for capital growth that have gone across your trading desk during the past 10 to 15 years in the unlisted market, there will be no doubt in your mind that something positive should be done to continuously awaken the investors of this country to the fact that one of the most important areas for capital growth, income, and for the location of sound conservative investments is in the unlisted market.

The only way to overcome investor apathy toward securities traded in the Over-the-Counter Market is to mail such literature as this "Chronicle" reprint to your customers—advertise this article in the papers and send it out to prospective clients—and if you want to do something even more constructive along this line do some affirmative advertising about unlisted securities in your local papers and make it a cooperative effort backed up by several of the leading firms in your community. One of the most remarkable jobs of "hiding light under a bushel" I have ever seen, is the way that the investment business has neglected to inform the public that some of the most important firms in America have their stocks traded over-the-counter; that some of the best growth situations in America are traded over-the-counter; and for yield, comparative security, and breadth of choice it is the Over-the-Counter Market that offers the investor the largest stock market in the world. Yes, larger than the New York Stock Exchange, the American Exchange and all the regional exchanges.

Your customers should know these interesting facts. Won't this help your salesmen to do more business with less resistance?

Integrity in Business And Higher Labor Skills

By MELVIN H. BAKER*
Chairman of the Board
National Gypsum Company

Mr. Baker, in reflecting upon the "erosion of our human resources" and distorted public's view of business, expects the economy to suffer from scarcity of managerial skills and uninformed employees and public unless business undertakes a "serious responsibility to do more than it is doing." National Gypsum Chairman foresees a 14% larger 1965 labor force and 40% increased output, necessary to supply the larger 1965 population, requiring a higher proportion of management in the labor force to handle the more complex, valuable machines being developed to foster industrial growth. A plea is made to improve: (1) communications and education in explaining the role of business, risk and profit; (2) labor-management relations; (3) shortage of class-rooms and teachers; (4) lowered college standards, and (5) reliability of some business firms and practices.

Probably the most vexing problem facing business is how to select and train executive managers. Certainly, growth ahead calls for men with balanced judgment — trained with knowledge of the business and willing to supply vigorous leadership.


Melvin H. Baker

This, however, is not enough. He must have a sympathetic understanding of people and be willing to assign responsibilities. But more important, he should have faith; faith in himself, faith in his people and faith in the future of America.

There is every reason to have faith in the future. Ours is a fast growing population with ever increasing buying power. More so than in the past, Americans want to secure jobs with income to permit the better life. From this stimuli will come more production of all the things we are accustomed to and new things yet to come from our research laboratories. It seems to me the only question is will we develop management fast enough.

In this connection, I am disturbed about a few dark spots in our otherwise sunny future. Somehow all these problems seem to involve the role of people in the new industrial revolution. More than ever, as we are swept along by automatic technology, we are reminded that the "proper study of mankind is man," as Pope put it.

Utopian Future

As we look into the future way of life 20 years from now, it seems certain that, barring war, the forces of growing population, increased productivity, advancing technology and higher incomes will produce a greater and higher prosperity here in America.

I have been excited by a glimpse of what, by previous standards, can be called Utopia. I expect to see the four-day week by 1975; and atomic powered automobiles; and helicopter commuting. I will never see the day when the average family makes an income of $25,000, but it is possible that day will come some time in the distant future.

I am afraid there may be some fool's gold in all this glitter. You don't win the Irish Sweepstakes just because you're holding a couple of tickets. We must earn our right to this rich inheritance.

*An address by Mr. Baker before the American Management Association.

More Management

One of the facts of our economic life is an impending labor shortage. We've all become familiar with the peculiar pattern of our population growth. The low birth rate in the '30's — the so-called "Hollow Generation"—will bring about an actual decrease in the working population in comparison to our total population.

We are already feeling the squeeze in some areas. Skilled labor is far from adequate. We know too well that scientists and engineers are now in short supply. The supply of management talent is being spread thinner and thinner. The scarcity of management skills is becoming a serious menace to industrial growth.

Yet we recognize that mostly the "Hollow Generation" will be responsible for maintaining a consistently high rate of productivity if we are ever to reach the Utopia of tomorrow. With a labor force only 14% larger in 1965, we'll have to produce 40% more goods to supply the larger population.

The question is: Are we doing enough to cultivate these human resources on which our progress depends?

The answers to these questions should have a great deal of meaning for all of us, but particularly for the industrial relations man whose understanding with top management can stand improvement.

There has been much confusion over the implications of automation, on which all productivity will largely depend. But there are several developments of which we can be fairly sure. There will be a considerably higher proportion of management in the labor force, because of the increasing value and complexity of machinery. To meet this, there will be a constant upgrading of skills. You can be sure that no management is going to entrust a million-dollar machine that might have taken five years to build to some fellow simply because he holds a college degree.

That brings up perhaps my gravest doubt about where we are going and how we're going about it. Are we really educating our young people to meet the demands this kind of job will place upon them? Specifically, are the people who will someday be moving into the management getting the kind of education they must have?

I fear not! With a labor shortage impending, we are neglecting the most important ingredient of their training-basic education.

It is true that more and more people are going to college these days. And, likewise, important steps have been taken to see that talented young people get their chance at college. The National Merit Scholarship Program is an inspiring example.

College Training Quality

But I wonder just how valuable a training ground the college is today. Many colleges have watered down their courses to where they are little more than vocational schools. In too many cases, business has been responsible for this. We have been too insistent on individual training for specific job requirements. As a result, we get perhaps a trained man, but hardly an educated one.

I'm afraid the colleges have too often compromised their standards to accommodate the influx of people merely seeking a ticket to a job. "We must have rounded, integrated men in management of the future, and not just bodies with degrees," as President Killian of M. I. T. said recently. Our colleges should be raising their standards, and business should cooperate. Nor should this cooperation involve interference with academic freedom.

But the most appalling inconsistency in this educational picture appears at the primary and secondary school level. We are about 75,000 classrooms short at this level. One-fifth of our schools have passed their maximum life span, and yet we are building only 50,000 new classrooms a year. Classes are being held in tents. Many are hopelessly overcrowded, double sessions in the schools are common. At least a million and a half children cannot be properly educated. And yet we are training fewer teachers than we did 15 years ago!

I ask you, what kind of preparation is that for the exacting demands in an age of automation? Is it likely you can graft the finest college education onto that sort of background and expect the disciplined and balanced man industry will need?

Business' Stake

Our manpower is not unlimited. Increasing population will merely place a greater responsibility on the labor force. We simply cannot afford this erosion of our human resources. I think that business has a serious responsibility to do more than it is doing. The apprentice system and in-plant training of personnel-training for specific jobs—is not enough.

It seems to me business has a moral stake as well as a selfish interest in this problem. This much is certain: — Our economy will not run smoothly on a "Cadillac" technology with a "Model T" mentality. Most surely, the integrity of business rests with the values we inculcate in the people who direct it.

A noted economist, Peter Drucker, has predicted a period of labor ferment in the next 20 years. He points to the rapid rise in the total population without an accompanying rise in working population; to technological shifts which will change many jobs from unskilled work to that of highly skilled; to the growth of industry is sparsely unionized areas.

A greater degree of unrest can be expected. Perhaps the growth of profit sharing and employee stock purchase plans will help to offset these tendencies. In any event, greater management-employee understanding is here indicated.

Job Satisfaction

Business' job to explain itself to its employees and the public will become more vital. Communication and education are not the sole solutions, but certainly they can go a long way. This new generation will take some careful nurturing. The turning off and on of those big automated monsters will not be so easy in a highly integrated factory.

For this reason, labor dislocations will be more disastrous, more wasteful of our industrial energies than ever in the past. And the public of course, will suffer.

The push button factory will probably remove the worker further than ever from the end product of his labor. Possibly, the upgrading required for automation will still leave a good share of routine jobs. The problem of job satisfaction may, in any event, be as acute as ever.

When thinking of this, one may well ask what is business doing to foster pride in the product and loyalty to the company?

Some of you may recall the article which appeared in the Harvard Business Review last year — **"Round One: Union vs. Company Publications,"** by Fred C. Foy and Robert Harper. This was a very illuminating study of how management defaulted to the unions in telling its story to its people.

This is perhaps a small area, but an important one. Business cannot afford much longer not to tell its story — fully and frankly and forcefully. Telling it properly can only help to show how much business is contributing to prosperity for benefit of all in the community. The full integration of employees and the public with the effort of business seems essential. Yet the values of business are too often misunderstood.

Many of you will remember — with some bitterness, perhaps — when in the late '30's an edict went out from Washington instructing business "to put its house in order." Another blast from the new deal, another lash for the whipping boy.

We were pretty well demoralized then from the depression. We did little, as I recall, but to meekly offer the other cheek. Perhaps there wasn't much we could have done under existing conditions.

How much better do we stand today?

Public's View of Business

Government is more sympathetic, but business and businessmen are lampooned in books and television dramas and movies. What we think of as natural and healthy is made to appear as greed and ruthlessness. These books and plays leave the impression that the businessman operates in a moral vacuum. He appears to be without a code of honor. If he is not a downright demon, he is a pathetic picture of a man caught in the web of his own selfish system.

Of course, this is absurd. But does the public and our own employees understand it?

Happily, business management is becoming more professional. The tycoon overlord has passed into history, and great family-owned businesses are passing ownership to the public. This has brought into management business statesmanship that must justify itself on how well it deals with the public, its employees and the trade.

Such is the pattern set in each of our basic industries. Those who would compete and prosper must finally adjust to that kind of competition.

Reliable Business

Unfortunately, a few businessmen get into the headlines every now and then because they have engaged in some shady practice. This happens just enough so that the public is inclined to believe some of these things that the writers say about businessmen.

Continued on page 65

THE MARKET . . . AND YOU

By WALLACE STREETE

The industrial average continued to exploit all-time high territory this week but mostly it was against a background of highly selective strength and generally mixed markets. A momentary show of good strength by du Pont one day was largely the measure of one new high, and in the next session it was Allied Chemical plus a couple of the other pivotal issues that kept the ball rolling.

* * *

There was little help from the motors, with Ford continuing to ease to new lows while Chrysler and General Motors spent most of their time dawdling as the March production reports still show no signs of any spirited surge of spring buying. Rails were largely neglected except for Delaware & Hudson which took to some strong uphill surges. Pennsylvania, which was a one-day wonder late last week on an anticipated study by one of the larger houses, calmed down somewhat abruptly when the research report revealed little that isn't already known.

Atomic Issues Prominent

Atomic energy stocks were back in prominence on U. S. Navy plans to increase its power requirements from this source, and Combustion Engineering and Babcock & Wilcox were able to put on some sprinting sessions between the inevitable reactions. One issue in the field that hasn't been able to join in importantly on the strength is Blaw-Knox which has been actively engaged in designing and construction of Atomic Energy Commission projects.

* * *

Apart from this romantic aspect, the company has benefitted importantly from its acquisition of Continental Foundry & Machine, a highly profitable division that gives it entree to the plant equipment field, largely for the steel industry. It is also heavily in the road building machinery field which is getting a powerful lift from the gigantic highway construction programs currently on the drawing boards.

A Neglected Chemical

Chemicals occasionally have been able to outperform the market, but again there is one in the group that has been largely neglected by the pinpoint demand for only the best known names in the group. This is Union Chemical & Materials, a product of a couple of mergers put together in the corporate shell that was the old Follansbee Steel Corp. From Follansbee the company acquired a tax loss credit of nearly $5,000,000 which, by official estimate, will enable the earnings for the fiscal year ending Feb. 29 to better $3 a share. It would leave the issue selling at less than 10-times earnings, a rather conservative ratio in this field. The company is rather well diversified, with its direct products ranging from gravel, cement and bricks to chlorine and insecticide components plus a minority interest in gas and oil ventures.

* * *

Diamond Match, something of a misnomer, is one of the better-grade issues that have had a placid market history recently despite the record highs of quality issues generally and of the stock averages. It is one of a handful of companies that has maintained an uninterrupted dividend record stretching for a full three-quarters of a century. Despite its name, the company no longer is largely dependent on its match sales which produced as much as 40% of volume as recently as 1946. Last year it was down to 18%.

* * *

The bright spot in Diamond's product lineup to some market analysts is its molded pulp products, used for such diverse lines as egg cartons, prepackaging of meat, and paper plates. The pulp activities have shown a steadily increasing contribution to overall volume which jumped to 28% of sales last year with the acquisition of General Package Corp. The remaining 48% of sales comes from its lumber and building materials activities.

* * *

National Container is another in the paper group that has had a placid market existence for some time now, holding all last year in a 10-point range and not even carving out a range quite that large so far this year. The company ranks well up among the kraft and corrugated paper makers and shared in the overall growth of the paper industry by more than doubling earnings last year despite an increase in the shares outstanding from new financing, conversions and stock dividends. The company has put into the records a backlog that would keep its mills running at capacity for the next two years, making prospects for profits excellent for a longer span than is "standard" for most other companies around.

Another Diamond

Like Diamond Match, Diamond Alkali has forged outside of the narrow confines that its name suggests and new chemicals and plastics that have been added to its line have grown from scratch to a fifth of sales in the last decade. The company's earnings have suffered in comparison because of heavy research and development expenditures in recent years which are now starting to contribute to the profit picture. The expansion program is by no means completed and plans are underway for sizable additions and improvements for several years ahead.

* * *

In the drug section the spotlight was largely on Schering Corp. and largely because of one of the more outstanding profit improvements in the industry. The company boosted its per share earnings five fold last year over 1954, and largely because of new preparations is generally being projected to even higher sales and profits this year. The company has one of the shorter official lives since it was only released from Alien Property Custodian control a scant three years ago. Its spectacular profit improvement apparently is not accepted yet as solid since it is available at one of the lower times-earnings ratios in the group, the current price running around nine times the estimated earnings for this year.

A Diversified Steel

Steels are another example where the excellent profits of recent years are still bumping into much skepticism, and Republic Steel, for instance, is usually available at a 5% or better yield basis which is well above the average for the general market. Republic has been making important strides into the titanium circle, including a half interest in a company producing titanium sponge. In addition, its Mexican titanium mine is supposedly the largest in the world. Like the other steel companies, the lower sales to auto companies have been well offset by other orders and the company is expected to boost its first quarter profits despite the lag in auto orders.

* * *

Sharon Steel is a more speculative item in the steel lineup and its yield has come close to the 7% mark at recent prices. Colorado Fuel is also in the select group yielding 6% or better, placing both in above average yield brackets.

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

COMING EVENTS

In Investment Field

April 2-6, 1956 (Philadelphia, Pa.)
Institute of Investment Banking 4th annual session at University of Pennsylvania.

April 26-28, 1956 (Corpus Christi, Texas)
Texas Group of Investment Bankers Association annual meeting at the Hotel Driscoll.

April 27, 1956 (New York City)
Security Traders Association of New York 20th Annual Dinner at the Waldorf Astoria.

May 11, 1956 (Baltimore, Md.)
Baltimore Security Traders Association 21st Annual Spring Outing at the Country Club of Maryland.

May 20-24, 1956 (Boston, Mass.)
National Federation of Financial Analysts convention at the Sheraton Plaza.

June 1, 1956 (New York City)
Municipal Bond Club of New York outing at the Westchester Country Club.

June 8, 1956 (New York City)
Bond Club of New York summer outing at Sleepy Hollow Country Club, Scarborough, N.Y.

June 13-16, 1956 (Canada)
Investment Dealers' Association of Canada annual convention, Algonquin Hotel, St. Andrew-by-the-sea, N. B., Canada.

June 20-21, 1956 (Minneapolis-St. Paul)
Twin City Bond Club 35th annual picnic and outing cocktail party for out-of-town guests, June 20 at the Nicollet Hotel; picnic June 21 at the White Bear Yacht Club.

June 29, 1956 (Toledo, Ohio)
Bond Club of Toledo summer outing at Inverness Club.

Sept. 1-21, 1956 (Minneapolis, Minn.)
National Association of Bank Women 34th Convention and annual meeting at the Hotel Radisson.

Oct. 3-5, 1956 (Detroit, Mich.)
Association of Stock Exchange Firms meeting of Board of Governors.

Oct. 24-27, 1956 (Palm Springs, Calif.)
National Security Traders Association Annual Convention at the El Mirador Hotel.

Nov. 14, 1956 (New York City)
Association of Stock Exchange Firms meeting of Board of Governors.

Nov. 3-6, 1957 (Hot Springs, Va.)
National Security Traders Association Annual Convention.

Franklin Adds to Staff

(Special to THE FINANCIAL CHRONICLE)

LOS ANGELES, Calif.—Paul F. Taylor has been added to the staff of Samuel B. Franklin & Company, 215 West Seventh Street.

A Primer on Money And Stable Price Index

By DR. WALTER E. SPAHR
Professor of Economics, New York University
Executive Vice-President, Economists' National Committee on Monetary Policy

Prominent monetary economist outlines the varieties, functions, virtues and limitations of money; discloses the relationship of money and deposit currency to prices, and lists the handicaps suffered under irredeemable currency. Some of the observations made are: (1) it is not a function of gold, silver, paper money or credit, singly or combined to determine the price level; (2) credit misuse under irredeemability has been much worse than with redeemability; (3) unsound principle to convert government debt into currency; (4) anomalous situation wherein silver certificates can serve as an asset and be paid out domestically but cannot be counted as reserve, and money lawful for reserve cannot be paid out domestically; and (5) the "fundamental importance" of the institution of gold redeemability at $35.

(1) A Good Money Is One Which Properly Meets the Needs of People.

These needs, in a relatively highly developed and complex economy, such as that of the United States, are many and varied. As a consequence, no one kind of money or credit can, or does, meet our various requirements.

Dr. Walter E. Spahr

Our needs are of such a nature that full accommodation is to be had only if our people are free to use gold, silver, minor coin, paper money, and credit in the various ways in which different kinds of currency may be advantageously employed.

Gold

(2) Each of These Needed Varieties of Currency Has Its Own Functions, Virtues, and Limitations.

(1) **GOLD**, being a monetary metal having most universal acceptability among different people, nations, and economies, provides the best material for a standard monetary unit. And if it is so employed, it also should be used as a part of that nation's domestic money in order to provide the people with freedom of choice in their uses of the standard money and other varieties of substitute currency. Otherwise, the people involved suffer various handicaps. This is also true if restrictions are placed on their freedom to choose among the non-gold currencies employed as a means of meeting their various needs and desires.

(a) **Functions of Gold.** The functions of gold are to serve as standard monetary metal, as a medium of exchange, as a storehouse of value, as a reserve against non-gold currencies, as a final settler of monetary obligations which cannot be fulfilled otherwise, and as a metal for ornamental and industrial uses since the universal acceptability of gold as money is linked with the desires for gold as a metal of ornament and, to a smaller extent, to its other non-ornamental industrial uses.

(b) **Virtues of Gold.** Probably the most important virtue of gold as money is the universality of its acceptability. This, in turn, arises from such qualities as its permanency, relative scarcity, resistance to tarnish, homogeneity, divisibility without loss of value, adaptability to minting, and ready recognition. These qualities have much to do with the use of gold as a metal of ornamentation and with the relationship of ornamentation to the lasting qualities of a standard monetary unit.

(c) **Limitation of Gold as Money.** As a monetary standard it occupies the top position. But being the most expensive of the money metals, its use requires respect for its value since it tends to go to those who attach most importance to its nature and functions. Its uses are therefore greatly limited in those nations which do not have the ability to compete for it and to hold it or in those which endeavor to substitute cheaper devices in an effort to make them perform the functions which only gold can and does perform. Having relatively high value in respect to size, gold coins are inconvenient in small monetary transactions and also in many varieties of large ones. As a consequence, a cheaper subsidiary money has been developed to accommodate people in their small monetary transactions; and various forms of credit, particularly bank deposits, have evolved to enable people to complete a large proportion of their larger monetary transactions.

Silver

(2) **SILVER** occupies a position below gold as a monetary metal and as standard money. It lacks the degree of acceptability accorded gold. The monetary value of silver per fine ounce is much less than that of gold with the consequence that gold becomes the standard in terms of which the market values of silver are quoted, and silver occupies the position of a subsidiary money—subsidiary to gold.

(a) **Functions of Silver.** It performs the functions of both a money and non-monetary metal, as does gold, but at a different level and in different ways. It serves as a standard monetary metal with various defects as compared with gold. It is widely used as a subsidiary currency performing functions which a metal cheaper than gold can perform more satisfactorily than can gold. It performs many functions in industry and some as a metal of ornament. It may perform some functions as a storehouse of value; as a reserve, or part of a reserve, against cheaper currencies issued by the United States Treasury or in our banks which are not members of our Federal Reserve System. It may serve as a final settler of monetary obligations in those relatively few instances in which more satisfactory settlements cannot be made.

(b) **Virtues of Silver.** These are revealed in the functions performed as outlined above in a summary, and incomplete, manner.

(c) **Limitations of Silver as Money.** These arise from the fact that it ranks second in world valuation as compared with gold. As a consequence, it tends to pass in international exchanges at its bullion value in world markets. The standard used in this evaluation of silver is that provided by gold.

Because silver has a monetary value, and sometimes a bullion value, relatively high in the light of the needs of people for small monetary transactions, our smallest useful silver coin is at present the 10-cent piece. For smaller transactions, it is necessary to provide coin made of cheaper metal such as those employed in our five-cent and one-cent pieces.

(3) **MINOR COINS.** The functions, virtues, and limitations of minor coins as money are probably reasonably well understood in the light of the area they occupy as described briefly above. To examine them in further detail here apparently would not serve any useful purpose.

(4) **PAPER MONEY** is a substitute for metallic money and for various other forms of credit. Some paper money is representative of metallic money—for example, gold and silver certificates. Other paper money is fiduciary in nature—secured in part by some metallic money, or by some metallic money and some forms of credit, or by nothing but the taxing power of the government (fiat money).

Although we have seven varieties of paper money in circulation, four of them are in the process of being retired—gold certificates outside the Federal Reserve banks, Treasury notes of 1890, National bank notes, and Federal Reserve bank notes.

The varieties of paper money in circulation outside the Reserve banks are, in order of importance, Federal Reserve notes issued by the Reserve banks, silver certificates, and United States Notes, the last two issued by the United States Treasury. A special variety of gold certificate is held by the Reserve banks. It is in nature an IOU issued by the Treasury to the Reserve banks in exchange for the gold turned into the Treasury by the Reserve banks. If the two varieties of gold certificates be counted as two items, then we have eight varieties of paper money outstanding from the issuing authorities.

For the convenience of the interested reader, the following table is included. The data are as of Dec. 31, 1955, and are taken for the most part from a table on "Kinds of United States Currency Outstanding and in Circulation" in the "Federal Reserve Bulletin" of February, 1956, p. 135. (Figures are for amounts outstanding from issuing authorities, not for amounts in actual circulation.)

Federal Reserve Notes

(a) **Functions of Federal Reserve Notes.** Their principal function is to provide the Federal Reserve banks with a note with which to accommodate their customers, chiefly member banks, when these customers prefer a paper money to a metallic money or deposit currency. These notes

Continued on page 50

Kind of Paper Money	Amount	Issuer	Date of Origin	Security or Reserve
(1) Federal Reserve notes	$27,989,000,000	Federal Reserve Banks	1914	Minimum of 25% in gold certificates, remainder in government securities and/or commercial paper
(2) Silver ctfs. (approx.)	2,419,000,000	U. S. Treasury	1878	Silver coin and bullion (100%)
(3) United States notes	346,681,016	U. S. Treasury	1862	Approx. $156,039,431 in gold bullion
(4) Fed. Reserve Bank notes	156,000,000	Federal Reserve banks normally (A Treasury currency since Reserve banks retired them as a liability in 1935)	1916	U. S. Government bonds (100%) and a redemption fund of 5% in lawful money when issued by Reserve banks. Now a Treasury liability secured by general assets of the Treasury
(5) National bank notes	66,000,000	National banks (A Treasury currency since 1935)	1863	U. S. Government bonds (100%) and a redemption fund of 5% in lawful money when issued by National banks. Now a Treasury liability secured by general assets of the Treasury
(6) Gold certificates	34,000,000	U. S. Treasury	1865	Gold bullion (100%)
(7) Treasury notes of 1890 (Nov. 30, 1955)	1,141,888	U. S. Treasury	1890	100% of gold and 100% in silver dollars
[(8) Gold ctfs. (Treas. I. O. U.'s held by the Res. banks)	21,043,000,000	U. S. Treasury	1934	Gold bullion (100%)]

GI Mortgage Loan Future and Credit Accelerating Plans

By COWLES ANDRUS*

President, County Bank & Trust Company, Passaic, N. J.
Chairman, Committee on GI Mortgages, American Bankers Ass'n

New Jersey banker foresees good future GI mortgage market, and queries credit relaxing proposals and attempts to supplant private with public financing. Mr. Andrus is encouraged by residential starts pick-ups, finds bank mortgage funds substantial, advises banks to judge individually each unguaranteed GI mortgage margin, recommends GI Mortgage Act be allowed to expire July 25, 1957, and warns against mortgage discounting abuses. Senator Lehman's bills, among others, liberalizing credit and superimposing a direct government lending agency upon a supercharged FNMA are strongly opposed. Mr. Andrus does not favor removing "the whipsocket from the instrument panel of our mortgage rocket ship."

GI mortgages date, for all practical purposes, from March 1, 1946, the effective date of revisions which made workable the original Servicemen's Readjustment Act of 1944. The Act is to expire July 25, 1957, for World War II veterans, and Feb. 1, 1965, for Korean War veterans.

Cowles Andrus

The year 1955, was the greatest one in the GI home loan program, and the high volume is expected to continue in 1956.

During the year, 650,000 World War II and Korean War veterans received VA loans totaling over $7 billion. Volume in 1954 was 411,000 home loans for $4.2 billion.

The combined veteran loan volume for its 11 years of operating totals 4,260,000 GI loans for a principal amount of $33 billion, of which approximately $25 billion remains outstanding. Of that amount, $18 billion represented the amount of VA guaranty.

VA estimates 650,000 loans will be made in 1956, same as 1955.

Forty-one per cent of VA loans in 1955 were made with no down-payment, as compared with 28% in 1954.

Forty-four per cent of VA loans had maturities of 26 to 30 years, as compared with 25% in 1954.

VA has paid default claims on 24,200 loans or about one-half of 1% of the 4,260,000 home loans guaranteed, for a total of $170 million.

The net loss to VA on defaulted loans has been $18.7 million, with some further recovery possible through liquidation of acquired property.

Farm loans guaranteed or insured under the VA program total 68,750 having an original principal amount of $270 million. Approximately 1,800 VA farm loans were made in 1955 and 1,430 in 1954.

Under the direct lending program of the Veterans Administration, a total of $510 million GI loans have been granted from U. S. Treasury appropriations to 71,500 GI's.

At the outset, GI mortgage loans could be written for 20 years at 4% for 100% of the appraised value, and with government guaranty of $4,000 or 50% of the mortgage loan, whichever was lower.

Today they may be written for 30 years, at 4½% interest (still a preferred mortgage rate and in keeping with today's firmer money market), for 98% of the appraised value; and the guaranty is 60% of the mortgage loan or $7,500 whichever is the lower.

Unguaranteed Margin

A bank will do well to avoid an arbitrary position on GI mortgages. It should make them providing it weighs each one on its own merits. Technically, it is not too important whether the down-payment is 2% or 0%. In some areas it is generally true, and in other areas it is true to some degree, that despite the raising of the guaranty to its present levels, the rapid rise in valuations (largely represented by higher lot appraisal) has outstripped this increase in safeguards. If a bank closes a loan with a $2,600 exposure above guaranty or a $12,600 exposure, the exposure is real and a loss of some percentage or all of the exposure could be suffered.

We safeguard ourselves in uninsured conventional mortgages by determining soberly our own measure of margin of safety. We should be equally circumspect in assaying our margin of safety in considering the unguaranteed exposure in every GI mortgage.

With labor costs as they are now, and reflected as they are in materials costs also, and with little or no likelihood that they will decline appreciably, there is less chance that replacement value of a home will show marked decline than there is that land value may not hold at its present generally high level. The combination of the two risks makes it all too easy to loan too much above the amount of the guaranty, which dictates review of each application on its individual merits.

It is a pleasure to pay a tribute to the Veterans Administration for the dispatch and completeness with which it has met claims filed under its guaranty, both with respect to straight GI mortgages and also the combination GI and FHA cases.

At the invitation of the American Bankers Association, I read a paper before the National Credit Conference of the Association in Chicago, in January, on the broader subject, "Real Estate Credit." Necessarily, the VA mortgage is a vital part of that subject and so was reviewed in those remarks. Since that was less than two months ago, some of my comments might still be timely so I shall draw a little on that material.

1956 Real Estate Outlook

In summing up the outlook for Real Estate Credit in 1956, I said:

"It is good, but that there had been built up just enough uncertainty in the minds of builders about possible tightening of credit restraints that they had not planned as freely for the new season as they had in recent years. Therefore, we think residential construction will get off to a slower start for the first few months than was true of 1955."

This guess seems to be in the process of being confirmed, for we have had a slowdown; but the pickup is definitely here, and the year will be big.

Demand for mortgages will hold up, and bank funds for mortgages will be substantial; but bank mortgage investment will represent a lower percentage of all 1956 mortgage investment than heretofore, due to extreme overall loan demand upon banks.

Returning to my January guess-timate, I said:

"The critical materials list is back again and should be watched particularly by the banks financing builders. . . . The VA and FHA mortgage rate will remain unchanged; their down-payment requirements will not be increased; perhaps the 30-year term will be restored."

Of course you know that the 30-year term has been restored on GI mortgages and pressure is being exerted to eliminate the 2% down-payment requirement.

I said further:

"The year will be clouded by a multitude of bills going into the Congressional hopper, especially this election year, directed chiefly at seeming additional consideration for veterans, now numbering (let us not forget) 19½ million."

Drawn-Out Mortgages

I submit that that has happened. If you have not been reading the proposals, you, or your mortgage men, should do so. Having reviewed the most recent releases, I am all the more gratified that in January, before the hopper was so overflowing, I said that some of these bills would be directed chiefly at **seeming** consideration for veterans. In many cases, it is certainly not in the interest of the veteran, or any one else buying a home, to have its total cost run as high as it has to if the term is to be dragged out 30 years (or as is now being discussed, 40 years) and with the interest drawing mortgage nearly 100% (or 100% as is now being advocated) of the purchase price. For example, on a house being bought for $15,000, the comparison would be as follows as between three mortgages all for 98%, at 4½%, but for 20 years, 30 years, and 40 years respectively:

$14,700 Mortgage	20 Years	30 Years	†38 Years
Total interest cost	$7,622	$12,116	$17,023
Total cost	22,322	26,816	31,723
Monthly payment (interest and amortization only)	93.01	74.49	66.09
*Bank's exposure at start	7,200	7,200	‡7,200
At end of 5 years	*5,955	6,598	6,800
At end of 10 years	4,393	5,842	6,296
At end of 15 years	2,438	4,894	5,664
At end of 20 years	-----	3,708	4,873

*49% of existing balance from month to month. †No 40-year table available. ‡$7,500 guaranteed.

These 30 and 40-year mortgages are not being discussed as restricted to masonry or any other standard construction except as earlier prescribed for 20 and 25-year construction. True, there is a provision that the VA appraiser can establish an economic life for the property beyond which the term cannot extend; but a bank should reserve its own opinion on that.

In many instances, the veteran, just because the law allows him to get himself more deeply in debt for his home than a nonveteran is allowed to, will saddle himself with an unreasonably large mortgage on which the monthly payments will still be high in the light of his take-home pay even though on 30 or 40-year terms—and there the monthly load rests for the extended period of time. I submit that, to get just a little smaller monthly payment, present and presently contemplated legislation is in effect urging many an unprepared young family into a staggering home cost. If the family is not conscientious in seeing the contract through, banks will be exposed to undue risk after the bloom will have worn off the property long before a reasonable equity will have been created in it, particularly if the construction should prove to have been mediocre.

Allow Act's Expiration

We now have 19.5 million veterans, of whom 4.2 million have availed themselves of GI mortgage rights in the purchase of homes. I certainly do not advocate holding available to the 15 million who have not exercised their rights in this regard any less favorable terms than have been available to the 4 million who have done so; but there seems no reason at this comparatively remote date from the date of service which made them veterans why those who have not heretofore exercised their rights should be afforded an opportunity to do so on terms even more liberal than heretofore in some respects though admittedly less favorable as to interest rate due to the general rise in the money market.

As a veteran of two World Wars and a member of a veterans' organization since 1919, I am most sympathetic with the plight of the young veteran who has sacrificed productive years in the service of his country and who has, only since World War II, had humane and fair treatment in the matter of being given certain compensatory advantages to enable him to catch up in some degree with the economic parade which kept moving at an accelerated rate for the very period he was obliged to be away from it in military service. But perhaps the time has arrived when we should remove the whipsocket from the instrument panel of our mortgage rocket ship. Should we not be realistic enough to realize that 19½ million veterans represent 21%, and with their wives over one-third of our voting population, and that inevitably they must by now represent a fairly typical cross section of our earning population?

That being the case, is there any good reason why the rest of the citizens, other than veterans, should not now be entitled to as favorable mortgage terms as are available to 19½ million of their fellow citizens? If they are not so entitled and if the risk in so extending such terms and guaranties to them is not warranted, then these are not sound terms for a potential 19½ million mortgages. In turn, if that is true, there is no justification for further liberaliza-

Continued on page 54

*An address by Mr. Andrus before the Annual Savings and Mortgage Conference, sponsored by the Savings and Mortgage Division of the American Bankers Association, New York City, March 7, 1956.

CONDENSED
1955
Annual Statements
AS FILED WITH THE STATE OF NEW YORK

ÆTNA LIFE AFFILIATED COMPANIES

Hartford, Connecticut

M. B. Brainard, *Chairman* Henry S. Beers, *President*

Financial Condition as of December 31, 1955

Ætna Life Insurance Company

Assets		$2,850,821,085
Liabilities		2,610,897,791
Contingency reserve	$60,504,375	
Capital	30,000,000	
Surplus	149,418,919	
Surplus to policyholders		$ 239,923,294

The premium income was $533,529,782. Total insurance in force at the end of the year was $16,655,248,354, an increase of $1,853,598,311. Assets increased $231,851,818 for the year.

The Ætna Casualty and Surety Company

Assets		$ 338,000,253
Liabilities		235,486,130
Contingency reserve	$44,330,827	
Capital	9,000,000	
Surplus	49,183,296	
Surplus to policyholders		$ 102,514,123

The premium income was $163,711,361. Assets increased $34,475,731 for the year.

The Automobile Insurance Company

Assets		$ 118,424,474
Liabilities		65,836,312
Contingency reserve	$17,604,273	
Capital	5,000,000	
Surplus	29,983,889	
Surplus to policyholders		$ 52,588,162

The premium income was $57,696,306. Assets increased $5,809,410 for the year.

The Standard Fire Insurance Company

Assets		$ 24,800,172
Liabilities		13,536,828
Contingency reserve	$ 3,355,390	
Capital	1,000,000	
Surplus	6,907,954	
Surplus to policyholders		$ 11,263,344

The premium income was $10,178,895. Assets increased $1,890,003 for the year.

Highlights of 1955

DURING 1955 more people than ever before secured the benefits of insurance written by the Ætna Life Affiliated Companies. At year's end, over 13,000,000 policies, bonds and certificates, representing nearly every type of insurance and bonding protection, were in force.

Total premium income of the Ætna Life companies rose to $765,116,344, up 8% from 1954.

* * * *

The Ætna Life Insurance Company experienced the largest year in its history in the distribution of new individual life insurance; sale of new group life insurance, including increases on existing policies, also reached a new high. The total of individual and group life insurance in force at the end of 1955 exceeded $16,650,000,000 — this represented a gain of $1,850,000,000, a new record for the Company.

The number of stockholders of the Ætna Life Insurance Company increased substantially during 1955, rising from 18,515 to 22,472.

* * * *

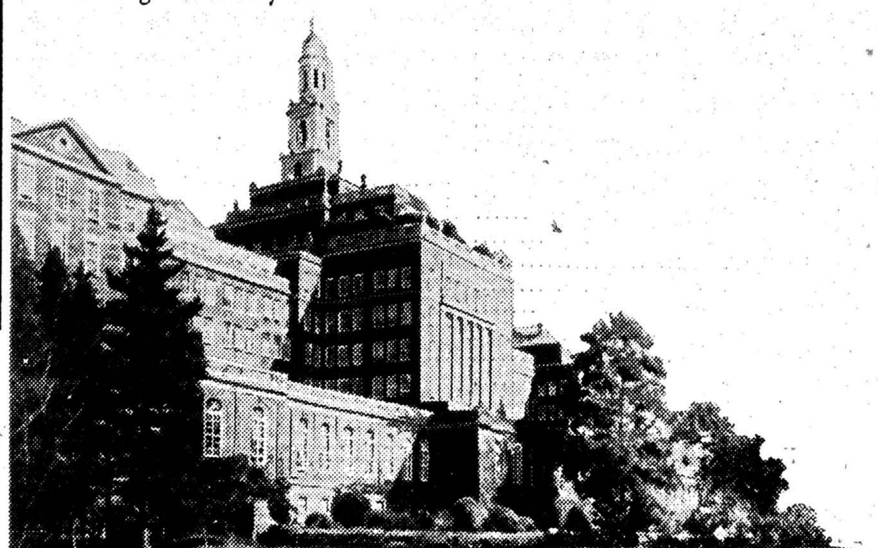
Total claim payments of the Ætna Life Affiliated Companies since organization crossed the five billion mark in mid-1955, reaching $5,244,843,499 at year's end.

* * * *

Stockholders of the Ætna Casualty and Surety Company and the Automobile Insurance Company, at special meetings last September, overwhelmingly approved a plan for merging. This took effect December 31, with the consolidated company continuing under the name of the Ætna Casualty and Surety Company. Among its advantages, the merger makes possible greater operating economy and larger facilities for agents, and places the company in a better competitive position. Upon completion of the merger January 1, 1956, the Ætna Casualty and Surety Company had a capital of $14,000,000; a surplus in excess of $79,150,000; a contingency reserve of $61,935,100.

* * * *

After 33 years as president of the Ætna Life and its affiliated companies, Morgan B. Brainard notified directors that he desired to retire from these posts. After careful consideration, the directors designated Henry S. Beers, vice president of the Ætna Life Insurance Company, as Mr. Brainard's successor. At the same time they also created the position of chairman, who will be responsible with the president in all matters of overall policy in the Ætna Life Affiliated Companies, and asked Mr. Brainard to serve in that capacity. These proposed changes were voted upon and approved at the annual meetings on February 14.



LIFE AND CASUALTY
ÆTNA LIFE INSURANCE COMPANY
ÆTNA CASUALTY & SURETY COMPANY

FIRE AND MARINE
AUTOMOBILE INSURANCE COMPANY
STANDARD FIRE INSURANCE COMPANY

The Ætna Life Affiliated Companies write practically every form of insurance and bonding protection

NEW YORK HEADQUARTERS: 151 William Street • Uptown: 60 East 42nd Street • Brooklyn: 16 Court Street
NEWARK: Raymond Commerce Building • PHILADELPHIA: 316 Walnut Street and 1333 Chestnut Street

Steadier Capital Investments Belies Keynes' Theory

By PAUL EINZIG

Keynesian capital and consumer goods precept is not found in British and American postwar experience according to Dr. Einzig's analysis of ineffectiveness of British capital investment disinflationary measures and the steadiness of capital goods industries compared to consumer goods. Recommends disinflationary measures be directed at consumer rather than durable goods. Disapproves curtailing productive capacity.

LONDON, Eng.—During the weeks that precede the Budget, an immense volume of statistical material is published each year indicating the trend of trade, income, expenditure, etc. during the previous year. The material covering 1955, which was published during the course of March, had been awaited with particular interest in view of the economic difficulties due to inflation, and the partial setback in business resulting from the government's disinflationary measures. As soon as the figures became available, experts set out to examine them with care to discover in them indications about the nature and extent of the effects of the disinflationary drive during 1955.

Dr. Paul Einzig

Capital Goods Industries

If there was one fact which emerged forcefully from the mass of figures, it is that capital investment in Britain has remained unaffected by the disinflationary measures. An independent investigation carried out by the "Financial Times" in March showed that in this respect the situation has not changed during the first three months of 1956. The industries primarily affected are those producing consumer durable goods. As far as capital goods industries are concerned, they continue to work to capacity and have many unfilled vacancies.

The explanation of this fact is partly that the order books of capital goods industries have been sufficiently full to keep them fully occupied even if new orders were to cease altogether, and partly that industrial firms are proceeding with their capital investment plans in spite of the setback caused by the disinflationary measures. In this respect British experience has now confirmed the conclusions based on American experience during postwar trade recessions. While before the war demand for capital goods fell sharply at the first sign of a trade recession, since the war industrial firms have adopted the policy of proceeding with their investment plans regardless of the temporary ups and downs of business fluctuations.

To a large extent this change of attitude has been due to the increased confidence of entrepreneurs in business prospects. They are now convinced that their governments will now be both able and willing to go to any length to prevent a slump; so that, taking the long view, they are safe in proceeding on the assumption that any recession is bound to be followed before very long by a fresh expansion. Another reason for this change of attitude lies in the peculiar character of capital investment connected with automation. If an industrial firm places an order for a number of conventional machine tools, it can always cancel that part of the order on which work had not yet been started. On the other hand if the order is for one huge automatic transfer-machine, it cannot be canceled when it is half finished, without wasting the cost incurred to date. Since a large proportion of capital investment by industries in Britain now consists of automatic equipment, this consideration in itself goes a long way toward preventing a setback in the capital goods industries.

Reconsider Keynes

Postwar developments in this respect have a very important bearing on economic theory. The fact that demand for capital goods is now steadier than the demand for consumer goods makes it necessary to reconsider the basic principles of Keynesian economics. According to Keynes, consumer demand obeys well-established and predictable rules and the ups and downs in business trend are almost entirely the result of fluctuations in demand for capital goods. This principle may have been in accordance with prewar experience, but it is certainly not in accordance with postwar experience. As we pointed out above, the demand for capital goods is now much steadier than before the war. What is equally important, the demand for consumer goods is now subject to much wider fluctuations. This is due in part to the increase in the consumers' discretionary incomes which enables them to decide whether to spend large amounts on things other than necessities. Decisions of consumers whether to save or spend now affects much larger amounts than before the war. Moreover, the postwar development in the sphere of instalment selling provided additional scope for the fluctuations of consumer demands.

The significance of this change does not appear to have been sufficiently realized. This at any rate is indicated by the measures taken by the British authorities to check inflation. These measures were directed overwhelmingly against capital investment. As a result of a change in the attitude of industrialists the measures are not likely to produce their full effects for some time to come. Capital investment is likely to continue almost unabated for many months in spite of the decline in consumer demand.

Consumer Purchasing

In order to produce immediate effect, disinflationary measures have to be concentrated mainly on consumer purchasing power. This has in fact been done to some extent in the form of additional restrictions on instalment credit and additional increases in Purchase Tax. Both these measures have produced their effect rather unilaterally on consumer durable goods. There has been so far no perceptible decline in the demand for non-durable goods. Yet it is the prices of the latter which respond the most quickly to inflationary buying pressure. It is the rise in the prices of non-durable goods which has been mainly responsible for the rise in the cost of living. In order that a disinflationary drive should be effective it should be focused on consumer purchasing power. Taking a long view it is not to our interest to curtail our producing capacity. And from that point of view, disinflationary measures directed against capital investment are harmful. Nor is the harm they cause offset by any immediate benefit in the form of a curtailment of excessive productive activity. By the time disinflationary measures can produce their full effect on the capital goods industry, quite probably there would no longer be any need for disinflation.

Continued from page 2

The Security I Like Best

relief to the American distilling industry.

(3) The factor of the law suits and their possible effect.

For these reasons it is my opinion that Schenley is greatly undervalued, and within one to two years this stock will be selling at much higher levels.

PAUL S. MORTON
Peter P. McDermott & Co.
Members New York Stock Exchange and American Stock Exchange, New York City

American Mercury Insurance Company

The American Mercury Insurance Co. is a casualty company with a fairly broad charter. Incorporated in the District of Columbia, the company presently writes insurance lines on aircraft, airports, hangarkeepers, aircraft liability, aircraft hull and aviation personal accident policies. The company insures all types of aircraft; however, at present, it is specializing on the smaller type, both single and multi-engined, such as manufactured by Beech, Cessna, Piper, Navion, etc.

Paul S. Morton

American Mercury's policies generally are sold on a **no-agent basis.** Rates on the aviation lines are usually lower than those charged by other companies. With elimination of the agent's commission, substantial savings accrue to the insured. These savings are difficult to resist.

One of the company's sources of business is obtained from the members of the Aircraft Owners and Pilots' Association and the National Aviation Trades Association. It has contracts with both these trade associations and its members are entitled to the lower cost policies issued by **AMERICO.** The A.O.P.A. has approximately 50,000 members owning some 14,000 planes. The N.A.T.A. is an association covering all the activities of the commercial air service (fixed base) operators. It has representation in 42 states and over 1,500 members. A survey conducted by N.A.T.A. in November, 1953, indicated that the more than 1,600 fixed base operators in the United States had an investment of over $100 million in building facilities and equipment, including aircraft. This is a great potential for American Mercury **when it enters other lines.**

"AMERICO" has the largest fleet of owned and operated planes of any insurance company in the United States. In addition to its mail business, the company obtains policies via its pilot-salesmen using its 7 planes—5 owned, 2 leased. Six of these pilots are constantly on the road, or should we say, on the wing, interviewing groups, individuals, corporations, farmers, servicing policy holders, and doing general company business. Americo has developed an enviable record and reputation for expeditious settlement of claims.

Earnings

Sources close to the company indicate there was little or no hurricane damage claims during 1955 and that earnings should approximate 13¢ per share for the year 1955 after taxes vs. 2.2¢ in 1954. The unearned premium reserve increased by $106,000 during the year to $322,000. It is customary in insurance circles to include 25% of this component in computing earnings; thus, $26,000, or approximately 6¢ per share, added to the reported earnings would indicate a fairer appraisal of the earnings for the year.

Thirteen cents, an insignificant figure to be sure, however, under insurance law premiums are established as a **liability** termed **Unearned Premium Reserve.** These premiums are then subsequently taken into earned income on a substantially equal monthly basis over the term of the policy contract. On the other hand, all state premium taxes and other expenses incurred when the policy is issued are immediately chargeable against current income. As a result, in any period of **increasing premium volume,** this method of accounting **temporarily penalizes** the statutory underwriting result. In addition, a fair amount of consideration must be given to the extraordinary expenses of the new licensing, the installation of I. B. M. machines, and other labor saving office equipment. The company has just completed its sixth year of business. Most insurance operations **do not show underwrit-**

PERTINENT STATISTICS

Year—	Licensed Jurisdictions	Gross Prems. Written	Net Premiums	Policies Written	Expense and Loss Ratio
1950	1	$348,091	$160,169	2,755	122.4%
1951	2	492,063	120,000	3,733	99.6
1952	4	551,053	217,000	3,932	92.3
1953	8	655,295	354,000	5,130	87.8
1954	14	898,570	440,241	6,409	99.0
*1955	25	1,054,000	700,000	7,200	87.0
1956 (Jan.)	26				

*Figures for 1955 are estimated.

The 5-year average of combined expense and loss ratio for 72 automobile casualty companies is approximately 94%.

ing profits until well beyond this period.

At the end of 1953 the company was licensed in the District of Columbia, Florida, Georgia, Indiana, Ohio, South Carolina, Vermont, and Virginia. During 1954 it acquired licenses in Colorado, Delaware, Kansas, Maine, Michigan and Oklahoma. During 1955, 11 more licenses were acquired; these were for Maryland, Texas, North Carolina, Pennsylvania, Illinois, Missouri, West Virginia, California, Kentucky, Tennessee, and Utah. Massachusetts was added in January, 1956, for a total of 26 licensed jurisdictions. The licensing requirements of the 48 states vary with each state and while it has been difficult and costly not only in dollars and cents but in time and effort, AMERICO has made outstanding progress and rapid growth. The company is eligible for licensing in additional states and applications have been filed. As the growth of the business warrants applications will be filed with still other states. AMERICO has over 7,200 policyholders located in every state of the Union.

Many of the so-called blue chip companies are acquiring fleets of planes. The list includes such famous names as Coca-Cola, du Pont, General Electric, International Harvester, Maytag, Murray Corp., Minneapolis-Honeywell, Cities Service, Gulf Oil, Shell Oil, Ford, West Virginia Pulp & Paper, Knox's Gelatine, U. S. Steel, American Can, and many many more; in fact, too many to list here. Manufacturing, mining, petroleum, pipeline, construction, and real estate companies accounted for the bulk of the business flying. "AMERICO" has aggressively sought business from the air-minded corporations. Some of the above mentioned companies are policyholders of "AMERICO."

With the tremendous strides aviation is making in this country in business, agriculture, pipeline, and other types of civil flying—growing each year—it is difficult to see how an aggressive and alert company, such as the American Mercury Insurance Co. can be anything but successful and grow with the industry. There is no single U. S. insurance company that has had more experience insuring the smaller type aircraft than "AMERICO." In the past, a greater percentage of this business was placed with agents who in turn placed it with foreign insurers.

The quotation for American Mercury Insurance Co. appears in many newspapers throughout the country, under the insurance stock section. There are 400,000 shares of $1 par capital stock outstanding and over 1,200 stockholders.

American Mercury Insurance Co. is given the highest rating by the three leading insurance rating institutions:

Dunne's Insurance Rating: A+
Spectator's Insurance Rating: A+
Best's Insurance Rating: A+

I recommend American Mercury Insurance Co. common stock, current selling at about 5 as a long-term situation that has merit. I feel it is a growth picture that with patience will prove profitable. I do not expect any skyrocket performance, but a slow steady growth that will reflect in earnings, dividends, and price movement.

Robert Harris Lee

Robert Harris Lee, a partner in the investment banking firm of Drexel & Co., Philadelphia, died suddenly April 3 at the age of 52. A native of Philadelphia, Mr. Lee entered the Drexel firm shortly after his graduation from Princeton University in 1924. Admitted as a partner in the firm in 1942, he was widely known as an investment adviser.

Reynolds Adds to Staff

(Special to THE FINANCIAL CHRONICLE)

DURHAM, N. C. — Clarence E. Houston is now connected with Reynolds & Co., 108 Corcoran St.

With John Yeaman

(Special to THE FINANCIAL CHRONICLE)

LEAKSVILLE, N. C.—Henry L. Mitchell is associated with John Yeaman of Martinsville, Va.

Joins Schirmer, Atherton

(Special to THE FINANCIAL CHRONICLE)

BOSTON, Mass. — Sumner M. Chrimes is now with Schirmer, Atherton & Co., 50 Congress Street, members of the New York and Boston Stock Exchanges. He has recently been with Edgar D. Andrews & Co. and Chas. A Day & Co.

With Coburn Middlebrook

(Special to THE FINANCIAL CHRONICLE)

NEW HAVEN, Conn.—Gregory L. McCoy and Norman K. Silverman have become associated with Coburn & Middlebrook, Incorporated 109 Church Street. Both were formerly with Hincks Bros. & Co.

Joins Reynolds & Co.

(Special to THE FINANCIAL CHRONICLE)

SACRAMENTO, Calif. — Perry T. Justice is now with Reynolds & Co., 919 10th Street.

Bache Adds to Staff

(Special to THE FINANCIAL CHRONICLE)

BEVERLY HILLS, Calif.—Benjamin C. Rose is now with Bache & Co., 445 North Roxbury Drive.

NEWS ABOUT BANKS AND BANKERS

CONSOLIDATIONS
NEW BRANCHES
NEW OFFICERS, ETC.
REVISED
CAPITALIZATIONS

Donald M. Elliman has been appointed a Vice-President of **The Bank of New York, at 48 Wall Street, New York,** it was announced by Albert C. Simmonds, Jr., President on March 30. He will be located at the bank's Fifth Avenue Office. Mr. Elliman's banking career began with the **Corn Exchange Bank Trust Company** in 1933, where he rose to the position of Vice-President and Senior Officer in charge of the Commercial and Bank Relations Department. For the past two years he has been a Vice-President of **The County Trust Company, White Plains, N. Y.**

Donald M. Elliman

* * *

THE BANK OF NEW YORK

	Mar. 31, '56	Dec. 31, '55
	$	$
Total resources	450,328,604	570,258,064
Deposits	393,474,361	511,630,469
Cash and due from banks	91,710,782	171,657,094
U. S. Govt. security holdings	97,049,135	120,128,194
Loans & discounts	231,298,558	249,222,439
Undivided profits	7,135,265	6,826,642

* * *

James H. Raprager, of the Trusts and Estates Division of **Bankers Trust Company, of New York,** was elected a Trust Officer of the bank, it was announced on April 3 by S. Sloan Colt, Chairman of the Board. Simultaneously, Mr. Colt made known the election of Quintin U. Ford as Assistant Vice-President in the bank's Investment Advisory Division; the promotion of Thomas A. Herbert, of the Investment Research Division, and Robert Person, of the Banking Department, to Assistant Treasurers; and Anton W. Koester, William E. Ekman and Alan P. Rothmayer, all of the Trust Operations Division of the bank, as Assistant Secretaries. Mr. Raprager, with the company since 1933, became an Assistant Trust Officer in 1951. Mr. Ford, who joined Bankers Trust in 1947, was named an Assistant Secretary in 1952.

* * *

Guaranty Trust Company of New York announces that it has sold its properties at 522 Fifth Avenue and 10 West 44th Street to the Estate of Isaac V. Brokaw, which presently owns the property at 524 Fifth Avenue. The three addresses comprise the building situated at the southwest corner of Fifth Avenue and 44th Street. Simultaneously, Guaranty has entered into a new long term lease of all three properties with the Brokaw Estate, which lease contains further renewal options extending to the year 2058. The bank has maintained its principal mid-town banking office at this location since 1920 when the former Sherry's was enlarged and converted into the present banking and office building.

* * *

GUARANTY TRUST CO. OF NEW YORK

	Mar. 31, '56	Dec. 31, '55
	$	$
Total resources	2,931,745,776	3,190,927,627
Deposits	2,426,197,868	2,714,389,962
Cash and due from banks	609,767,062	671,504,054
U. S. Govt. security holdgs.	609,499,101	829,757,187
Loans & discts.	1,503,646,097	1,498,766,285
Undiv. profits	108,213,538	105,598,958

* * *

The election of William J. Tracy as a Director of the **Federation Bank and Trust Company of New York** was announced on March 29 by Thomas J. Shanahan, President. Mr. Tracy is President of M. & J. Tracy, Inc., which is engaged in the towing and lighterage business in New York Harbor and along the Atlantic Coast. He is also Vice-President of the Triborough Bridge Authority and a member of the Advisory Board of St. Vincent's Hospital, and is likewise a member of the Transportation Council for the U. S. Department of Commerce.

* * *

MANUFACTURERS TRUST COMPANY, NEW YORK

	Mar. 31, '56	Dec. 31, '55
	$	$
Total resources	2,760,006,353	3,209,712,518
Deposits	2,495,074,691	2,956,161,715
Cash and due from banks	656,556,322	1,024,445,016
U. S. Govt. security holdgs.	699,785,295	769,017,430
Loans & discts.	1,008,613,630	1,058,200,319
Undiv. profits	49,650,979	47,611,046

* * *

THE HANOVER BANK, NEW YORK

	Mar. 31, '56	Dec. 31, '55
	$	$
Total resources	1,752,641,940	1,958,971,124
Deposits	1,554,343,351	1,754,133,876
Cash and due from banks	462,025,638	577,057,988
U. S. Govt. security holdgs.	351,765,822	441,079,708
Loans & discts.	7[illegible]0,858,149	811,666,8[illegible]2
Undiv. profits	24,942,066	24,441,990

THE NEW YORK TRUST CO., NEW YORK

	Mar. 31, '56	Dec. 31, '55
	$	$
Total resources	758,130,112	870,655,005
Deposits	660,516,371	772,631,324
Cash and due from banks	136,273,859	253,973,151
U. S. Govt. security holdings	155,689,616	177,777,707
Loans & discounts	422,396,036	401,531,649
Undivided profits	8,416,871	7,798,364

* * *

THE FIRST NATIONAL CITY BANK OF NEW YORK

	Mar. 31, '56	Dec. 31, '55
	$	$
Total resources	6,564,314,923	7,001,296,521
Deposits	5,859,033,651	6,308,783,237
Cash and due from banks	1,359,814,122	1,616,567,604
U. S. Govt. security holdgs.	1,012,214,070	1,319,313,958
Loans & discts.	3,375,976,130	3,214,778,208
Undiv. profits	61,503,166	60,006,863

* * *

CITY BANK FARMERS TRUST CO., NEW YORK

	Mar. 31, '56	Dec. 31, '55
	$	$
Total resources	161,861,798	199,728,734
Deposits	123,326,102	160,441,391
Cash and due from banks	39,029,935	60,136,284
U. S. Govt. security holdings	87,747,255	105,158,048
Loans & discounts	4,049,622	3,125,294
Undivided profits	12,629,111	12,439,737

* * *

J. P. MORGAN & CO. INCORPORATED, NEW YORK

	Mar. 31, '56	Dec. 31, '55
	$	$
Total resources	863,191,880	975,021,827
Deposits	739,831,079	878,023,662
Cash and due from banks	214,634,381	287,943,880
U. S. Govt. security holdings	174,244,080	174,751,227
Loans & discounts	376,876,486	411,289,804
Undivided profits	15,197,402	14,168,619

* * *

BANKERS TRUST CO., NEW YORK

	Mar. 31, '56	Dec. 31, '55
	$	$
Total resources	2,629,523,368	2,784,756,324
Deposits	2,323,271,703	2,494,481,068
Cash and due from banks	574,066,732	815,661,621
U. S. Govt. security holdgs.	446,057,794	463,761,676
Loans & discts.	1,478,675,669	1,402,989,078
Undiv. profits	48,774,473	46,797,033

* * *

THE MARINE MIDLAND TRUST CO. OF NEW YORK

	Mar. 31, '56	Dec. 31, '55
	$	$
Total resources	491,496,308	544,486,341
Deposits	427,026,236	492,904,770
Cash and due from banks	98,422,007	153,644,531
U. S. Govt. security holdings	102,626,070	108,366,561
Loans & discounts	262,735,708	261,582,295
Undivided profits	8,350,397	8,005,819

* * *

BROWN BROTHERS, HARRIMAN & CO., NEW YORK

	Mar. 31, '56	Dec. 31, '55
	$	$
Total resources	208,580,757	242,542,471
Deposits	176,390,885	210,919,640
Cash and due from banks	39,018,729	59,915,342
U. S. Govt. security holdings	41,943,004	48,638,801
Loans & discounts	66,615,696	68,092,315
Capital and surplus	14,505,284	14,485,284

* * *

GRACE NATIONAL BANK OF NEW YORK

	Mar. 31, '56	Dec. 31, '55
	$	$
Total resources	166,905,519	174,441,722
Deposits	147,416,236	141,848,565
Cash and due from banks	39,575,406	50,867,024
U. S. Govt. security holdings	46,528,527	42,584,184
Loans & discounts	62,807,927	63,755,629
Undivided profits	1,614,367	1,372,709

* * *

THE STERLING NATIONAL BANK & TRUST COMPANY OF NEW YORK

	Mar. 31, '56	Dec. 31, '55
	$	$
Total resources	149,704,486	153,750,292
Deposits	136,828,442	141,637,994
Cash and due from banks	37,042,593	38,231,341
U. S. Govt. security holdings	32,731,097	41,481,897
Loans & discounts	71,460,763	68,953,214
Undivided profits	1,693,252	1,662,928

* * *

J. HENRY SCHRODER BANKING CORP., NEW YORK

	Mar. 31, '56	Dec. 31, '55
	$	$
Total resources	117,779,753	118,369,533
Deposits	80,626,646	80,780,124
Cash and due from banks	12,034,444	15,676,299
U. S. Govt. security holdings	49,257,432	46,553,091
Loans & discounts	26,534,785	25,592,590
Surplus and undivided profits	5,015,000	5,009,920

* * *

SCHRODER TRUST CO., NEW YORK

	Mar. 31, '56	Dec. 31, '55
Total resources	$53,017,969	$71,583,244
Deposits	56,250,061	64,680,591
Cash and due from banks	10,437,581	14,459,274
U. S. Govt. security holdings	36,243,671	43,434,329
Loans & discounts	15,329,616	12,740,430
Surplus and undivided profits	3,607,000	2,600,796

CLINTON TRUST CO., NEW YORK

	Mar. 31, '56	Dec. 31, '55
Total resources	$35,344,335	$36,766,031
Deposits	32,550,249	33,999,884
Cash and due from banks	8,570,542	8,132,356
U. S. Govt. security holdings	9,785,155	11,757,078
Loans & discounts	13,750,206	13,771,811
Surplus and undivided profits	1,260,764	1,238,256

* * *

Arthur T. Roth, President of **The Franklin National Bank, of Franklin Square, Long Island, N. Y.,** has announced the appointment of Harold V. Gleason as Vice-President. Mr. Gleason joins the bank, it is stated, to head up its business development program. Previously, Mr. Gleason was Executive Secretary of Savings Bank Life Insurance Council, New York, where he directed the promotion of savings bank life insurance for 71 member banks located throughout New York State. Prior to that, Mr. Gleason, as Assistant Secretary, was in charge of public relations and advertising at **Hamburg Savings Bank, Brooklyn, N. Y.** It is stated that according to the most recent year-end statement, The Franklin National Bank, with 20 offices located on Long Island, has resources in excess of $430,000,000.

* * *

The promotion of three officers of **The County Trust Company of White Plains, N. Y.** to serve in public relations, business development and coordinating capacities in separate Westchester areas, was announced on March 31 by Dr. Joseph E. Hughes, the bank's President. In the move, effective April 2, Fred E. Goldmann, First Vice-President, has been assigned the Mount Vernon region; William F. MacDonald, Jr., Vice-President, the White Plains, Hartsdale, Scarsdale and Elmsford region; and S. J. Balassi, Vice-President, the Yonkers, Hastings, Dobbs Ferry, Ardsley, Irvington and Tarrytown region. Dr. Hughes stated that "under the regional organization, administration by officers in charge of individual branches continues. Our experience has been that the assignment of what we call regional Vice-Presidents enables our offices to serve their communities better." Dr. Hughes further said that Mr. MacDonald's present position as head of the advertising and public relations department will be filled by James F. McCarthy, Assistant Treasurer. Charles E. Stahl, Jr., Vice-President, now in charge of the Hartsdale office, will replace Mr. Balassi in the 47 South Broadway, Yonkers, office, with David J. Condon, Vice-President at the Irvington office, moving into Mr. Stahl's position. Robert J. Bradley will assume Mr. McCarthy's present position in the bank's business development department.

* * *

In noting, in our March 26 issue, page 1552 the increase in the capital stock of the **Northern New York Trust Co. of Watertown, N. Y.** reference was made to the merger with that institution of a **Carthage, N. Y.** bank, the name of which was indicated as the **Carthage National Bank,** instead of the **Carthage Exchange National Bank** which was properly thus designated in an item in our March 8 issue, page 1186.

* * *

The New England Trust Co. of Boston, Mass. is offering to its stockholders rights to subscribe for 40,000 new shares at $35.50 per share at the rate of one new share for each five shares held of record March 30. Subscription rights expire April 17, and any unsubscribed shares will be purchased by F. S. Moseley & Co. and Kidder, Peabody & Co. who will underwrite the issue. The new offering was approved at a special meeting of stockholders held March 29. Also approved was a two-for-one stock split and 100% stock dividend payable to stockholders of record March 29. At the meeting it was announced that the Executive Committee has recommended to the directors that the quarterly dividend be increased to 40 cents per share on the next regular dividend date in July, 1956. This represents an increase of 6⅔% over the rate previously paid after adjusting for the larger number of shares. Dividends have been paid without interruption in every year since 1872. Incorporated in Massachusetts in 1869, The New England Trust Company is the oldest trust company in Boston.

* * *

The Connecticut National Bank of Bridgeport, Conn., is offering to holders of its outstanding capital stock, rights to subscribe for 209,000 additional shares of common stock at $15 per share, at the rate of one share of additional stock for each three shares held of record on April 3, 1956. Subscription rights will expire on April 20. Smith, Ramsay & Co. Incorporated heads a syndicate which will purchase any unsubscribed shares. Net proceeds from the sale of the additional shares will be added to the capital funds of the bank.

* * *

The Irvington Trust Co. of Irvington, N. J. is slated for absorption by the **National State Bank of Newark, N. J.,** giving the latter institution 16 offices in Essex County. The boards of directors of both banks voted to ask shareholder approval for the proposed merger. National State stockholders will also be asked to give their approval to a two-for-one split of the bank's 180,000 outstanding shares of stock, and the issuance of 32,000 additional shares for use in the merger. The split proposed would change the $25 par value of National State stock to $12.50. Its market value, now around $100 a share, would similarly be halved. Under the proposal approved by both boards, owners of the 12,000 outstanding shares of Irvington Trust stock are to receive the 32,000 new shares of $12.50 par value National State stock for their holdings. Irvington Trust stock, which has a $25 par value, was last quoted at $66 bid (with none offered), so that the exchange would result in each share of Irvington Trust stock being replaced by 2.66 shares of National State worth about $133 in the market. There are some 200 holders of Irvington Trust stock. It was said at National State that the present intent of the bank's directors is to incorporate a 20-cent extra dividend voted last year into the regular dividend. This will place the new stock on a 55-cent quarterly basis, equivalent on an annual basis to $4.40 a share on the old $25 par stock. Irvington Trust last year paid 50 cents quarterly, plus a 25 cent extra dividend for the year. National State is now capitalized at $4,500,000 and has a surplus of $12,500,000. The new shares will have the effect of adding $400,000 to the bank's capitalization while reducing surplus correspondingly. Number of shares outstanding will grow to 392,000 because of the split and new issue. National State, with assets of $247,834,484 as of the end of February, will be acquiring a bank with assets of $15,275,434. To National State deposits of $225,184,688, also as of the end of February, will be added Irvington Trust deposits of $13,422,870. The Irvington Trust office at 732 Nye Avenue will become the second Irvington branch of the National State. John R. Franke is President of the Irvington institution, while W. Paul Stillman heads National State.

* * *

Stockholders of **The Bryn Mawr Trust Company of Bryn Mawr, Pa.** at a special meeting on

March 27, approved a proposal to increase the authorized $5 par value capital stock of the bank from 92,000 to 110,400 shares. The additional 18,400 shares are to be offered for subscription by present stockholders at a price of $30 per share on the basis of one new share for each five shares held. Stockholders of record at the close of business on March 23, will be entitled to subscribe for the 18,400 additional shares. Subscription warrants will expire on April 26. The authorization of the increase, by directors of the bank was noted in our Jan. 12 issue, page 171.

The firm of Laird, Bissell & Meeds will underwrite the issue and any shares not subscribed for by stockholders at the time of the expiration of subscription warrants on April 26 will be purchased by it. DeHaven Develin is President of The Bryn Mawr Trust Company. Completion of the sale of the 18,400 additional shares will increase the bank's combined capital and surplus from $1,760,000 to $2,312,000.

* * *

An addition of $100,000 to the capital of the **First National Bank of Fostoria, Ohio** has been effected by a stock dividend of $50,000 and the sale of $50,000 of new stock, as a result of which the capital has become $300,000, as of March 7, compared with $200,000 previously.

* * *

As of March 15, the name of the **National Bank of La Crosse, at La Crosse, Wis.** was changed to the **First National Bank of La Crosse**, it is made known by the Comptroller of the Currency.

* * *

The National Bank of Brunswick, at Brunswick, Ga. reports on Feb. 20 a capital of $250,000, the amount having been increased from $200,000 as a result of the sale of $50,000 of new stock.

* * *

Consolidation of the **First National** and **City National Banks** into the **First City National Bank of Houston, Texas** has been approved by the U. S. Comptroller of the Currency in Washington; formal notice of the approval was received by both banks on March 28 and the consolidation became effective as of the close of business on March 30 when the **First City National Bank** began its existence officially. The Comptroller's approval was the last remaining preliminary to the consolidation. The first official step was approval by both banks' boards of directors on Jan. 6 of this year; as noted in these columns March 22, page 1440, the consolidation of the **First National Bank** and the **City National Bank** was approved by the stockholders of both banks on March 20.

At their first official meeting on March 30 the directors of the **First City National Bank of Houston** elected James A. Elkins, Sr., Senior Chairman of the Board; W. A. Kirkland, Chairman of the Board, and James A. Elkins, Jr., President. Mr. Elkins, Sr., is former Board Chairman of City National, while Mr. Kirkland is the former President of First National. Mr. Elkins, Jr., was President of City National. P. P. Butler, S. Marcus Greer and J. W. Keeland were elected Vice-Chairmen of the Board. Mr. Butler was Chairman of the Board of the First National Bank and former President. Mr. Greer and Mr. Keeland were both Vice-Chairmen of the City National Bank. F. M. Law, Consultation Chairman of the First National Bank, was elected to the same position. Other officers elected to top executive positions in the new bank are M. D. Jenkins of the First National Bank and W. C. Menasco of the City National Bank, Executive Vice-Presidents. A. E. Cleere, T. W. Gregory, Jr., and Henry Oliver, formerly of the First National Bank, and Frank C. Guthrie, David Mahood and George L. Nye, formerly of City National were elected Senior Vice-Presidents.

* * *

Merger of **Hollywood State Bank of Los Angeles, Calif.** into **California Bank of Los Angeles** was approved by shareholders of the two banks on March 29, and will become effective at the close of business April 6. As a result of the merger, resources of California Bank will be increased by more than $40,000,000, bringing the total to over $800,000,000, according to Frank L. King, President. The merger increases to 51 the number of California Bank offices in Los Angeles and Orange counties. Hollywood State Bank, at 6801 Santa Monica Boulevard, will open for business as the Highland and Santa Monica Office of California Bank Monday, April 9. Wade E. Bennett, President of Hollywood State Bank, will become a Vice-President of California Bank and will have administrative supervision of the bank's Hollywood area. Howard L. Plumer, Senior Vice-President of Hollywood State Bank, L. L. Billings, Vice-President and Cashier, and S. S. Rubino and Paul H. Toy, Vice-Presidents, will become Vice-Presidents of California Bank. An item bearing on the proposed merger appeared in our March 8 issue, page 1186.

* * *

Active public response has resulted in the successful distribution of the new issue of 1,600,000 shares of common stock of the **Bank of America of San Francisco**, it is revealed by President S. Clark Beise. Approval of the new stock issue was given by stockholders at a special meeting on March 6. A preferential subscription price of $3 per share was set at this time and shareholders were given the right to purchase one new share of stock for each 15 shares owned by them on that date. "These rights were exercised for the purchase of 1,525,000 shares, or 95% of the new stock," Mr. Beise said. The remaining 75,000 shares are being bought by the underwriting group headed by Blyth & Co., Inc., and Dillon, Read & Co., Inc. Sale of the new issue brings to a total of 25,600,000, shares of common stock outstanding. A reference to the issuance of the new stock appeared in these columns Feb. 9 page 741.

Joins Draper, Sears

(Special to The Financial Chronicle)

BOSTON, Mass. — Richard F. Wood is now connected with Draper, Sears & Co., 50 Congress Street, members of the New York and Boston Stock Exchanges. He was formerly with F. S. Moseley & Co.

Goldman, Sachs Adds

(Special to The Financial Chronicle)

BOSTON, Mass. — George L. Johnston has become connected with Goldman, Sachs & Co., 75 Federal Street.

E. E. Mathews Adds

(Special to The Financial Chronicle)

BOSTON, Mass.—Joseph Catarevas is now with Edward E. Mathews Co., 53 State Street.

CANADIAN PACIFIC RAILWAY COMPANY

Seventy-fifth Annual Report of the Directors to the Shareholders (Abridged)

HIGHLIGHTS

YEAR'S RESULTS:	1955	1954	Increase or *Decrease*
Gross Earnings	$ 448,598,491	$ 422,642,423	$25,956,068
Working Expenses	411,271,773	395,609,497	15,662,276
Net Earnings	37,326,718	27,032,926	10,293,792
Ratio Working Expenses to Gross Earnings	91.7%	93.6%	*1.9%*
Other Income	$ 22,894,567	$ 17,835,319	$ 5,059,248
Interest and Rental Charges	16,188,820	15,041,997	1,146,823
Dividends—Preference Stock	3,136,227	3,091,101	45,126
—Ordinary Stock	20,792,013	20,714,318	77,695
Balance for Modernization and Other Corporate Purposes	20,104,225	6,020,829	14,083,396
YEAR-END POSITION:			
Property Investment	$1,761,669,249	$1,694,213,632	$67,455,617
Other Investments	158,439,442	172,555,069	*14,115,627*
Funded Debt	169,651,000	172,793,500	*3,142,500*
Reserves	633,955,713	601,920,444	32,035,269
Working Capital	117,490,662	109,131,467	8,359,195
TRAFFIC:			
Tons of Revenue Freight Carried	58,489,144	54,205,877	4,283,267
Revenue Passengers Carried	9,543,843	9,528,589	15,254
Revenue per ton Mile of Freight	1.43c	1.46c	*0.03c*
Revenue per Passenger Mile	2.81c	2.82c	*0.01c*
EMPLOYEES:			
Employees, All Services	86,789	87,072	*283*
Total Payrolls	$ 293,018,422	$ 287,120,929	$ 5,897,493
Average Annual Wage	$ 3,376	$ 3,298	78

Your Directors have the honour to report the results and developments of the year 1955. It is a matter of particular pride that this is the 75th Annual Report of the operations of your Company.

Net Income amounted to $44 million, which, after providing for dividends of 4% on Preference Stock, and $1.50 per share on Ordinary Stock, left a balance equal to $1.44 per share for modernization and other corporate purposes.

During 1955, there was a continuation of the strong upward movement in Canadian economic activity, and the gross national product increased by 10% to a new high level. The freight service performed by your railway, measured in ton miles, showed an increase of 9%, but did not attain the level of any of the years 1951 to 1953, inclusive. Traffic volume generally was moderately improved, and there were some outstanding increases. However, grain and grain products, which amounted to about 30% of total freight traffic, showed a decrease for the second successive year as export demand remained low.

Gross railway earnings rose $26 million, or 6%. Increasing competition was met in many instances by selected rate reductions and the making of a number of agreed charges.

Net railway earnings increased by $10.3 million over the previous year. Two principal factors contributed towards this improvement. Firstly, despite the rise in traffic volume, the total of maintenance work remained about the same as in 1954. Secondly, the proportion of transportation service performed by diesel power increased sharply and transportation expenses declined in relation to earnings. As a result of the level of maintenance and capital expenditures, including the purchase of additional diesel power, traffic units per man-hour were exceeded only in the peak of the wartime years.

Capital expenditures amounting to $81 million were made during the year in furtherance of the modernization which has been in progress for some years. Of this amount, $18.2 million was for diesel locomotives and facilities required for thier operation. The total of your investment in diesel locomotives and facilities amounted to $110 million at the end of the year. It is estimated that through this investment there is being effected a saving in transportation expenses of approximately $18 million per annum, and a reduction in current locomotive repair expense of about $6 million.

Other Income amounted to $22.9 million, an increase of $5.1 million as compared with the previous year. Dividend income from The Consolidated Mining and Smelting Company of Canada, Limited, was higher, and there was an improvement in the results of operation of your ocean steamships.

Land and townsite sales were higher and receipts from petroleum rents, royalties and reservation fees increased moderately. The net addition to Land Surplus Account was $9.4 million, an increase of $1.7 million.

The Income, Profit and Loss and Land Surplus Accounts of your Company show the following results for the year ended December 31, 1955:

Income Account

Gross Earnings		$448,598,491
Working Expenses		411,271,773
Net Earnings		$ 37,326,718
Other Income		22,894,567
		$ 60,221,285
Fixed Charges		16,188,820
Net Income		$ 44,032,465
Dividends:		
Preference Stock	$ 3,136,227	
Ordinary Stock	20,792,013	
		23,928,240
Balance transferred to Profit and Loss Account		$ 20,104,225

Profit and Loss Account

Profit and Loss Balance December 31, 1954		$292,145,925
Balance of Income Account for the year ended December 31, 1955	$20,104,225	
Portion of steamship insurance recoveries representing compensation for increased cost of tonnage replacement	543,761	
Excess of considerations received for sales of properties over book values, and miscellaneous items	2,135,941	
		22,783,927
Profit and Loss Balance December 31, 1955, as per Balance Sheet		$314,929,852

Land Surplus Account

Land Surplus December 31, 1954			$ 92,278,857
Add:			
Receipts from Petroleum Rents, Royalties and Reservation Fees	$8,992,713		
Land and Townsite Sales	4,982,469		
Miscellaneous Receipts	825,371		
		$14,800,553	
Deduct:			
Administrative and Other Expenses	$ 702,200		
Taxes (Incl. $4,000,000 income taxes)	4,623,206		
Inventory Value of Lands Sold	89,323		
Miscellaneous	Cr 20,582		
		5,394,147	
			9,406,406
Land Surplus December 31, 1955, as per Balance Sheet			$101,685,263

Railway Operations

Net earnings from railway operations amounted to $37.3 million, an increase of $10.3 million as compared with 1954. The ratio of net to gross earnings improved from 6.4% to 8.3%. Gratifying as this improvement was, the results for the year represented a return on net railway investment of ony 2.92%—a rate very much below an adequate return for your railway enterprise.

Gross earnings, at $449 million, were up $26 million. While the increase was provided mainly by freight traffic, there was improvement in nearly all classes of revenues.

Freight traffic volume increased by 2,054 million revenue ton miles, or 9%. The rise was fairly general, with notable increases occurring in lumber, timber and plywood, crude petroleum, petroleum products, iron and steel, automobiles, trucks and parts, building sand, gravel and crushed stone. Grain and grain products were down 4%, and there was a marked decrease also in agricultural implements and farm tractors.

Passenger traffic volume expressed in revenue passenger miles increased by 4%. There was a decrease during the first five months, but an impressive recovery followed the introduction of new equipment and improved schedules in transcontinental services. The improvement was not confined to the summer season but extended throughout the balance of the year. The average increase over the last seven months was more than 8%.

Express traffic was up slightly from 1954 and there were some increases in rates. Expenses increased less than revenues, and, as a result, the net earnings of your Express Company, carried to railway earnings as compensation for the carriage of express traffic, were higher by 7%.

Working expenses amounted to $411 million, an increase of $15 million. Income taxes accounted for almost $9 million of this increase.

Maintenance expenses were little changed as the amount of maintenance work undertaken was about the same as for the previous year.

Roadway maintenance included the laying of 418 miles of new and relay rail, the installation of 1,970,000 ties and the application of ballast to 328 miles of track. These items of maintenance were less than the averages for the previous five years.

Equipment maintenance included the general repair of 375 steam locomotives, periodic repair of 293 diesel-electric units, the heavy repair of 35,806 freight cars, and the general repair of 752 passenger cars.

Transportation expenses, notwithstanding the increase of 9% in freight traffic volume, rose by only 1%, and the ratio of transportation expenses to gross earnings declined to 38.8% from 40.9% in 1954. Notable improvements were effected in service and operating efficiency. Of the total transportation work done during the year, the proportion performed by diesel power was 45% in freight service, 60% in passenger service and 65% in yard service. While the volume of total transportation service increased by 3.8 billion gross ton miles, train fuel expense decreased by almost $600,000. Freight train speed and gross ton miles per freight train hour reached new high levels, continuing the trend of the past five years.

Other Income

Other Income, after income taxes, amounted to $22.9 million, an increase of $5.1 million.

Ocean and coastal steamship operations resulted in a profit of $330,000 compared with a loss of $2 million in the previous year. A firmer tendency in ocean rates on grain and flour, increased cargo carryings both eastbound and westbound, and reduced expenses were the factors in the improved showing of ocean steamships. The increase in traffic volume occurred despite strikes by stevedores and tugmen at United Kingdom and European ports. North Atlantic passenger earnings were adversely affected by the cancellation of two voyages which resulted from a strike by stewards, but, as an offset to this, earnings from West Indies cruises showed marked improvement over the previous year. Revenues from coastal operations decreased, principally as a result of lower freight earnings, but expenses were reduced in greater proportion. A strike by personnel of the "Princess Helene" caused suspension of your Bay of Fundy service throughout most of the last quarter of the year.

Net earnings of hotels were virtually unchanged. Increased room rates were put into effect at some points in order to offset increased payroll costs.

Net earnings from communication services increased by $700,000. Gross revenues improved as a result of an expansion of leased wire business and a recovery of telegraph message traffic from the decline which occurred in the previous year. Expenses reflected the economies resulting from capital expenditures and did not increase in the same proportion as revenues.

Dividend income was up $3.4 million. Dividends declared by The Consolidated Mining and Smelting Company of Canada, Limited, were at the rate of $1.75 per share out of earnings of $2.01 per share, as compared with $1.35 out of earnings of $1.50 per share in 1954.

Net income from interest, separately operated properties and miscellaneous sources increased by $1.3 million, principally as a result of the fact that the jointly owned Northern Alberta Railways Company realized a net operating profit as compared with a loss in the previous year.

Fixed Charges

Fixed charges, at $16.2 million, were higher by $1.2 million. There were net increases in the charges on both equipment trust and collateral trust obligations.

Net Income and Dividends

Net income after fixed charges, at $44 million, was up $14.2 million. After provision for dividends on Preference Stock, earnings available for dividends on Ordinary Stock and for reinvestment amounted to $40.9 million. This was equal to $2.94 per share on 13,878,173 shares of Ordinary Stock outstanding at the end of the year, as compared with $1.94 on 13,812,014 shares at the end of 1954.

Dividends were declared on Preference and Ordinary Stock at the same rates as in 1954. Preference Stock dividends amounted to 4%, comprising 2% paid August 2, 1955, and 2% paid February 1, 1956. Ordinary Stock dividends amounted to $1.50 per share, comprising 75 cents paid August 1, 1955, and 75 cents paid February 29, 1956.

Land Accounts

The net addition to Land Surplus Account amounted to $9.4 million after income taxes of $4.0 million.

Gross receipts from petroleum rents, royalties and reservation fees, at $9.0 million, were up $553,000. Reservation fees provided most of the increase. Although royalties were received on 14.9 million barrels of crude oil from 718 wells, compared with 13.6 million barrels from 697 wells in 1954, income from this source was little higher in consequence of reductions which occurred in well-head prices for crude oil.

At the close of the year, 1.3 million acres in respect of which your Company holds petroleum rights were under lease, and 8.5 million acres were under reservation for exploration.

Proceeds from sales of land amounted to $5.0 million, an increase of $1.4 million. Sales included 12,657 acres of farm lands and 30,293 acres of timber lands. Contracts involving 5,568 acres of land sold in prior years were cancelled.

Balance Sheet

Total assets at the end of the year amounted to $2,134 million, an increase of $80 million.

The increase in property investment after retirements was $67 million. Gross expenditures on capital account amounted to $81 million, of which $10 million was for railway road property, $51 million for rolling stock, and $11 million for ocean steamships. At the end of the year, the unexpended balance of the capital appropriations approved for your new ocean steamships was $13 million. There was an increase of $8 million in net working capital.

Finance

The balance of $10,546,000 of Equipment Trust Certificates, Series "N", referred to in the 1954 Annual Report, was issued in 1955. The principal amount of this series totalled $17.2 million.

Serial equipment obligations amounting to $12,018,000 were discharged; $1,609,500 Convertible Twenty Year 3⅛% Collateral Trust Bonds, $51,000 Convertible Fifteen Year 3½% Collateral Trust Bonds, and $10,000 Convertible Seventeen Year 4% Collateral Trust Bonds were converted into 66,159 shares of Ordinary Capital Stock.

The foregoing transactions resulted in a net decrease of $3,142,500 in funded debt, a net decrease of $2,004,600 in the amounts of Consolidated Debenture Stock pledged as collateral, and an increase of $1,653,975 in the amount of Ordinary Capital Stock outstanding.

Pensions

Pension expense amounted to $18.1 million. This comprised the portion of current pensions paid by your Company, contributions of $5.6 million to the Pension Trust Fund, and levies in respect of employees covered by the United States Railroad Retirement Act.

Wage Negotiations

On November 2, unions representing the non-operating employees served a joint request for revision of present agreements including an 18% increase in wage rates, payment of 8¢ per hour to provide for group life insurance with medical and hospital benefits, and pay for three additional statutory holidays. Negotiations failed to bring about a settlement, and the matter has been referred to a Conciliation Board. Approximately 57,000 of your employees are affected by this dispute.

Agreements were reached with running trades employees, comprising engineers, firemen, conductors, trainmen and yardmen, effective April 1, 1955, granting increased vacations with pay for those employees with three to five years' service and for those with fifteen and more years' service. Additional demands have been made for 1956.

An agreement was concluded covering the unlicensed deck and engineroom employees of the British Columbia Coastal Steamships, providing for an increase in wage rates of $14 per month, effective June 1, 1955, and a further increase of $9.75 per month from June 1, 1956. This settlement corresponds with those made by other steamship lines in the area.

The unlicensed personnel of the S.S. "Princess Helene" operating on the Bay of Fundy requested increases in wage rates on the scale agreed upon for the British Columbia Coastal Steamship Service. As conditions and wages on the East Coast are not considered comparable with those on the West Coast, this request was declined and an offer was made of a wage adjustment based on the change in the cost of living and on the rates of other steamship services in the East. A Conciliation Board which had considered the matter did not recommend any increase in wage rates. Notwithstanding the offer made by your Company, the employees went on strike and your Bay of Fundy service was interrupted from September 30 to December 19. On the latter date the employees returned to duty and negotiations were to be resumed.

Agreements were reached with employees of your hotels, excepting the Royal York, providing for a wage increase of 2% from June 1, 1955, and a further 1% from June 1, 1956. The agreements also provided for increased vacation benefits similar to those awarded non-operating railway employees in 1954. In the case of the Chateau Frontenac, provision was made, in addition, for the establishment of a 40-hour week effective June 1, 1956. Negotiations were continued with representatives of employees of the Royal York Hotel regarding a request for an increase of 18% in wage rates and other benefits.

Negotiations were under way concerning revision of the working agreements respecting pilots and flight attendants employed by your Air Lines.

Steamships

Construction was completed of your new passenger-cargo liner "Empress of Britain" which, after undergoing sea trials, will enter into regular North Atlantic service in the spring of 1956 as the flagship of your ocean fleet. Construction of your second new liner, to be named "Empress of England", proceeded during the year. This vessel is to join your North Atlantic fleet in the spring of 1957. In anticipation of the completion of the "Empress of Britain", the "Empress of Australia" was withdrawn from service at the end of the year and sold in February. This ship was acquired early in 1953 in temporary replacement of the "Empress of Canada" which had been destroyed by fire.

Your new 5,554 ton motorship "Princess of Vancouver" entered the British Columbia Coastal services in June. The "Princess of Vancouver" has accommodation for 800 passengers and is designed also to carry 28 railway freight cars or 115 automobiles and trucks. Operation of this vessel from specially constructed slipways has made possible more frequent service between Vancouver and Nanaimo, and released two barges for service between other points. Your Company and the Canadian National agreed to undertake joint operation, commencing in March, of a service between Vancouver and Ketchikan, Alaska, and intermediate points including Prince Rupert. Your vessel "Princess Norah", which formerly operated between Vancouver and Prince Rupert, was placed in this service and was renamed "Queen of the North". Your 1,243 ton "Motor Princess" was sold in January, 1955.

Air Lines

Your Air Lines had a net profit of $275,000. In the previous year there had been a net profit of $969,000, which included $593,000 from the sale of aircraft.

There was an increase of 45% in revenues from domestic operations, principally as a result of participation in the cargo charter airlift, which commenced in February, to supply and service the construction of northern radar installations. Eight Curtiss Commando freighter aircraft were purchased for this purpose. Other developments were an increase in service from three times weekly to six times weekly between Winnipeg and Churchill; the introduction of all-cargo services between Vancouver and Whitehorse and between Edmonton and Yellowknife; the replacement of Norseman aircraft with modern DeHavilland Otter aircraft on the extreme northern route from Norman Wells to Aklavik; the inauguration of a direct daily service between Vancouver and Terrace, using pressurized Convair aircraft; and the use of this type of aircraft also on routes out of Edmonton. Substantial reductions in passenger fares became effective on the Mackenzie district at the beginning of June.

International revenues decreased 9% as a result of the expiration at the end of March of the agreement with the Government of Canada in respect of the Korean military airlift. Upon termination of this service, the regular schedule between Hong Kong and Vancouver was increased from one flight to two flights weekly. An important extension of your international air routes was effected with the inauguration in June of the Vancouver-Amsterdam trans-Arctic service. This extension, which has brought the west coast of Canada within 19 hours' flying time of Europe, provides a direct connection with your other international routes out of Vancouver. Traffic volume over the new route was at a high percentage of capacity, and fully justified expectations. Another major development was the addition of the Toronto-Mexico City service in November. This route, which connects Eastern Canada with your international service between Vancouver and South America, was obtained from Trans-Canada Air Lines in exchange for certain routes in Quebec which were distant from your maintenance facilities at Vancouver.

On order at the year end were eight DC-6B aircraft for delivery commencing in 1956, and three Bristol Britannia turboprop aircraft for delivery in 1957.

United States Subsidiaries

Income received from your holdings of General Mortgage Income Bonds and Common Stock of the Minneapolis, St. Paul and Sault Ste. Marie Railroad Company amounted to $488,000. Of this amount, $132,000 represented interest and $356,000 dividends. The net income of that Company in 1955, after provision for fixed and contingent charges, was $2.4 million, an increase of $800,000 as compared with 1954.

Income amounting to $382,000 was received in respect of your holdings of First Mortgage Bonds and Common Stock of the Duluth, South Shore and Atlantic Railroad Company. Interest amounted to $172,000 and dividends to $210,000. The net income of that Company after provision for fixed and contingent charges amounted to $422,000. Net income in the previous year had not been sufficient to meet contingent charges in full.

Income amounting to $693,000 was received in respect of your holdings of First Mortgage Bonds, General Mortgage Income Bonds and Common Stock of the Wisconsin Central Railroad Company. This amount comprised $523,000 interest and a first dividend of $170,000. The net income of the Wisconsin Central after provision for fixed and contingent charges amounted to $1.6 million, compared with $236,000 in the previous year.

Rates

The Royal Commission appointed in 1954 to enquire into the application and effects of agreed charges made its report in February 1955. The Commission upheld the contention of the railways, as referred to in the last Annual Report, that agreed charges should not be subject to the "one and one-third rule". It also recommended changes in the Transport Act designed to reduce the restrictions which apply against the railways in the making of agreed charges. Important among the changes proposed were reduction from 30 days to 20 days in the waiting period required before an agreed charge can become effective, and the elimination of the requirement that agreements must have the prior approval of the Board. The recommendations of the Commission were generally adopted, and the Transport Act was amended accordingly in July.

Forty-seven additional agreed charges were put into effect in 1955, more than twice the number in the previous year, and a number of others were in the process of negotiation. Among the new agreements were those involving the shipment of automobiles to Western Canada and these have resulted in a marked improvement in the amount of that traffic carried by your Company.

The reductions in competitive rates on less-than-carload merchandise in vanload quantities carried in truck trailers-on-flat-cars, which were put into effect between Montreal and Toronto during 1954, were extended to Hamilton and London in September, and to Windsor in December. A number of reductions in rates on individual commodities were also put into effect during the year to meet competition.

In compliance with the order of the Board of Transport Commissioners, revised equalized class rates, which are rates applying on general classes of traffic, were made effective in March 1955. Gross earnings for the year were adversely affected by these changes and it is estimated that they will result in a reduction in freight revenues amounting to more than $2.5 million annually.

The Board of Transport Commissioners proceeded with studies respecting the equalization of commodity rates. Preliminary hearings were held in Ottawa in June and November.

Services

The improvement and modernization of your railway services continued. Ninety-seven new diesel units were acquired, comprising road switchers for freight and passenger service and yard switchers for use at terminals. The first stage of a diesel maintenance shop at Montreal was completed before the end of the year.

New rolling stock placed in service also included 1,640 freight train cars, of which 1,000 were box cars, and 92 stainless-steel passenger train units, of which 9 were rail diesel cars. After retirements there were net reductions in the inventories of both freight and passenger train cars. The average carrying capacity of freight cars in service continued to increase.

Your new scenic-dome stainless-steel streamliner, "The Canadian", which entered transcontinental service in the spring of the year, introduced to this country the finest and most modern equipment in rail passenger service, and reduced by as much as sixteen hours the time formerly required to travel across Canada. "The Canadian" has received widespread public acclaim, and available space was sold practically to capacity throughout the summer months. The service of low-priced meals in the Skyline coffee shop coaches proved to be an attractive feature of the new train.

Stainless-steel units were also in use in your transcontinental train "The Dominion", in "The Atlantic Limited", and in dining car services between Montreal and Quebec. Diesel power was assigned to "The Atlantic Limited", and the scheduled time between Montreal and Saint John was reduced by two hours.

Studies continued for the purpose of further improvement in passenger train services. As a result, seven new "Dayliner" services were commenced, increasing to 2,000 route miles the distance over which these trains were in operation, and to 16 the number of rail diesel cars in service. These cars are highly popular and very satisfactory economies have resulted from their use. Twelve additional units have been ordered for delivery in 1956.

During the year, 39 passenger trains were discontinued as being no longer justified by the level of traffic, and a further twelve trains were operated at reduced frequency. A saving in operations at a rate of 865,000 train miles per year was thus effected. Over the past five years, 119 trains have been discontinued and 45 have been operated at reduced frequency, resulting in a decrease amounting to 2.4 million train miles per year.

Construction of 53 miles of branch lines, to serve new mining and industrial areas, was completed during the year. These comprised a forty mile line between Struthers and Manitouwadge in Ontario, a nine mile line between Mitford and Jumping Pound in Alberta, and a four mile line running north from Cheviot in Saskatchewan. Work was under way on a three mile extension of the line which was built between Havelock and Nephton, Ontario, in 1954.

To improve the safety and efficiency of your railway operations, 50 miles of automatic block signals were installed during 1955, bringing to 3,039 the total mileage so equipped.

New manufacturing, warehousing and distributing businesses which located on or adjacent to the lines of your railway during the year numbered 1,193. Of this total, 180 required industrial trackage, and a total of 36 miles of sidings was constructed to serve them.

During the year, your Express Company took over from the railway the terminal handling at Vancouver, Seattle and all points on Vancouver Island of traffic moving by your coastal steamships, and also assumed direction of the operations of your Vancouver Island trucking subsidiary, Island Freight Service Limited. Economies have already resulted, and further savings are anticipated.

The television network service which your Company operates as a joint communications undertaking with Canadian National was extended to include Windsor and Quebec City, and contracts were entered into for further extensions to Sherbrooke, Trois Rivieres, Jonquiere and Rimouski in Quebec, and to Wingham in Ontario.

Integrated Data Processing

Over the years your Company has been in the forefront in the use of business machines as an aid in handling clerical tasks. Evolving from this, a new development of major significance is now taking place with the adoption of integrated data processing across the system. To gain the benefits of automation in the mass handling of paper work, information on many phases of the operations of your Company will be recorded automatically at the source and transmitted over your communications network to a central processing location. By use of one of the most advanced electronic

data processing machine installations, it will be possible to supply information promptly to all levels of management, virtually without manual intervention.

The computer installation of your Company will be the first of its kind in Canada. In addition to producing worthwhile economies, it is expected to contribute to more efficient operation. In anticipation of the delivery of a large-capacity computer early in 1957, new data processing methods are being instituted, and new types of ancillary equipment are being put into use as quickly as deliveries can be obtained.

Capital Appropriations

In anticipation of your confirmation, capital appropriations amounting to $12.6 million, in addition to those approved at the last Annual Meeting, were authorized by your Directors during the year. These included $6.4 million for 1,000 50-ton box cars, $1 million for 5 rail diesel cars and $1.5 million for the extension of microwave relay systems for television network services.

Your approval will be requested also for capital appropriations for the year 1956 amounting to $94 million.

The appropriation for locomotives is for 115 diesel-

electric units. The appropriations for ties, rails, other track material and ballast include provision of $19.6 million for replacement of elements heretofore charged as renewals to operating expenses but henceforth to be capitalized and made subject to depreciation accounting. This change is required by the Uniform Classification of Accounts prescribed by the Board of Transport Commissioners which became effective January 1, 1956.

Patrons, Officers and Employees

Your Directors sincerely appreciate the many tributes paid to the high standards of service maintained by your Company and the confidence and satisfaction shown by shippers and the travelling public. They wish to acknowledge the contribution made toward the maintenance of those standards by the loyalty and cooperation of officers and employees.

For the Directors,

N. R. CRUMP
President.

Montreal, March 12, 1956.

CANADIAN PACIFIC RAILWAY COMPANY

General Balance Sheet, December 31, 1955

ASSETS

PROPERTY INVESTMENT:		
Railway, Rolling Stock and Inland Steamships	$1,286,661,505	
Improvements on Leased Property	142,494,895	
Stocks and Bonds—Leased Railway Companies	133,674,031	
Ocean and Coastal Steamships	83,676,783	
Hotel, Communication and Miscellaneous Properties	115,162,030	
		$1,761,669,249
OTHER INVESTMENTS:		
Stocks and Bonds—Controlled Companies	$ 83,605,164	
Miscellaneous Investments	33,869,981	
Advances to Controlled and Other Companies	9,798,699	
Mortgages Collectible and Advances to Settlers	1,120,675	
Deferred Payments on Lands and Townsites	4,350,096	
Unsold Lands and Other Properties	8,055,859	
Insurance Fund	13,188,540	
Steamship Replacement Fund	4,450,428	
		158,439,442
CURRENT ASSETS:		
Cash	$ 43,695,488	
Government of Canada Securities	69,790,839	
United Kingdom Treasury Bills	1,663,270	
Special Deposits	5,167,771	
Agents' and Conductors' Balances	19,664,594	
Miscellaneous Accounts Receivable	25,934,344	
Material and Supplies	41,369,639	
		207,285,945
UNADJUSTED DEBITS:		
Insurance Prepaid	$ 119,023	
Unamortized Discount on Bonds	3,999,535	
Other Unadjusted Debits	2,932,306	
		7,050,864
		$2,134,445,500

LIABILITIES

CAPITAL STOCK:		
Ordinary Stock	$346,954,325	
Preference Stock—4% Non-cumulative	137,256,921	
		$484,211,246
PERPETUAL 4% CONSOLIDATED DEBENTURE STOCK	$417,916,788	
Less: Pledged as collateral to bonds	125,367,900	
		292,548,888
FUNDED DEBT		169,651,000
CURRENT LIABILITIES:		
Pay Rolls	$ 9,345,556	
Audited Vouchers	14,781,212	
Net Traffic Balances	2,893,897	
Miscellaneous Accounts Payable	14,756,303	
Accrued Fixed Charges	1,270,792	
Dividends Payable	12,437,976	
Taxes Accrued	16,797,320	
Other Current Liabilities	17,512,227	
		89,795,283
DEFERRED LIABILITIES		4,349,588
RESERVES AND UNADJUSTED CREDITS:		
Depreciation Reserves	$604,755,736	
Investment Reserves	643,018	
Insurance Reserve	13,188,540	
Contingent Reserves	4,118,419	
Tax Equalization Reserve	11,250,000	
Unadjusted Credits	6,105,368	
		640,061,081
PREMIUM ON CAPITAL AND DEBENTURE STOCK		37,213,299
LAND SURPLUS		101,685,263
PROFIT AND LOSS BALANCE		314,929,852
		$2,134,445,500

S. J. W. LIDDY, *Comptroller*

TO THE SHAREHOLDERS,
CANADIAN PACIFIC RAILWAY COMPANY:

We have examined the above General Balance Sheet of the Canadian Pacific Railway Company as at December 31, 1955, and the related financial statements, and have obtained all the information and explanations we have required. Our examination included such tests of accounting records and other supporting evidence and such other procedures as we considered necessary in the circumstances.

In our opinion the General Balance Sheet and related financial statements are properly drawn up so as to present fairly the financial position of the Canadian Pacific Railway Company at December 31, 1955, and the results of its operations for the year then ended, according to the best of our information and the explanations given to us and as shown by the books of the Company.

Montreal, March 9, 1956

PRICE WATERHOUSE & CO.
Chartered Accountants.

Automation: What It Means to Investor—Labor

By ROGER W. BABSON

Babson Park Analyst claims investors have much more to fear from automation than labor and advises stockholders of obsolete firms to switch to firms investing in automation. Points out likelihood of "piece work" wage policy and strongly recommends automation to the food industry.

We see much in the news today regarding "Automation," which is the scientific name for automatic factories. I want all investors to know how I feel regarding such developments.

Roger W. Babson

The automatic factory is coming, but will come slowly, for several reasons: (1) It awaits more consolidations. (2) It requires large capital expenditure. (3) It applies only to standard goods which can be used in great quantities, and cannot now be used for a product which has various styles and sizes. The oil industry uses automation successfully; but the baking, candy, textile, and many other industries could also do so if they could raise the capital and secure the volume necessary for a profitable change-over.

Investors should realize that it is foolish to invest in obsolete concerns. Many corporations listed on the N. Y. Stock Exchange are now earning good money, but have obsolete plants. They could not stand up, in competition, with this new automatic development. The sooner these stocks are sold, the better. Please, however, do not write me for the names of these companies. Your investment advisor or local bank should be able to give you this information. I believe that investors have much more to fear from automation than has labor.

Reasons for Automation

Automation is absolutely necessary if we are to continue to raise the American standard of living. It is also necessary for our national security. A recent article in "Life" magazine, March 5, 1956, shows how the Russians are educating their youth for automation. Most important of all, the automatic factory is in the best interest of all groups — customers, suppliers, shareowners, the public, and employees.

Although labor leaders have not openly opposed automation, they are using it in an appeal for shorter hours and higher wages. Temporarily, when a factory changes over to automatic operation, it will throw some people out of employment, but the most intelligent workers will still be needed to watch the machines and keep them in order. In other words, the automatic factory will upgrade labor and encourage efficiency and quality.

Automation Encourages New Industries

Many present women workers should return to their homes and devote their time to bringing up their families. Many of the young men workers should go back to school and become more efficient. More of the older workers should be retired under proper pensions. These and other changes should take up any slack in the labor market. Automation as a part of our national security program may result in increasing "piece-work wages" and killing any idea of the CIO that all employees in a department should have the same wage.

There is a little company in Washington know as **Invention, Inc.** It studies new inventions by keeping three full-time experts in the Patent Office reading new patents. This company keeps manufacturers informed as to new machines which may compete with their present machinery. I am astonished at the new developments now on drawing boards and in test tubes. Looking back over the past 50 years, we have seen great new industries — such as automobiles, electrical appliances, radio and television—being born and prospering. These Patent Office studies indicate that the next 50 years will see even greater changes and more new industries. These should bring a greater opportunity for labor in the years ahead.

The Cost of Food

Efficient employees have nothing to fear from automation. The inefficient, as my friend H. L. Pratt teaches, should go back to school and learn how to become efficient. This especially applies to those in the food industry. During the past few years, the cost of our food has increased unnecessarily, notwithstanding the good work done by the supermarkets.

In 1949, the average reader paid about $950 a year to his favorite supermarket. Since then, these same purchases have increased in price about 11%. The farmer has constantly been getting less during this period and the supermarkets have been benefiting from "self-service." The increased cost must be due to certain services rendered between the time the farmer sells the food and the time you buy it at the supermarket. It looks to me as if the food business is in immediate serious need of automation.

Loring Dam Director

CONSHOHOCKEN, Pa. — The election of Loring Dam as director of Thermal Research & Engineering Corp. has been announced by Leonard C. Peskin, President. Mr. Dam is a partner of Eastman Dillon & Co., investment bankers.

Courtenay Anderson Opens

(Special to The Financial Chronicle)

HENDERSONVILLE, N. C. — Courtenay Anderson is conducting his own investment business from offices at 408 North Main Street. He has recently been associated with Joe McAlister Co. as local representative.

Investment Clubs Development—A New Force in American Life

By GEORGE A. NICHOLSON, JR.*
Watling, Lerchen & Co., Detroit
Chairman, Advisory Committee,
National Association of Investment Clubs

Founder of National Investment Clubs Association describes development of this "new force in American life," finds social security and pension funds frees people to undertake investing, and depicts clubs' benefits to investment houses and what, in turn, investment bankers can do for these groups. Mr. Nicholson, Jr., outlines initial investment formula guide for new groups, recapitulates three tests to determine managerial growth ability, and price and risk analysis methods. Lists clubs' advantages to securities industry; from serving as a dependable, inexpensive source of funds to providing trained salesmen who know what makes customers decide. Appeals to IBA to provide support and educational training.

Some years ago, I started a one man effort to develop a more constant flow of equity money into business, hoping both to strengthen the nation's economy, the well-being of families, and the profits of the investment industry which before the Korean war at least, was one of the so-called "depressed sectors" of the American economy.

G. A. Nicholson, Jr.

My first effort was "Mutual Funds — A New Force in American Life." The technique in that brochure, as it is in today's talk, was to give the background and "reason why" material that we all have known but seldom take the trouble to assemble. While the mutual fund piece had the effect of elevating mutual funds to their true place of prominence in American life, I do owe this group an apology for having written it. Other fund materials followed and the famed statement of policy was imposed on the investment industries, causing us to write new fund literature, if we choose to write at all, in Gertrude Stein language and often to obscure the truth as to the effect of mutual funds on the capital markets.

The first investment clubs I had heard of were in Boston. These were run by young men in the security and trust businesses trying their wings collectively in investment and speculation in the 1920s. I have since been in contact with a man who started a club in Texas in 1898—A. L. Brooks. Like many of the others, this man's story was full of success insofar as his own progress was concerned.

My real interest in the subject of investment clubs began in 1939 when Fred Russell, having worked his way through school, could not get a regular job. Living with his family, he thought he could put away $10 from odd jobs, and, in connection with others doing the same, a fund could be developed with which to purchase a small business and give them all a better opportunity in life.

Freer to Invest

Some dozen years later, I talked before another prospective investment club. This group impressed me because they were within 10 to 20 years of retirement. Why, I thought, could they possibly be interested in a club? The answer, of course, is that with social security and company pensions, people are freer to undertake investing and they want to be experienced investors by the time they retire.

These two types of clubs are the mainsprings of the investment club movement. Both spring from the wants of people. Clubs are composed of every type of person and every variety of mixture known to man. I believe I am safe in saying that the investment club is a new force in American life.

How do you start a club?

Someone will call you up. You tell him, or her, to get two or three other people, that larger group to bring in three or four more, and the still larger group to bring in additions which can contribute something to the thinking of the club. It is a mistake for one person to round up all of the 10 to 15 members that usually make up a club. Why? I don't know, but that is the way it works out.

Club Essentials

The three essentials of a club are that the people be friendly and enjoy meeting monthly for investments and ice cream and cake; that they want investment education in connection with future plans; and that they are serious enough about their small investment club to "play for keeps."

After these instructions, you tell the club promoter to obtain the National Association of Investment Clubs Organization Plans. When ordering, mail your check. The Association office is at 2224 National Bank Bldg., Detroit 26, Mich. The cost is $3, but the club receives credit in full if it joins the Association. The dues of the Association are $1 per person per year and there is a registration fee of $5 per club which carries the cost of address changes, etc. The members receive individually a monthly Bulletin from the Association. This includes the write up of a company that qualifies by investment club standards on the grounds of management and price, tells what other clubs buy, helps clubs get in touch with each other for social and educational meetings, and supplies the all essential proper mental attitude for investing.

You can, of course, bypass this step, if you want to spend an extra evening or two away from wife and kiddies. I find that the clubs with the association book, work out their by-laws, set up their accounting, have a good understanding of their taxes and all of the mechanics of club operation by the time I arrive. There are seldom more than two or three questions on mechanics to be answered when the club meets for the first time with its counsellor or coach.

Initial Investment Formula

That lets me spend all of my time on investment policy, analysis, and club objectives. I usually tell the Fred Russell story to begin with *at this all important first meeting.* I tell how important it was to see that this club did not lose money. From the beginning, I had them (1) invest every month in order to take advantage of dollar cost averaging; (2) reinvest dividends to develop the safety of compound income; and (3) buy only growth companies to secure the safety inherent in dynamic enterprise.

The years have proved that this was not only a sound formula for safety, but also an excellent formula for appreciation. When the National Association of Investment Clubs was formed in the fall of 1951, these principles were incorporated as the keystone of the investment club movement.

After these principles have been explained, the next step is: How do you know a growth company?

Management and Price Studies

Our analysis sheet is based on the old philosophy that investment banking is nothing more than connecting people who have money for investment with those who are able to use it in industry profitably. We have a check-list with three questions designed to study *management.* The first is rate of sales gain (it must equal or exceed 10% compounded annually), the second is a study of pre-tax profit margins and their trends, and the third is earnings on invested capital. There are many other tests, of course, but remember we are dealing in the beginning with rank amateurs. These tests are fundamental.

The next study is on *price.* Our objective is to establish the high and low for the next five years, granting that there will no doubt be serious errors. The high is developed out of the compound rate running through sales and other factors. The low is usually determined by inspection of the past five years, the assumption being that a growth company with rising dividends is unlikely to sell lower in the future than it has in the past five years. There is also a study on the percentage of dividend payout with emphasis, of course, placed on a large plow back of earnings into the business for expansion.

Risk Evaluation

The final step is to use the management and price studies to *evaluate the risk.* The target is 100% appreciation in five years. It is explained that the target is quite possibly unrealistic, but it will cause clubs to be more careful on selecting managements that will hold up for five years and make them also more careful on price. We usually throw in these remarks, "Don't expect the stock to be worth more in five years if it is not earning more," and "Don't expect anyone to be a bigger darn fool than you are."

We evaluate the risk by working out the *up-side/down-side* ratio based on the five year high-low and the present price. We seek a three to one ratio in our favor. We also use the five year high-low study for the purpose of *zoning* the range into three equal segments. The low third is the buying range, the medium third is the holding range, and the top third is where sales might be made. It is explained that clubs ordinarily buy a single stock three or four times, enjoy the dividends on it while growth is taking place, and sell it once.

I usually close with a reiteration of club objectives, namely, investing for opportunity or for retirement. This is important because the more members center their attention on ultimate objectives, the better the club will be.

How do you serve an investment club?

Ordinarily, the club will study an industry a month. Members will be provided with three Standard & Poor's reports on three companies in the industry. These reports have the necessary data for analysis work. In addition, it is well to have the clubs analyze a fourth stock—namely, the one written up in the National Association Bulletin. In this way, there is always a stock that qualifies on *management* as well as *price,* even though the industry study fails to yield an attractive issue for purchase.

Common Mistakes

You do not need to attend another meeting until after the club is more than a year old. Then you can go over their work, and analyze their mistakes. The common mistakes at the end of the first year are: (1) A failure to know what is good management, or (2) Failure to buy at a proper price. Seldom are both involved.

After the first year, you will find club thinking and techniques greatly improved. Your big job after the first year will be to wean the members from the idea of buying a new stock each month to the philosophy of concentrating investments in the better managed companies.

These procedures will reduce your work greatly and actually help the club to learn faster by placing them on their own—that is "learn by doing." In clubs with little talent, it is a good idea to have all club members supplied with the Standard & Poor's report on a single stock so they can independently work out the five year high-low and compare notes.

Benefits to Investment Houses

What can the investment industry get from its investment club work?

The costs of servicing clubs are not minor. In addition to the time the coach spends, there is the cost of providing a safekeeping account for the clubs. This is necessary because keeping the securities in street form and following the advice of the club agent is the simplest procedure.

The benefits of club work are interesting. Here are some:

(1) You have trained lifetime investors who bring money in every month or periodically when stock prices are low and you need the business.

(2) A good investment club of 10 to 15 members can be counted on for 30 customers over a period

*An address by Mr. Nicholson before the Institute of Investment Banking, sponsored by Investment Bankers Association and the Wharton School of Finance and Commerce, University of Pennsylvania, April 3, 1956.

of years. Moreover, these customers seem to understand investing because of what the club members have told them.

(3) An evening with a club is less costly than reaching that many investors by other means.

(4) Investment clubs train a new securities salesman faster than any other method I have been able to discover. They learn analysis, growth, values, and particularly what makes customers decide.

(5) In our own office, we have had four new young men come to us after several years of investment club membership. One is now manager of an out-state office. An older man, while not in a club, changed from a banker to a good office manager and salesman, only after he had coached several clubs.

(6) A good investment club educational program in your community does more to help people understand the role of business and successful management than almost any other type of education.

What Investment Firms Can Do

What can investment bankers do for the investment club movement?

The National Association of Investment Clubs was patterned on what the C. G. Conn, a musical instrument company, did to stimulate the horn business. The saxophone craze in the early 1920s whetted the appetite for sales volume. Mr. Greenleaf, the young president, took the next step when he concluded that it was necessary to educate musicians if you wanted to sell horns. The school band movement was subsidized for several years, and thereafter it was self-supporting.

The National Association of Investment Clubs was my idea. I had to dig up three or four clubs to go with my Mutual Investment Club of Detroit to found the Association. I first suggested the idea to others in 1949. The Association started in October 1951. The first magazine article was one I wrote for the Harvard Business School Bulletin in the winter of 1953. The first sister association was formed in Canada in 1955.

The idea of training investors through the investment club movement is now established.

All of this has been done without subsidy and only because the investment club members themselves have seen fit to contribute their time and efforts for something they consider to be good both for themselves, their community, the nation, and the free world.

I hope the IBA educational group will look into what they can do for the Association.

Committees in the various cities could see that the club members were given the necessary support in their clinics, evening meetings, and six weeks courses, and I am sure they would find the experience as rewarding as did the Conn people.

The National Association has two programs: *The 21 and 40 Program* and the *Factory-Office-Town Program.*

These are accomplished by inviting people in the 21 and 40 age groups to attend one investment club clinic and those in occupational groups another. There is no reason why more than 10% of the population should not become investment club trained investors. There are probably 100,000 at this time. In passing, it is worth noting that in the last year many male clubs have begun to invite their wives, thinking of its advantages to educate their widows.

I have left many of the details to the questions period. These details are all in the Association booklet — Organization Plans. I have confined my remarks largely to the intangibles which are so necessary to running an investment club successfully.

For my shortcomings, let me apologize. I do hope, however, you have a deep feeling of the way in which investment clubs have become a new force in American life.

With Makris Investment

(Special to THE FINANCIAL CHRONICLE)

MIAMI, Fla. — Mary L. Butler has joined the staff of Makris Investment Bankers, Ainsley Building.

Nolting, Nichol Adds

(Special to THE FINANCIAL CHRONICLE)

PENSACOLA, Fla. — James C. Noice has joined the staff of Nolting, Nichol & Company.

Bank Women Announce Convention Committees

Miss Virginia A. Rehme, President of the National Association of Bank Women and Vice-President of the Southern Commercial and Savings Bank, St. Louis, Mo., has announced that the 34th Convention and Annual Meeting of the National Association of Bank Women will be held at the Radisson Hotel, Minneapolis, Minn., on Sept. 18-21, 1956.

Mrs. Mary K. Cunningham, Assistant Manager, Lincoln Office, Northwestern National Bank, Minneapolis, Minn., will serve as General Convention Chairman.

Other convention committee chairmen, in the Minneapolis area, named by President Rehme are: Arrangements: Mrs. Henrietta H. Sifferle, Assistant Cashier, The Farmers & Mechanics Savings Bank; Co-chairman, Miss Nellie Bensend, Assistant Cashier, Midland National Bank. Entertainment: Miss Genevieve B. Howe, Assistant Cashier, Marquette National Bank. Hospitality: Miss Jennie R. Williams, Empire National Bank, St. Paul. Program: Miss Esther E. Roberts, First National Bank. Publicity: Miss Alice L. Foss, Farmers & Mechanics Savings Bank. Registration: Miss Hazel E. Rosell, Assistant Cashier, Fidelity State Bank. Secretary: Miss Frances S. Baker, First National Bank. Treasurer: Miss Dorothy McMillen, Midland National Bank.

Seidman & Seidman Admits Partners

The accounting firm of Seidman & Seidman, whose head office is in New York City, has announced the admission to the firm of three resident partners in respective branch offices. Robert S. Livingston has become a resident partner in the firm's Grand Rapids, Mich., office. Miles L. Lasser has become resident partner in the firm's Jamestown, N. Y., office and C. R. Wilcox has become a resident partner in the firm's High Point, N. C., office. Each of these men has been associated with the firm for many years. The accounting firm has 15 offices located throughout the country.

World's Largest Market Gains New Prestige

Continued from first page

mate, namely, the true dollar value of Ford shares. In this process of defining the price, and executing orders by the thousands, for those individuals who wished to round out the meager allotments they had received (or cash in by selling the stock allotted to them with a quick buck profit in mind) a titanic volume was reached. Out of an issue of 10,200,000 shares, 500,000 shares were traded the first day (Jan. 18) and 350,000 the second—all over-the-counter.

It is true that Ford is now listed under the symbol "F," and that the exciting weeks of unlisted trading have come to an end. But the over-the-counter market may well take a bow for the perfectly terrific job it did in launching this king-size new issue, in creating and stabilizing its price, and in serving the cause of private enterprise, by facilitating broad spread ownership in this renowned corporation. Literally thousands of individuals, through their purchase of Ford, became, for the first time in their lives, owners of a common stock certificate. And that stock has brought growth, glamor and glory to the Over-the-Counter market.

Gradually, you see, this broad unlisted market is gaining the recognition it richly deserves. Daily there is being dispelled that old myth about the over-the-counter market being the denizen of dubious and doubtful securities. For example, in 1955, life insurance stocks, among the finest quality equities you can find anywhere, attained for the first time a big following among individual investors. Travelers Insurance was sought and bought actively and, by splitting 20 for one, brought its capital shares into a more popular price range. Connecticut General, a fantastic capital gainer over the past decade, split 2 for 1. Continental Life Insurance of Wilmington, too, split 2 for 1. Lincoln National Life, another brilliant market gainer, was split in a like manner. All of these are cited as issues of top grade, whose merits have just begun to be recognized by the rank and file of investors. They are bound to become even more popular as their growth and earnings potentials are better understood. After all, 100 million people own life insurance policies. True, 65% of this outstanding life insurance is written by mutuals (whose shares nobody can buy) but what about the other 35%? That would make, by rough calculation, 35 million people who have policies in stock company life insurance. Maybe they'd like to buy the stock as well. There's just one place they can do it—over-the-counter!

1955 also marked a huge increase in the issuance of toll road bonds, highlighted by the record-size $415,000,000 Illinois Turnpike financing. At the year end about $4,200,000,000 principal amount of toll road bonds were outstanding. And with more superhighways high on our national priority list, many other new issues of the toll variety are likely to emerge in 1956.

The record abounds with evidence of the economic soundness of these special revenue highway projects and the related tax-exempt bond issues. The New Jersey and Pennsylvania Turnpikes, coupled with the Ohio and Indiana arteries, create a virtually complete throughway between New York and Chicago. Other excellent fare among the bonds that toll would include the superways in Massachusetts, Connecticut, Kentucky, Kansas, Oklahoma, Florida and a super-speed saddle path between Dallas and Fort Worth for those tall in the Cadillac. Likewise meriting inclusion in any discussion of securities of the toll variety are the obligations of the excellently operated and managed Port of New York Authority. Also, the New York State Thruway Authority, part of whose obligations are backed by the State's guarantee, with the others being of the revenue type.

Finally, it is well to remember that to buy, sell, or quote any or all of the bonds issued to finance these speedways, there is only one place to go—in the Over-the-Counter Market.

Municipal issues from the smallest school district to the biggest issues of the United States Government have always been traded over the counter. Perhaps 1956 will prove quite unique by not requiring vast new emanations of government bonds, since now, for the first time in years, we may have a balanced federal budget. There'll still be some $275 billion in federal debt, however, so there'll still be plenty of Uncle Sam's bonds to trade over-the-counter, even if the supply is not increased.

Nineteen fifty-five was a banner year for banking. Rising interest rates, heavy demand for credit and expanding deposits carried bank shares to new heights of profitability. Split ups and extra dividends were rampant, mergers were cooking in many states and bank stockholders had every reason to be content, as they viewed the quotes of their particular favorites — all, over-the-counter. From the smallest town to the largest metropolis, commercial banks are at the center of all business and financial transactions. So important are they that you will almost invariably find some of the most successful and resourceful men in each community, major shareholders, and often directors, of the banking institutions where they live. These gentlemen do not buy bank stocks merely to assert their leadership in the community. They buy them because best bank issues have unbroken dividend records running for decades on end; and their growth in book and market values has paralleled the rise in population. There are 14,000 separate bank stocks for you to choose from, every single one of them unlisted!

Another unlisted security that has been a favorite of banks and institutional investors for years is the equipment trust. Since that day back in Philadelphia many decades ago when a bright lawyer conceived the idea of having a trust company keep title to railway cars and locomotives till they were paid for, the equipment trust issue (invariably of serial maturity) has been highly esteemed. It has had the best record for faithful payment of interest and principal of any railway security, not excluding first mortgage bonds. You simply can't run a road if some great big trust company comes along and takes away your rolling stock; so you jolly well pay for it. Our salutation goes to equipment trusts; keep 'em rolling — over the rails and over the counter!

Then, too, despite the prestige and glamor of numerous listed issues, the shares of many leading companies in their lines, may only be acquired, or sold, over-the-counter. Travelling abroad? The top travel service company is American Express. It issued over $3 billion in travellers' checks in 1954. Biggest bank? Still Bank of America. The big name in corn flakes? Still Kellogg. Want to investigate somebody or some company, credit-wise? You'd go to the biggest— Dun & Bradstreet. Want to build a dam or an air base? Morrison-Knudsen is the biggest contractor and excavator. Want some bottled LPG gas? Suburban Propane is the largest independent distributor. We've heard a lot recently about "brinks." Well, the famed Brink's holdup was solved after six years of sleuthing, but, this sensational looting notwithstanding, Brink's is the biggest name in armored cars outside the U. S. Tank Corps! The diverse lists of interesting and prosperous companies in the two tables below has been trundled out for your inspection for one special reason — the stocks of each and all are strictly over-the-counter items.

The rising popularity of foreign securities was one of the notable features of the American market scene in 1955. Such diverse and distinguished equities as Vickers Ltd., De Beers Mines, the diamond dynasty, Rio Tinto Co. Ltd., big British mineral and uranium extractor, Hawker Siddeley, famed for cars, planes and missiles, Phillips NV (the General Electric of Europe) and renowned Royal Dutch — all these great enterprises find their share certificates traded in dollars, over-the-counter in the U. S.

In connection with this presentation, we are delighted again to document our case for the over-the-counter market by tabulating below a broadly diversified group of unlisted equities. The investment excellence, and sustained earning power of these securities are well demonstrated by the fact that they have all paid continuous cash dividends for from 5 to 172 years. There are quite a number of newcomers included in these lists, some racking up their first five year skein, and others arriving on the list via merger. The capacity to earn and pay dividends over a long span of years is the ultimate criterion of equity values. For securities you can count on and for dividend durability, look over-the-counter.

Difference Between Listed and Over-the-Counter Trading

Following the tables appearing hereunder, we present a discourse on the difference between the listed and Over-the-Counter Market, for the benefit of those who are not conversant with how the Over-the-Counter Market functions.

TABLE I

OVER-THE-COUNTER

Consecutive Cash

DIVIDEND PAYERS

for

10 to 172 YEARS

	No. Consecutive Years Cash Divs. Paid	Cash Divs. Including Extras for 12 Mos. to Dec. 31, 1955 $	Quotation Dec. 31, 1955	Approx. % Yield Based on Paymts. to Dec. 31, 1955
Abercrombie & Fitch Large variety of sporting goods	19	1.50	28	5.4
Aberdeen Petroleum Corp., Class A Oil and gas leases	11	0.20	3⅞	5.1
Abrasive & Metal Products Abrasives	a17	0.25	4¾	5.3
Acme Electric Corp. Transformers, radio, TV	10	0.09	3¾	2.4
Acushnet Process Co. Molded rubber products and Golf balls	*19	†0.95	25	3.8
AETNA CASUALTY & SURETY Casualty, surety, fire and marine insurance ● See advertisement on page 19.	48	†2.40	141	1.7
Aetna Insurance (Hartford) Diversified and group insurance	83	2.65	70	3.8
AETNA LIFE INS. (HARTFORD) Life, group accident, health ● See advertisement on page 19.	22	3.00	219	1.4

* Details not complete as to possible longer record.
† Adjusted for stock dividends, splits, etc.
a Including predecessors.

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Credit Controls No Solution to Consumer Debt Problem, Says Paul M. Welch

Atlanta banker advocates production instead of credit controls. Finds Governmental policies inconsistent in their "push and pull at the same time." Suggests study directed at the few who abuse instalment credit.

Better production planning rather than just an elaborate system of credit controls is one solution to what some authorities feel is a dangerous level of consumer debt, Paul M. Welch, Vice-President of The Citizens & Southern National Bank in Atlanta and Chairman of the Advisory Committee to the Instalment Credit Commission of the American Banker's Association, told those attending the National Industrial Conference Board at Atlanta recently.

Paul M. Welch

"In the immediate past," he said, "the press of automobile manufacturers to sell what they had over-produced has been a major cause in the stretch out in instalment terms."

According to Mr. Welch, the automobile industry, perhaps rightfully so, is receiving criticism from many sources for the pressure they have put on dealers and others to sell cars, using extended terms to move merchandise. In doing so, they apparently have borrowed against future sales.

Welch drew a parallel between the consumer credit situation today with that of 1937-8. At that time, automobile manufacturers voluntarily cut back production with the effect that over-extended terms fell back in line. Use of the same voluntary techniques today might iron out certain credit excesses, he said.

Welch also pointed to certain changes in the economy that make comparisons of today's consumer debt figures with those of the past relatively meaningless.

Social Security and Credit

The growth of pension and profit sharing plans, social security and other insurance and benefit plans have made consumers feel more confident about their own future security, he said. As a result, many of them today feel safe about paying out in instalment payments some of what in the past they used to put in savings.

"In addition, our people today are beyond question better managers in the use of personal credit in their family budgets than they have been at any other time in history," he added. The general level of savings today is near its peak.

Also, the objects people are buying with consumer debt are built to last longer and give more service, he said. Borrowing to purchase such objects, when it is repaid, leaves the buyer with assets of value, thus adding to his worth.

Contradictory Controls

Concerning government controls Mr. Welch said there were certain inconsistencies that left those in the business of lending money with a sense of wonderment as to the direction any new controls might take. "They are trying to push and pull at the same time."

In housing, new home construction is sensitive to down payment and maturity requirements of the Federal Housing Administration and other agencies, he said, pointing out that the availability of credit had been turned on and off by different agencies at the same time.

"It is hard to understand why some people who point with alarm at the stretch-out of six to 12 months in automobile terms are the same people who go along with 30 to 40 year terms for someone to buy a home in which he initially has no equity," Mr. Welch stated.

"It is even more difficult for many of us to understand why some people most worried about the so-called high level of consumer debt are the same people who are stimulating use of this credit, on an expanded basis, through Operation Home Improvement of the Title I Division of the Federal Housing Administration."

Mr. Welch said the experience of the 1930's shows people will pay their debts even in depressed periods. Therefore, lenders as a group are not concerned about any mass abrogation of debt. He urged study, however, to find ways to keep abuses of instalment credit by a few from giving the country's economy a black eye.

Carlson Now Partner In Loeb, Rhoades Co.

J. Howard Carlson, formerly Vice-President of Halsey, Stuart & Co. Inc., in charge of its New York syndicate department, has been admitted as a general partner in the investment banking firm of Carl M. Loeb, Rhoades & Co., 42 Wall Street, New York City, effective April 1, it was announced by John L. Loeb, senior partner.

J. Howard Carlson

M. H. Vaughan Opens

(Special to The Financial Chronicle)

WILMINGTON, N. C.—M. H. Vaughan is engaging in a securities business from offices in the Murchison Building.

Hamilton Add

(Special to The Financial Chronicle)

DENVER, Colo. — Robert L. Bamford, Louis O. Bechthold, John L. Bedker, Leslie S. Buchanan, Robert W. Handley, Jr., Gerald R. Peterson, Orville W. Preston and Lloyd O. Richards have joined the staff of Hamilton Management Corporation, 445 Grant Street.

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WORLD'S LARGEST MARKET GAINS NEW PRESTIGE

	No. Consecutive Years Cash Divs. Paid	Cash Divs. Including Extras for 12 Mos. to Dec. 31, 1955 $	Quotation Dec. 31, 1955	Approx. % Yield Based on Paymts. to Dec. 31, 1955
Aetna-Standard Engineering Design and manufacture steel mill finishing equipment	16	†1.46	29½	4.9
Agricultural Insurance Co. Diversified insurance	92	1.60	40	4.0
Aircraft Radio Corp. Communication and navigation equipment	22	0.90	13½	6.7
Alabama Dry Dock & Ship Building Co. Shipbuilding and repair	22	3.50	55	6.4
Alamo Iron Works Machinery, iron & steel products	17	0.50	9⅛	5.5
Alamo National Bank (San Antonio)	20	2.10	61	3.4
Alba Hosiery Mills, Inc. Silk and nylon hosiery	16	0.40	8	5.0
Alberene Stone Corp. of Virginia Soapstone	17	0.20	8	2.5
Allis (Louis) Co. Generators and electric motors	*19	2.50	38¾	6.5
Aloe (A. S.) Co. Medical supplies	21	†0.99	38	2.6
American Aggregates Corp. Gravel and sand	15	†1.97	24	8.2
American Air Filter Co. Filters and miscellaneous heating and ventilating equipment	22	1.40	31¼	4.5
American Auto Insurance Diversified insurance	22	1.20	26	4.6
American Barge Line Co. Operates on Ohio and Mississippi Rivers	15	1.60	29½	5.4
American Box Board Co. Manufacturer paperboard, folding paper boxes, corrugated and fibre shipping containers	15	1.70	42	4.0
American District Telegraph Co. Electrical supervisory and alarm systems	53	1.50	40	3.7
American Dredging Co. Dredging operations	*13	2.50	48	5.2
Amer. Equitable Assurance Co. of New York Fire and allied lines of insurance	22	1.70	38¾	4.4
American Express Co. Money orders; travelers' checks	74	1.20	30	4.0
American Felt Co. Manufacturer of felt	17	1.75	23	7.6
American Fidelity & Casualty Diversified insurance	18	1.20	34¾	3.5
American Fletcher National Bank & Trust Co., Indianapolis	44	1.00	32½	3.1
American Forging & Socket Auto body hardware	13	0.625	8⅝	7.2
American Furniture Large furniture manufacturer	16	0.20	3½	5.7
American General Insur. Co. Fire and casualty insurance	27	1.40	140	1.0
American Hair & Felt Miscellaneous hair & felt products	14	1.00	16½	6.1
American Hardware A leading producer of hardware	54	†0.83	19⅛	4.3
American Hoist & Derrick Hoists, cranes, cargo equipment	16	1.20	19½	6.2
American Insulator Corp. Custom moulders plastic materials	15	0.80	13¼	6.0
American Insur. (Newark) Diversified insurance	83	1.30	32½	4.0
American Locker, Class B Maintains lockers in public terminals	13	0.30	3⅛	9.6
American Maize Products Manufactures various corn products	*28	1.70	35½	4.8

* Details not complete as to possible longer record.
† Adjusted for stock dividends, splits, etc.

WORLD'S LARGEST MARKET GAINS NEW PRESTIGE

	No. Consecutive Years Cash Divs. Paid	Cash Divs. Including Extras for 12 Mos. to Dec. 31, 1955 $	Quotation Dec. 31, 1955	Approx. % Yield Based on Paymts. to Dec. 31, 1955
American National Bank of Denver	21	9.50	205	4.6
Amer. Natl. Bank & Trust Co. (Chattanooga)	39	2.00	60	3.3
Amer. Natl. Bk. Tr. (Chic.)	21	6.00	355	1.7
American Phenolic Corp. Precision parts for aircraft and electronic industries	11	0.575	17½	3.3
Amer. Piano Corp., Class B Retails pianos, organs, etc., in Boston	16	1.00	18	5.6
American Pipe & Construc'n Boilers, tanks, pipelines	17	1.00	20½	4.9
American Pulley Power transmission and other equipment	16	1.20	25¾	4.7
American Re-Insurance Diversified insurance	34	1.20	26½	4.5
American Screw Screws and bolts	57	3.35	45¾	7.3
American Stamping Co. Pressed steel parts and stamping	19	0.85	14	6.1
American Surety Co. Diversified insurance	22	3.75	104	3.6
American Thermos Bottle Co. Vacuum ware	22	1.25	23	5.4
Amer. Trust (Charlotte, N.C.)	54	2.50	95½	2.6
Amer. Trust (S. F.)	20	1.55	41	3.8
Ampco Metal, Inc. Copper-base (bronze) alloys and products	14	0.40	5⅞	6.8
Anheuser Busch Inc. Leading brewer	25	1.20	19¾	6.1
Animal Trap Co. of America Large variety of traps	19	0.40	7½	5.3
Apco Mossberg Co. Tools and wrenches	13	0.20	4¼	4.7
Apex Smelting Co. Aluminum smelting	24	2.00	36	5.6
Arden Farms West Coast dairy	12	1.00	15¼	6.6

Over-The-Counter Consecutive Cash Dividend Payers From 5 to 10 Years Appear in the Second Table Starting on Page 60

Arizona Public Service Operating public utility	36	0.975	22½	4.3
Arkansas-Missouri Power Co. Electric and gas utility	19	1.21	23¾	5.1
Arkansas Western Gas Natural gas public utility, production and transmission	17	0.90	17½	5.1
Armstrong Rubber Co., Cl. B Auto and truck tires	*19	2.00	32	6.8
Arrow-Hart & Hegeman Electric Co. Electric wiring devices and controls	27	3.00	49¼	6.1
Arrow Liqueurs Corp. Cordials and liqueurs	*11	0.20	4¾	4.2
Art Metal Construction Co. Office furniture	20	2.75	45	6.1
Associated Spring Corp. Precision springs	22	2.20	30¾	7.2
Atlanta Gas Light Operating public utility	*19	1.25	27⅞	4.5
Atlantic Co. Ice manufacturing plants	11	0.50	5¾	8.7
Atlantic National Bank of Jacksonville	*52	1.20	42½	2.8
Atlantic Steel Steel producing and distributing	35	1.25	29	4.3
Audio Devices, Inc. Sound recording equipment	10	0.05	2⅞	1.7
Auto Finance Co. Finances autos, trucks, tractors and trailers	*19	†0.875	44	2.0
AUTOMOBILE INSURANCE (HARTFORD) Diversified insurance ● See advertisement on page 19.	27	2.40	151	1.6
Avondale Mills Cotton fabrics and yarns	52	0.80	18½	4.3
Avon Products Cosmetics	37	†1.54	56	2.8
Ayres (L. S.) & Co. Operates Indianapolis dept. store	21	1.20	24¾	4.8
B/G Foods, Inc. Restaurant chain	12	0.70	11⅝	6.0
Badger Paint & Hardware Stores, Inc. Paints, enamels and hardware	25	2.50	45	5.6
Badger Paper Mills Sulphite pulp and paper	22	4.00	80	5.0
Bangor Hydro-Electric Operating public utility	31	1.80	32½	5.5
Bank of Amer. NT&SA Nation's largest bank	23	1.75	40⅝	4.3

* Details not complete as to possible longer record.
† Adjusted for stock dividends, splits, etc.

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Portfolio Management For the Individual

of the portfolio should be placed in higher yielding bonds and preferred stocks, and most important of all, what portion of the portfolio should be committed to common stocks. It is always advisable to agree at the outset on percentage limitations for the common stock portion of the portfolio. Human nature is such that many individuals want to be entirely in stocks when the market is rising and entirely in cash when the market is falling. An initial understanding, therefore, can often save many subsequent headaches and a lot of second guessing by your client.

(4) **Income Tax Bracket:** Your client's tax bracket will determine the choice between tax free and taxable bonds. If the top income bracket is taxed at 50% ($16,000 to $18,000 net income) high grade tax free bonds are usually indicated.

Requirements of Various Investors

It goes without saying that requirements of different types of **Individual Investors** vary widely. For the **businessman,** current income is usually not too important. He will usually prefer long term capital gains and will want to own stocks like International Business Machines, Minneapolis-Honeywell, the Chemicals, Minnesota Mining and Manufacturing, Corning Glass, the Aluminum Companies and Amerada. A **widow** will desire greater safety and reasonably high income. It will be necessary, therefore, to include various public utility stocks, possibly a few bank stocks, and others paying a better than average return. The **small investor** is well advised to consider mutual funds, in order to obtain proper diversification and supervision, with particular emphasis on dollar cost averaging.

The investment programs for **Trust Funds** will vary with the trust provisions and various state and court restrictions which may prevent exercise of "prudent man" judgment. There is often a conflict between the desire for high income by the life beneficiary and for capital growth by the remaindermen. The percentage in common stocks will often run from 50% to 60% at today's market values.

In the case of **Endownment Funds,** programs are usually set up by the investment committee. The common stock percentage will average from 50% to 60%, with income requirements an important determining factor.

In the case of **Pension Funds,** the funded rate, say 3%, is calculated to produce the required actuarial results over a period of years. The percentage in common stocks will usually vary from 20% to 40% and average around 30%. Regular cash contributions permit dollar cost averaging of the common stock portfolio over a long period. The advantages of including common stocks are (1) higher current income compared to bond yields; (2) excess earnings above the funded rate can reduce annual contributions; (3) excess earnings, plus portfolio appreciation, can enable a company to supplement its pension plan in order to provide larger payments to pensionees to help offset increases in the cost of living.

Planning for Inflation

Inflation has been, and will almost inevitably continue to be, the most important problem facing investors.

The purchasing power of all currencies has declined over the years, and in this country inflation was definitely planned during the 1930's. Many inflationary forces are now written into law. Inflation does not necessarily continue upward in a straight line and there may be temporary setbacks, but you all know how drastically purchasing power of an investor's principal and income has declined since World War II. How then can this purchasing power be protected? This brings us logically to the consideration of "Growth" stocks.

We define a "Growth" stock as follows:

"A 'Growth' stock is a share in a business enterprise which has demonstrated a long-term growth of earnings, reaching a new high level **per share** at the peak of each subsequent major business cycle and which, after careful research, gives indications of continuing growth at a rate faster than the rise in the cost of living."

"Growth" stocks do not carry labels of identification. You can prove with statistics that a stock has been a "Growth" stock, but it is a matter of judgment whether it will be one in the future. If your selections are right three times out of four your batting average is good, and you can be certain of your success as a "Growth" stock investor.

We also differentiate between "stable" and "cyclical" Growth stocks. The **stable** type would be represented by companies which have a steady and increasing demand for their products. Typical examples would be International Business Machines, Addressograph-Multigraph, Scott Paper, J. C. Penny, and the Petroleum stocks.

Cyclical Growth stocks would be represented by companies experiencing a long-term increasing demand for their products, but whose growth trends are subject to more severe interruptions during periods of recession or depression. Examples of this type would be Carrier Corporation, Sperry-Rand, Johns Manville, General Electric, Square D, and the Aluminum Companies.

Selection of Growth Stocks

In the selection of "Growth" stocks various fundamental factors should be considered, among which the following are highly important:

(1) A Fertile Field of Opportunity.

(2) Capable Management.

(3) Intelligent Research.

(4) Reasonable Return on Invested Capital.

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Portfolio Management For the Individual

(5) Favorable Pre-Tax Profit Margin.

At this point I would like to comment in some detail on each of the above factors:

I

A Fertile Field of Opportunity

A fertile field is one in which opportunities exist for **growth of earnings** as well as **growth of sales.** Raising of additional capital to provide new facilities should also be accomplished with a minimum dilution of common stock earnings **per share.**

Typical growth industries would be the Chemical, Pharmaceutical, Electronics and Electrical Equipment, Automatic Controls and Scientific Instruments, Paper and Paper Products, and Petroleum, as compared with strictly regulated industries like Public Utilities and others, like the Tobacco Industry, subject to keen competition. I would like to illustrate non-growth vs. growth industries by referring to the Tobacco, Electric Light and Power, and Chemical industries. The figures start in 1929, but go only through 1954, as the 1955 figures are not yet available.

The Tobacco Industry—Growth in volume only.

You will note that cigarette consumption went ahead at a very rapid rate, and in 1954 was more than 3.37 times the 1929 level. Until 1946, the net income available for stockholders of the five largest cigarette companies were below the 1929 level—notwithstanding the very sharp rise in cigarette consumption. In 1954, when consumption was 337% of the 1929 level, earnings were only 48% above 1929.

During 1954 we had a big scare about the cigarette companies because of the adverse publicity relating to cancer and heart trouble. The effects of this unfavorable publicity have gradually worn off, however, and sales and earnings of the two leading companies, R. J. Reynolds and American Tobacco, have been improving. Current income is good, but the tobacco industry does not qualify as a "growth" industry.

The Electric Light and Power Industry — Large growth in volume, but moderate growth in earnings.

This industry is one of our fastest growing industries if measured in kilowatt hour sales. The chart, comparing volume with earnings, shows that volume has been increasing at a very rapid rate and in 1954 was 5½ times the 1929 level. The chart also shows that earnings available for stockholders did not exceed the 1929 level until 1946. Earnings have shown a nice increase from post-war levels but in 1954 were only 97% above the 1929 level, or less than twice.

Of course, there are within the electric light and power industry a number of individual companies which can be classified as "growth" companies, such as Texas Utilities, Central & Southwest Corp., American Gas and Electric, Florida Power & Light, and others which have shown favorable growth because of the territories in which they operate; but most of the companies in the larger metropolitan areas such as Boston, New York, Philadelphia, Chicago and Baltimore have not shown any substantial growth in earnings.

Basically, we consider most public utility stocks as relatively stable income producers with moderate growth possibilities, and we do include them in many pension and endowment fund portfolios for these reasons.

The Chemical Industry — Large growth in volume **and** earnings.

You will note that volume in 1954 was 239.5% of the 1929 level, while earnings were 417.4% of the 1929 level. Here we have an excellent example of good increase in volume and an even faster increase in earnings.

Nineteen-fifty-five was the best year on record for the chemical industry. Gains in sales averaged over 20% for a cross-section of companies and earnings gained around 35%. The industry did considerably better than the economy as a whole. Assuming that business continues strong, we expect earnings to again rise faster than sales during 1956.

The charts on International Business Machines, as compared to American Telephone, will further illustrate the advantages of operating in a fertile field.

American Telephone is a company with outstanding management, but it is regulated by virtually every state in the union. The company earned $15 per share in the late 1920's but the highest earnings since then were $12.27 in 1955. Dividends have never increased above $9 and the purchasing power of this $9 has declined to $4.50 since the war. American Telephone stock sold over 300 in 1929, as high as 200 in 1946 and is now around 185.

International Business Machines—Earnings of IBM, before adjusting for the year-end 2½% stock dividend, have increased from $1.63 per share in the late 1920's to a new high of $13.63 in 1955. We anticipate earnings of over $16 per share by 1957. If earnings of IBM World Trade Corporation are included, between $4.00 and $5.00 per share would be added. Dividends have increased from 74 cents in the late 1920's to $4.00 at present and will be further increased to the equivalent of $5.00 per share through the prospective 25% stock dividend. The stock is now selling around 500, or 15 times its 1929 high.

II

Capable Management

Good management is the most important factor of all. A mediocre company with top management will do better than a good company with poor management. It is also important to know whether capable younger executives are being trained to assume key responsibilities in future years.

A comparison of **Sears Roebuck** and **Montgomery Ward** affords a

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WORLD'S LARGEST MARKET GAINS NEW PRESTIGE

	No. Consecutive Years Cash Divs. Paid	Cash Divs. Including Extras for 12 Mos. to Dec. 31, 1955 $	Quotation Dec. 31, 1955	Approx. % Yield Based on Paymts. to Dec. 31, 1955
Bank Building & Equipment Corp. of America Building design and construction	17	1.30	21¾	6.0
Bank of California, N. A.	77	2.40	78½	3.1
Bank of the Commonwealth (Detroit)	19	6.00	220	2.7
Bank (The) of New York	171	†10.50	247	4.3
Bank of the Southwest National Association, Houston Formerly Second National Bank of Houston.				
Bank of Virginia (The)	32	1.00	22⅝	4.4
Bankers & Shippers Insur. Diversified insurance	31	†2.00	58	3.4
Bankers Trust Co., N. Y.	52	2.55	64⅞	3.9
Barcalo Mfg. Co. Furniture and mechanics' hand tools	15	0.12	5¼	2.3
Bareco Oil Co. Microcrystalline wax	12	0.25	6⅜	3.9
Barnett National Bank (Jacksonville)	*46	†2.22	64	3.5
Bassett Furniture Industries, Inc. Complete line of domestic furniture	*20	1.375	27¼	5.0
Batavia Body Co. Refrigerator bodies	16	0.70	17½	4.0
Bates Manufacturing Co. Cotton and rayon fabrics	10	0.80	10½	7.6
Baxter Laboratories, Inc. Manufacturers of pharmaceuticals	23	0.65	14	4.6
Baystate Corp. Bank holding corporation	27	2.00	50	4.0
Belknap Hardware & Mfg. Hardware & furniture wholesaler	28	0.85	12¾	6.7
Belmont Iron Works Designer, fabricator and erector, structural steel	20	3.00	34½	8.7
Belt Rail Road Leased by Indianapolis Union Ry.	66	2.00	36	5.6
Bemis Bros. Bag Co. Sacks and bagging	26	8.00	121	6.6
Beneficial Corp. Holding company affiliate of Beneficial Finance Company	28	†0.46	10	4.6
Berks County Trust Co. (Reading)	20	1.00	21	4.8
Berkshire Hathaway, Inc. Fine cottons	23	1.00	12⅝	7.9
Bessemer Limestone & Cement Co. "Portland" cement	14	2.00	58	3.4
Bibb Mfg. Co. Cotton goods; sheetings, etc.	69	1.65	33	5.0
Biddeford & Saco Water Co. Operating public utility	35	5.00	99	5.1
Bingham-Herbrand Forgings, stamping and tools	*13	0.70	13	5.4
Bird Machine Co. Machinery for paper mills	20	1.25	18	6.9
Bird & Son Asphalt shingles	32	1.25	24	5.2
Birmingham Trust National Bank (Ala.)	14	2.00	120	1.6
Birtman Electric Co. Household appliances	29	1.00	17¼	5.8
Bismarck Hotel Co. (Chicago) Hotel, office building, theatre	19	3.00	100	3.0
Black-Clawson (Ohio) Makes paper and pulp mill machinery	24	1.00	20½	4.9
Black Hills Power & Light Operating public utility	16	1.37	26⅜	5.2
Bloch Brothers Tobacco Co. "Mail Pouch" chewing tobacco	45	0.80	13	6.2
Blue Bell, Inc. Manufacturer of work and play clothes	32	0.75	19	3.9
Boatmen's Natl. Bk. St. Louis	84	2.50	61½	4.1
Bobbs-Merrill Co. Inc. Book publisher	16	0.50	13	3.8
Bonneville, Ltd. Produces potash	10	0.35	6¼	5.6
Bornot, Inc. Chain of cleaning establishments	15	0.50	13½	3.6
Boston Herald Traveler Corp. Newspaper publisher	22	1.05	14½	7.2
Boston Insurance Co. Multiple line insurance	81	1.60	41½	3.9
Boston Real Estate Trust Massachusetts Voluntary Assn.	61	3.00	43	7.0
Boston Woven Hose Rubber and cotton hose and belting	17	0.35	14⅜	2.4
Bourbon Stock Yards Co. Louisville stockyards	*31	3.25	49	6.6
Bourne Mills Cotton cloth and sateen	23	2.00	30	6.7

* Details not complete as to possible longer record.
† Adjusted for stock dividends, splits, etc.

WORLD'S LARGEST MARKET GAINS NEW PRESTIGE

	No. Consecutive Years Cash Divs. Paid	Cash Divs. Including Extras for 12 Mos. to Dec. 31, 1955 $	Quotation Dec. 31, 1955	Approx. % Yield Based on Paymts. to Dec. 31, 1955
Boyertown Burial Casket Miscellaneous funeral supplies	26	0.60	14	4.3
Branch Banking & Trust Co. (Wilson, N. C.)	52	6.00	225	2.7
Bridgeport-City Trust Co. (Conn.)	a102	3.50	80	4.4
Bridgeport Hydraulic Co. Supplies water to several Connecticut communities	66	1.60	30¼	5.3
Brinks, Inc. Armored car service	19	1.80	32	5.6
Bristol Brass Metal fabricator	24	1.25	19	6.6
Brockway Glass Co. Glass containers	29	†0.96	27	3.6
Brockway Motor Co. Heavy and medium trucks	17	1.25	31	4.0
Brown-Durrell Co. "Gordon" hosiery and underwear	14	0.40	4⅞	8.2
Brown & Sharpe Mfg. Machine tools	*20	1.20	27½	4.4
Brunswig Drug Co. Wholesale drugs	*16	†1.07	24½	4.4
Bryant Chucking Grinder Co. Machine tool builder	22	0.80	13½	5.9
Buck Creek Oil In Continental Oil group	15	0.26	2⅛	1.2
Buckeye Steel Castings Co. Production of steel castings	18	2.25	35	6.4
Buffalo-Eclipse Corp. Bolts, nuts, screws	15	0.90	15⅜	5.9
Bullock's Inc. Department and specialty stores	24	2.10	44¾	4.7
Burdine's Inc. Florida retailer	17	0.75	14½	5.2
Burgess Battery Co. Dry cell batteries and battery using devices	a22	†1.35	24	5.6

Over-The-Counter Consecutive Cash Dividend Payers From 5 to 10 Years Appear in the Second Table Starting on Page 60

Burgess-Manning Co. Industrial acoustics, radiant ceiling, recording and controlling instruments	12	1.00	29	3.4
Burrus Mills, Inc. Manufactures flour, meal and feed products	13	1.00	13	7.7
Butler Manufacturing Co. Metal products	18	1.60	34½	4.6
Butlers, Inc. Southern shoe chain	16	0.50	9½	5.3
Calaveras Land & Timber Corp. California timber lands	13	3.00	25¼	11.9
California Bank (L. A.)	35	1.80	53	3.4
California Oregon Power Operating public utility	14	1.60	31⅜	5.1
California-Pacific Utilities Operating public utility	13	1.50	29¾	5.0
California Portland Cement Cement and lime products	29	3.50	200	1.8
CALIFORNIA WATER SERVICE CO. Water supplier ● See page 62 for this company's advertisement	25	2.20	41½	5.3
Camden Refrigerating & Terminals Co. Cold storage, warehouse business	10	1.50	55	2.7
Campbell (A. S.) Co. Metal stampings, plating, castings	19	1.20	30	4.0
Campbell Taggart Associated Bakeries, Inc. Bakery chain	*10	1.00	25½	3.9
Cannon Shoe Co. Manufacturer & retailer of shoes	*20	0.45	7	6.4
Carolina Telephone & Telegraph Company Operates telephone exchanges	55	8.00	154	5.2
CARPENTER PAPER CO. Distributor of paper and paper products. Manufacturing of paper products ● See pageg 56 for this company's advertisement.	59	1.85	35¾	5.2
Carthage Mills, Inc. Floor coverings	16	2.00	26	7.7
Caspers Tin Plate Company Metal sheets for containers	17	0.70	11⅛	6.3
Central Bank & Trust Co. (Denver)	*10	0.72	18¾	3.8
Central Cold Storage Co. Refrigeration	22	3.50	54	6.5
CENTRAL ELECTRIC & GAS CO. Electric & gas utility and through subsidiaries telephone service in several states ● See page 43 for this company's advertisement.	14	0.80	15⅜	5.2

* Details not complete as to possible longer record.
† Adjusted for stock dividends, splits, etc.
a Including predecessors.

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Portfolio Management For the Individual

good illustration of the different results attained by the managements of two companies operating in identical fields.

At the time Mr. Sewell Avery became President of Montgomery Ward back in 1931, he was regarded as one of the outstanding industrialists of the country. Investors had great confidence in him and high hopes for the future. General Wood was the President of Sears Roebuck. Sears was the larger of the two companies and the fortunes of each company were somewhat similar for a period of years. After the war, Sears' management was optimistic about the future. It planned wisely, and expanded its old stores, found new locations, and built new stores. Capital expenditures for expansion of retail store facilities were over $350,000,000 during the last 10 years. The management was also far sighted about employee relations and delegated all possible authority to local retail executives. It cultivated teamwork and good will among its workers, and established a Savings and Profit Sharing Pension Fund for employees. Over $260,000,000 has been contributed during the past 10 years to this fund, which had a market value at year-end of $859,500,000. Almost 125,000 employees are participating.

Montgomery Ward followed a directly opposite policy after the war. Mr. Avery was anticipating a big post-war depression and hoarded his cash. He established no pension fund or profit sharing plan for employees, refused to delegate authority to his subordinates, and reduced rather than increased the number of stores.

Is it any wonder that Sears employees are loyal to their company while Montgomery Ward, under Mr. Avery, was always advertising for new people? As you all know, Mr. Avery lost almost every Vice-President he had during the post-war period, and many of the Vice-Presidents who succeeded them.

What have been the comparative results?

From 1946 through 1955 Sears Roebuck's sales increased 105%. Montgomery Ward's decreased 1%. An investor purchasing Sears stock at the high price of 1946 has a market gain to date of 111% against a loss for the investor in Montgomery Ward of 13%. If he bought the two stocks at the high of 1939, Sears shows a gain of 384% and Montgomery Ward only 57%.

Comparative Investment Accomplishment

You will also be interested in the over-all investment results obtained by investing in each stock at the mean prices of 1939. We define this as **Investment Accomplishment**, which I might explain as follows:

Income Yield—This is obtained by dividing the price paid for a stock into the dividend in order to obtain the percentage yield. The same original purchase price is divided during subsequent years into the dividend received each year to obtain the percentage yield on the purchase price for each succeeding year. These respective yields for each year are then added together and divided by the number of years in order to obtain the **average annual return.**

Principal—This is represented by the change in market value of a stock during the specific period covered. If you divide the number of years into the change in market value you get the **average annual market accomplishment.**

Total Average Annual Accomplishment—By adding the **average annual return** and the **average annual market accomplishment** you obtain the **total average annual accomplishment** during the period selected.

Calculated on this basis, the average annual income accomplishment from 1939 through 1955 for the investor in Sears was 10.4% and the average annual market accomplishment was 27.5%, or a total of **37.9%** per year. For Montgomery Ward the figures are 5.7% average annual income and 5.3% average annual market accomplishment, or a total of **11%.**

III

Intelligent Research

Intelligent research which develops new products, new markets for existing products, or both, is essential if a company is to forge ahead in a rapidly changing world. It is easier for a company to realize high profits on new products than on old ones which have attracted competition.

It is not unusual for a chemical or a pharmaceutical or some other "Growth" company to report that 50%-75% of its total sales are in products that 10 years before were not even known. For example, General Sarnoff of RCA recently stated that 81% of last year's sales of $1 billion were in products and services that did not exist 10 years ago. He predicted that 10 years from now more than 80% of their volume will be in products and services which do not exist today. Some "Growth" companies spend almost as much, and in some cases more, on research each year than they pay in dividends to their stockholders. A partial list would include American Cyanamid, IBM, Merck, Minnesota Mining & Manufacturing, Owens Corning Fiberglas and RCA. This money is being reinvested in order to create more earnings for the future.

Research was intensified during the war years, which accounts in part for the many new products that have been brought to market since then. These would include the wonder drugs, plastics, and synthetic textiles. I think there will be more opoprtunities for the investor to profit in the future because almost every line of business is spending more and more money on research. Prime examples are electronic applications, labor-saving machines, automation, new metals and atomic energy.

By way of illustration, take the

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results achieved by a research-minded company like **Dow Chemical.** Sales have increased from $23 million in 1937 to over $470 million for the year ending last May and should approximate $565 million for the current year. We expect a further increase of 75% to 100% during the next 10 years. Present earnings are being heavily penalized by very heavy depreciation and accelerated amortization of new plants to the extent of over $3.25 per share pre-tax. Earnings for the current fiscal year should be $2.50-$2.75 per share, and we expect earnings to be above the $3 per share level in another year or two, asuming good business.

Minnesota Mining & Manufacturing Company's record is also outstanding. Sales have increased from $21 million in 1940 to over $281 million in 1955 and should exceed $300 million in 1956. 1955 earnings were $4.14 per share and may hit $4.50 in 1956 if business conditions remain favorable. The present price of the stock looks very high now, as it always had in the past, but may be more than justified in another three or four years if the company can maintain its present rate of growth in sales and earnings.

IV

Reasonable Return on Invested Capital

A company should be able to maintain a fairly **high return** after taxes on the **capital invested** in the business and should not be experiencing a declining return of dangerous magnitude. Return on invested capital should run from 10%-20% based on the nature of the business. The 50 "Growth" stocks we recommended in 1953 in a published article, "Fifty Growth Stocks for the 1950s," averaged about 14% during the post-war period. Some of them like Alcoa and the Can Companies earned under 10%. Others like Searle, Sunbeam, and Amerada earned over 20%. If the return is too high it is dangerous, as it invites competition. This is what took place in the pharmaceutical industry after the war when large profits were being made in penicillin, aureomycin, streptomycin and other antibiotics.

V

Favorable Pre-tax Profit Margin

Profit margins before taxes must be reasonable, the percentage varying with the industry. A profit margin of 6% is satisfactory for a company which retails consumers' goods such as food, clothing, and low-priced sundries with a rapid turnover. On the other hand, a 10%-15% profit margin is necessary for the company which sells high-priced products and has a low turnover.

DuPont, for example, has the highest profit margin of any chemical company. Pre-tax profits have averaged well above 30% of sales for the past six years. Of all the companies we follow, G. D. Searle & Company has the highest pre-tax profit margin at 50% of sales. Searle has been able to maintain this high figure in each of the last six years. It is because the company handles less than 20 products, all of which it has developed, and does not bother with a mass of low-profit drug items.

Let's take a few illustrations of companies whose return on invested capital and profit margins have declined—Coca Cola, Woolworth and American Tobacco.

Coca Cola — An outstanding "Growth" stock for many years but return on invested capital dropped from 39% in the late 1930's to 14% in 1954. Pre-tax earnings declined from 41% of sales to 19% of sales during the same period. The company is now showing new signs of life under the new president, Mr. William E. Robinson, and we believe that results will be greatly improved during the next few years.

Woolworth — Before the war earned around 16% on invested capital and is now earning 8%-9%. Even though sales have increased, there has been little or no improvement in earnings per share until 1955.

American Tobacco — Formerly earned almost 15% on invested capital. On a substantially increased capital investment it now earns 9.7%. The pre-tax profit margin has also contracted from 12.7% to 10.4%.

In computing return on invested capital, figures since World War II can be misleading for companies like **International Business Machines.** During the 1946-49 period, when there was no Excess Profits Tax, IBM averaged 15.2% on its invested capital. During the 1950-53 period the return had dropped to 10.4%, or over a 30% decline. Ordinarily, this would have been a warning, but the drop was caused by imposition of EPT and by accelerated amortization. It was necessary to compute the return on invested capital prior to taxes and heavy depreciation and amortization in order to get the underlying trend. We found that it averaged from 31%—36% throughout the nine-year period and in 1955 was 35.5%.

Pre-tax earnings declined slightly from 26.2% in 1946 to 21% in 1955, but the company is showing a favorable profit margin on its business exclusive of military items.

Other companies which experienced a decline in the return on invested capital during the 1950-1953 period were **Minn. Mining and Mfg.** and **Minneapolis Honeywell.** Before taxes and amortization, however, the true figures showed that each company actually had increased its return on invested capital.

Corning Glass, General Electric, National Lead, Scott Paper and **United Aircraft** all showed a nice increase in their return on invested capital during the 1950-1953 period. The actual increase for each company, figured on the same basis, was much higher and indicated increases of 66% to 226% above the 1946-1949 period.

You will find the exact figures and further comments on Return on Invested Capital in the 1954 edition of our article "Fifty Growth Stocks for the 1950's."

The whole point of these comments is that you often have to look behind the published figures to get the true story on a company.

Growth Stock Accomplishments

I would like to give you just two more illustrations of the investment accomplishment obtained by including "Growth" stocks in portfolios. The first compares the investment accomplish-

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WORLD'S LARGEST MARKET GAINS NEW PRESTIGE

	No. Consecutive Years Cash Divs. Paid	Cash Divs. Including Extras for 12 Mos. to Dec. 31, 1955 $	Quotation Dec. 31, 1955	Approx. % Yield Based on Paymts. to Dec. 31, 1955
Central Fibre Products Co., Vot. — Paper and wall board	*19	1.50	31½	4.8
Central Franklin Process Co. — Yarn dyeing	20	1.00	14¾	6.8
Central Illinois Elec. & Gas — Operating public utility	24	†1.13	27⅛	4.2
Central Indiana Gas Co. — Serves east central Indiana	16	†0.76	14⅝	5.2
Central Louisiana Elec. Co. — Electric, gas and water utility	21	1.30	29¾	4.4
Central Maine Power Co. — Electric utility	13	1.35	24½	5.5
Central Nat. Bank, Cleveland	14	1.65	37¾	4.4
Central Natl.Bank & Trust Co. (Des Moines)	19	8.00	276½	2.9
Central-Penn Nat.Bk.(Phila.)	128	2.00	43¾	4.6
Central Soya Co. — Soybean processor	14	1.60	30½	5.2
Central Steel & Wire Co. — Metal processing and distribution	14	3.00	41½	7.2
Central Telephone Co. — Telephone service	11	0.925	20	4.6
Central Trust Co. (Cinn.)	20	†2.36	67	3.5
Central Vermont Public Service Corp. — Electric and gas utility	13	0.92	16¼	5.7
Central Warehouse Corp., Class A — Operates warehouse in Albany	18	1.20	17	7.1
Chambersburg Engineering — Forging hammers, hydraulic presses	19	2.50	38½	6.5
Chance (A. B.) Co. — Manufacturing products for Utility Line Construction and Maintenance	*20	1.05	20	5.3
Chapman Valve Mfg. Co. — Gate valves, fire hydrants	20	3.00	43½	6.9
Charleston Natl. Bk. (W. Va.)	20	1.50	52	2.9
Charmin Paper Mills, Inc. — Paper products	17	†0.825	24	3.4
Chase Manhattan Bank	109	2.20	51¾	4.3
Chemical Corn Exch. Bank	128	†1.87	48⅞	3.8
Chenango & Unadilla Telep. — Operating telephone company	30	1.20	22¾	5.3
Chicago City Bk. & Trust Co.	21	5.00	165	3.0
Chicago Mill & Lumber — Wood boxes	16	1.00	18¾	5.3
Chicago Molded Products Corp. — Plastic molding	17	0.80	14	5.7
Chicago Title & Trust Co.	21	5.00	85½	5.8
Chilton Co. — Publisher of business magazines	19	1.00	26	3.8
China Grove Cotton Mills Co. — Combed yarn	34	2.00	56	3.6
Christiana Secur. Co. — Holding company	*31	520.00	16,000	3.3
Citizens Commercial & Savings Bank (Flint, Mich.)	20	†2.36	107	2.2
Citizens Fidelity Bank & Tr. (Louisville)	37	4.00	117½	3.4
Citizens Natl. Trust & Savings Bank (Los Angeles)	63	1.875	72½	2.6
Citizens Natl. Trust & Savings Bank (Riverside, Cal.)	52	1.60	‡48	3.4
Citizens & Southern National Bank (Savannah)	31	1.50	50½	3.0
Citizens & Southern National Bank of S. C. (Charleston)	17	1.50	46	3.3
Citizens Utilities Company — Public utility	18	†0.47	16	2.9
City National (Houston)	21	2.00	67	3.0
City National Bank & Tr. Co. (Chicago)	15	2.00	85	2.4
City Natl. Bank & Trust Co. (Columbus, Ohio)	21	1.00	26	3.8
City National Bank & Tr. Co. (Kansas City)	*28	†0.72	80	.9
Cleveland Builders Supply Co. — Manufacturers and distributors of building materials	17	2.50	40	6.3
Cleveland Quarries Co. — Building and refractory stone	16	†0.30	10½	2.9
Cleveland Trust Co.	20	6.00	268	2.2
Cleveland Union Stock Yards Co. — Operates livestock yards	50	0.625	8½	7.4
Cleveland Worsted Mills Co. — Woolen and worsted goods	17	4.00	97	4.1
Coca-Cola (Los Angeles)	32	1.50	26	5.8
Coca-Cola (New York)	17	†1.00	23	4.3

* Details not complete as to possible longer record.
† Adjusted for stock dividends, splits, etc.
‡ Value represents last published quotation of 1955. Dec. 31 figure not available.

WORLD'S LARGEST MARKET GAINS NEW PRESTIGE

	No. Consecutive Years Cash Divs. Paid	Cash Divs. Including Extras for 12 Mos. to Dec. 31, 1955 $	Quotation Dec. 31, 1955	Approx. % Yie'd Based on Paymts. to Dec. 31, 1955
Coca-Cola (St. Louis)	28	1.20	19	6.3
Collins Co. — Farm and cutting implements	*41	8.00	120	6.7
Collyer Insulated Wire — Supplies utilities and construction industries	38	2.50	33¾	7.4
Colonial Stores — Retail food stores in Southeast and Midwest	15	2.00	62	3.2
Colorado Central Power Co. — Electric light and power supplier	22	1.20	28	4.3
Colorado Interstate Gas Co. — Natural gas transmission	21	1.25	54¼	2.3
Colorado Milling & Elevator — Flour and prepared mixes for baking	11	1.40	19⅜	7.2
Columbia Baking Co. — Southeastern baker	20	1.00	27½	3.6
Commerce Trust (K. C.)	20	2.00	86	2.3
Commerce Union Bank (Nashville)	*31	1.00	55½	1.8
Commercial Shear. & Stamp. — Pressed metal products, hydraulic oil equipment and forgings	21	1.00	18	5.6
Commercial Trust Co. of New Jersey (Jersey City)	51	3.50	80	4.4
Commonwealth Trust Co. (Pittsburgh)	31	†1.00	35	2.9
Concord Elect. (New Eng.) — Operating public utility	51	2.40	41½	5.8
Connecticut Bk. & Tr. Co.	a141	†1.50	37½	4.0
Connecticut General Life Insurance Co. — Life, accident and health insurance (group and individual)	78	2.60	505	0.5
Connecticut Light & Power — Operating public utility	34	0.92	18⅛	5.1
Connecticut National Bank (Bridgeport, Conn.)	15	0.65	19¼	3.4
Connecticut Power Co. — Electric and gas public utility	41	2.25	41	5.5

Over-The-Counter Consecutive Cash Dividend Payers From 5 to 10 Years Appear in the Second Table Starting on Page 60

Consolidated Dearborn — Owns office buildings in Chicago and Newark	10	1.00	21	4.8
Consolidated Dry Goods Co. — Department store chain	13	3.00	60	5.0
Consolidated Metal Products Corp. — Owns railroad equipment patents	21	4.00	100	4.0
Consolidated Naval Stores — Holding company; diverse interests	23	20.00	330	6.1
Consolidated Rendering Co. — Tallow, grease, meat scrap, fertilizers, hides and skins	21	4.25	54	7.9
Consol. Water Pwr. & Paper — Manufactures paper and paper products	23	†0.85	34½	2.5
Continental Casualty — Diversified insurance	22	e1.40	113	1.2
Continental Gin — Manufactures cotton ginning equipment	56	2.00	47½	4.2
Continental Illinois National Bank and Trust Co. of Chicago	21	4.00	109½	3.7
Continental National Bank (Fort Worth)	21	1.00	25½	3.9
Coos Bay Lumber Co. — Timberland and lumber	13	8.00	117	6.8
Copeland Refrigeration Corp. — Refrigerators and air conditioning	10	0.85	15¾	5.4
Corduroy Rubber Co. — Tires and tubes	17	3.00	35	8.6
Cornell Paperboard Products — Wall & paperboard & containers	16	1.00	17¼	5.8
County Bank & Trust Co. (Paterson, N. J.)	87	†1.20	34	3.5
County Trust (White Plains)	*31	†0.49	36	1.4
Cowles Chemical Co. — Industrial chemicals	*12	0.90	29½	3.1
Creamery Package Mfg. — Food processing and refrigerating machines and farm coolers	69	1.75	33¾	5.2
Crompton & Knowles Loom Works — Wide variety of looms	24	1.00	19	5.3
Crown Life Insurance Co. — Life, accident and sickness; also annuities	*36	†1.26	163	0.8
Curtis Companies, Inc. — Windows, doors and other woodwork	*14	0.60	11¼	5.3

* Details not complete as to possible longer record.
† Adjusted for stock dividends, splits, etc.
a Including predecessors.
e Plus one share of Continental Assurance Co. common for each 100 shares held.

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ment, including income and change in market value, over the past 20 years for 6 outstanding "Growth" stocks and 6 Non-Growth stocks. All computations are from the mean market price of 1936 to the mean market price of 1955. Here are the stocks and the comparative results:

Non-Growth Stocks	Ave. Annual Inv. Accomplishment
Amer. Tobacco	+2.8%
Woolworth	+3.1%
Balto. G. & E.	+4.9%
Coca Cola	+5.0%
Amer. Telephone	+5.6%
Natl. Biscuit	+6.3%
Average	+4.6%
Growth Stocks	
Du Pont	+ 28.3%
Scott Paper	+ 42.9%
Shell Oil	+ 34.5%
Dow Chemical	+ 34.5%
IBM	+ 67.5%
Minn. Mining	+137.2%
Average	+ 57.5%

The second tabulation indicates the excellent increase in yield achieved from purchase of 9 "Growth" stocks at the mean prices of 1946, which was a high market year.

Companies	1946 Yield	Present Yield on 1946 Prices	Times Yield Increase
Natl. Lead	4.4%	27.9%	6.3
Minn. Mining	2.9%	14.4%	5.0
Dow Chemical	1.8%	8.3%	4.6
Du Pont	3.6%	14.4%	4.0
Scott Paper	3.5%	14.0%	4.0
Minn. Honeywell	3.2%	11.3%	3.5
Ex-Cell-O	5.3%	16.3%	3.1
Shell Oil	4.2%	11.4%	2.7
IBM	2.7%	5.2%	1.9

It is desirable to include a certain percentage of "Growth" stocks in any portfolio for future growth of principal and income. Careful preparation of diversified common stock lists can provide a variety of overall yields, and permit inclusion of low yielding "Growth" stocks.

Let's assume that you want to include 25 stocks in an individual portfolio, and that an overall yield of close to 4% is desired. By way of illustration, here's how you might do it.

Include 7 Public Utility Stocks [Average Yield 4.8%].

Companies	Approx. Price	Indicated Yield
Amer. Telephone	185	4.9%
Balto. G. & E.	34¾	4.6%
Gen. Public Util.	37¾	4.8%
N. Y. State E. & G.	39	5.1%
So. Cal. Edison	52½	4.6%
So. Natural Gas	34½	5.2%
United Gas	32	4.7%
		33.9%

Include 9 Representative Stocks with reasonable yield, most of which have moderate to good growth possibilities. Six of the stocks are included in our Mutual Growth Stock Fund. [Average yield 4.4%].

Companies	Approx. Price	Indicated Yield
Coca Cola	127	3.9%
Com. Credit	51	5.5%
Cont. Can	44½	4.0%
First National City Bank, N. Y.	63½	4.1%
May Dept. Stores	45	4.9%
J. C. Penney	96	4.4%
Sinclair Oil	63	4.8%
Square D	62½	4.0%
Warner-Lambert	45	4.4%
		40.0%

Include 9 Typical Low Yielding Growth Stocks [Average yield 2.6%].

Companies	Approx. Price	Indicated Yield
Corning Glass	78	1.9%
Du Pont	228	3.1%
Ex-Cell-O	76	2.6%
Gen. Electric	64	3.1%
Minn. Mining	131	1.4%
Natl. Lead	94	3.2%
Phillips Petr.	95	3.2%
Shell Oil	80	2.5%
Union Carbide	120	2.5%
		23.5%
Overall total		97.4%
Average overall yield		3.9%

Many other combinations are possible, but the above list will illustrate the point.

In summarizing, I would like to re-emphasize the following fundamental suggestions for managing individual portfolios:

(1) Know your client's whole picture.

(2) Agree on a sound investment program.

(3) Implement this program with the proper tools.

(4) Feature well selected "Growth" stocks wherever possible for future increases in principal and income.

Jos. McManus Extends Wire System in South

Joseph McManus & Co., members of the New York Stock Exchange, announce the following additions to their wire system: Erwin & Company, Durham, N. C.; Calhoun & Company, Spartanburg, S. C.; and Powell & Company, Fayetteville, N. C. The firm's wire system now extends to 41 cities from coast to coast.

With Eastern Secs. Corp.

(Special to The Financial Chronicle)

JACKSONVILLE, N. C.—Robert C. Buffkin, Jack Jetton, Richard P. Ledet and Charles R. Malley have become connected with Eastern Securities Corporation, 331 Marine Boulevard.

Fox-Martin Pres. of Sales Exec. Group

PHILADELPHIA, Pa. — Milton Fox-Martin, manager of dealer relations for The Wellington Company, sponsor and distributor of Wellington Fund, has been elected President of the Sales Promotion Executives Association of Delaware Valley, Inc. Mr. Fox-Martin is a Charter Member of the national organization of the SPEA; and he is the first President of the Delaware Valley whose members are sales and promotion executives of leading corporations in the Greater Philadelphia area.

Milton Fox-Martin

Honnold Adds to Staff

(Special to The Financial Chronicle)

DENVER, Colo. — Martin W. Boxer and Ralph W. Newton, Jr. have become affiliated with Honnold and Company, Inc., 524 17th Street. Mr. Newton was previously with J. W. Hicks & Co.

With Mid Continent Secs.

(Special to The Financial Chronicle)

ST. LOUIS, Mo.—Leo J. Hennessey, John F. Carrington and Charles J. Leady are now with Mid Continent Securities Corporation, 3520 Hampton Avenue.

Our Reporter on Governments

By JOHN T. CHIPPENDALE, JR.

The Government market is on the defensive in a rather big way, because of the continually tightening money conditions. As a matter of more than passing interest, there have been times recently when, with the exception of the short-term sector, the market for most of the other Treasury obligations was pretty much demoralized because of the thinness of the market and the lack of interest among those that have been purchasers of these securities. From time to time there has been buying of the longer-term bonds, but these commitments have not been very large.

Because of the prevailing conditions in the equity market and the boom psychology, which seems to be spreading throughout the economy, demand for money for business and other purposes is very strong. This is bringing about higher interest rates, which is having an adverse effect not only on Governments but also on corporates and tax free obligations.

Money Pinch Continues

The pinch on the money market continues, and the recent increase in rates for brokers loans from 3¾% to 4% was only reflecting the tightness of available funds in the face of the demand which is around for money that can be borrowed. The large amount of money which was borrowed by corporations in order to make payments on income taxes, on the Ides of March, was one of the new tighteners which was put on the money market. At the same time, the powers that be did not see fit to make any changes in policy in face of the new demand which was appearing for loanable funds. To be sure, some of this money which was obtained for the payment of income taxes will be repaid in the not distant future. This is one of the reasons given by some money market specialists for the lack of action on the part of the monetary authorities, when money rates were hardened by this demand which was appearing for loanable funds.

Boost in "Prime Rate" Expected

With the upping of the brokers loan rate comes the question as to what might happen to the "prime rate." There have been reports that some of the rates which banks have been charging customers for loans have in many instances been adjusted upward. This is not unusual when the pattern of interest rates is in an ascending trend. However, it seems as though there is not too much agreement yet on what will be the immediate course of the "prime bank rate" although not a few money market specialists are leaning toward the opinion that the rate for best credit rated customers will be moved up from 3½% to 3¾% before too much time has elapsed. It is believed that the bulge in business borrowings from commercial banks, because of the sharp upturn in spending on plant equipment and inventories, could result in a rise in the prime rate. An increase in this rate from 3½% to 3¾% would have a hardening effect upon all other rates charged by the deposit banks for borrowings. This would tend to further tighten the money market, unless the powers that be decide not to "lean so hard against the wind."

Added Credit Curbs Possible

On the other hand, the vigor of the prevailing uptrend in business spending could lead to a change in policy on the part of the monetary authorities. If the accumulation of inventories goes on at a fairly rapid pace, as has been the case, the powers that be may decide to resort to further restraining measures as far as the money market is concerned. This is something which must be given consideration and watched very closely because open market operations by the Federal Reserve Banks will most likely be the way in which the screws would be further tightened. If carried far enough, it could bring about another rise in the rediscount rate. Member banks borrowings from the Central Banks would be increased with a further tightening of the money markets.

Emphasis on Treasury Short-Terms

Because of the unsettled conditions which are currently prevailing, the principal interest among buyers of Government securities is in the short-term liquid obligations. This is no change from what has been going on because the money of corporations continues to seek an outlet in these liquid securities. There is, however, more of an interest appearing for the tax-free issues that are in the short-term classification as far as some corporations are concerned.

The decline in prices of the more distant Treasury obligations has brought in some commitments from institutions that have available funds. There is, however, no large scale buying yet in sight, in this very thin market.

Coleman Ch. of Bd. Of United Carbon

Directors of United Carbon Company elected Thomas A. Whelan President and Sylvan C. Coleman Chairman of the Board. Oscar Nelson, Jr. was reelected Executive Vice-President and also was named President of three operating subsidiaries, namely, United Carbon Company, Inc., United Rubber & Chemical Co. and United Producing Company, Inc.

Sylvan C. Coleman

Mr. Whelan, along with the late Oscar Nelson and Thorne Koblegard, is a co-founder of the company. He has been Treasurer Director and Member of the Executive Committee since the inception of the company in 1925. Mr. Coleman is a partner of E. F. Hutton & Company, has been a director of United Carbon Company for many years, and is also a Member of the Executive Committee. Mr. Thorne Koblegard resigned from the presidency and reelected to the Board of Directors and the Executive Committee. All other directors were reelected at the annual meeting and the Stock Option Plan was approved by the stockholders.

Bruns, Nordeman Branch

DYERSBURG, Tenn. — Bruns, Nordeman & Co., members of the New York Stock Exchange, have opened a branch office in the Cordell Hull Hotel under the management of Harris N. Draughton.

W. C. Roney Admits

DETROIT, Mich. — William C. Roney & Co., Buhl Building, members of the New York and Detroit Stock Exchanges, on April 12, will admit Lynore Hurdley to limited partnership in the firm.

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WORLD'S LARGEST MARKET GAINS NEW PRESTIGE

	No. Consecutive Years Cash Divs. Paid	Cash Divs. Including Extras for 12 Mos. to Dec. 31, 1955 $	Quotation Dec. 31, 1955	Approx. % Yield Based on Paymts. to Dec. 31, 1955
Cutter Laboratories, voting — Pharmaceutical manufacturing	31	0.22	9	2.4
Dahlstrom Metallic Door Co. — Doors, mouldings, cabinets	14	1.20	11½	10.4
Dallas Transit Co. — Local transit facilities	14	†0.35	7⅛	4.9
Dayton Malleable Iron Co. — Iron and steel castings	17	1.00	20	5.0
Decker Manufacturing Co. — Special order manufacturing	*10	0.30	4⅜	6.8
Delaware Railroad Co. — Leased and operated by P.R.R.	57	2.00	42	4.8
Delta Electric Co. — Auto and bicycle lamps and horns	19	1.15	19	6.1
Dempster Mill Manufacturing Co. — Farm equipment	19	6.00	118	5.1
Dentist's Supply (N. Y.) — Artificial teeth and other dental supplies	*30	1.00	15⅞	6.3
Denver Natl. Bank (Denver)	*32	†1.58	45½	3.5
Denver Union Stock Yard Co. — Livestock	37	4.00	69	5.8
Detroit Aluminum & Brass — Bearings and bushings	*10	0.50	7	7.1
Detroit (The) Bank	20	2.00	78½	2.5
Detroit & Canada Tunnel — Owns and operates international tunnel	15	†0.90	19½	4.6
Detroit Harvester — Auto parts and farm equipment	21	1.20	14¼	8.4
Detroit International Bridge — Operates bridge to Windsor	12	1.05	23	4.6
Detroit Stamping Co. — Pressed metal parts & specialties	22	1.00	13¾	7.3
Diamond Portland Cement Co. — "Portland" cement	19	†1.15	29¼	3.9
Dickey (W. S.) Clay Mfg. Co. — Sewer and culvert pipes, tiles	10	1.05	23¾	4.4
Dictaphone Corp. — Manufacturer and sale of Dictaphone dictating and transcribing machines	30	5.00	118	4.2
Dictograph Products Co. — Holding company	10	0.35	6¾	5.2
Dime Bank (Akron)	21	2.00	45	4.4
Discount Corp. of New York — Discounts acceptances	*24	8.00	160	5.0
District Theatres — Operates theatre chain	10	0.20	3	6.7
Dixon (Joseph) Crucible Co. — Crucibles, graphite, paint	17	0.98	16⅝	5.9
Doeskin Products, Inc. — Tissues	19	0.75	14¼	5.3
Dollar Savings & Trust Co. (Youngstown)	14	5.00	125	4.0
Drackett Co. — Soybean products, "Drano," "Windex"	*23	0.40	7¾	5.2
Dravo Corp. — Heavy engineering projects, marine equipment	17	2.00	44¾	4.5
Drexel Furniture Co. — Quality furniture	*19	1.10	21	5.2
Drovers Natl. Bk. (Chicago)	73	†0.73	22	3.3
Ducommun Metals & Supply — Metals and industrial supplies Steel or nonferrous products	21	1.00	18¾	5.3
Duff-Norton — Industrial jacks and lifting equipment	66	2.00	34	5.9
Dun & Bradstreet — Credit and marketing reports and publications	23	†1.35	28⅛	4.8
Duncan Electric Manufacturing Co. — Watthour meters	22	1.75	42	4.2
Duriron Co. — Corrosion resistant equipment	16	0.80	14½	5.5
Eason Oil Co. — Petroleum and natural gas	14	0.50	13¾	3.6
Eastern Racing Assn. — Suffolk Downs	15	0.30	4⅜	6.9
Eastern Utilities Associates — Holding company, New England interests	28	2.10	35¾	5.9
Eaton Paper Corp. — Writing paper	10	4.25	51	8.3
Economics Laboratory, Inc. — Makes softening compounds	*19	0.75	21	3.6
Edgewater Steel Co. — Steel products	*11	2.10	38¼	5.5
Edison Sault Electric Co. — Operating public utility	20	0.70	15	4.6
Edison (Thomas A.) Class B — Batteries, dictating machines, aircraft and industrial instruments	32	†1.27	24¾	5.1
Egry Register Co. — Autographic registers	17	1.00	17	5.9
El Paso Electric Co. — Texas operating utility	*28	1.65	39¼	4.2

* Details not complete as to possible longer record.
† Adjusted for stock dividends, splits, etc.

WORLD'S LARGEST MARKET GAINS NEW PRESTIGE

	No. Consecutive Years Cash Divs. Paid	Cash Divs. Including Extras for 12 Mos. to Dec. 31, 1955 $	Quotation Dec. 31, 1955	Approx. % Yield Based on Paymts. to Dec. 31, 1955
El Paso Natl. Bank (Texas)	22	2.40	‡56	4.2
Electric Hose & Rubber Co. Rubber hose	17	†1.20	34	3.5
Electrical Products Consolidated Neon sign manufacturing	22	1.65	28½	5.8
Electro Refractories & Abrasives Corp. Abrasives	20	1.00	27	3.7
Emerson Drug Co. of Baltimore City Class B Bromo-Seltzer	65	1.00	20½	4.9
Emhart Manufacturing Co. Glass industry machinery	10	1.05	29¾	3.5
Empire Southern Gas Co. Natural gas public utility	13	1.00	24½	4.1
Empire Trust Co. (N. Y.)	50	3.00	174	1.7
Employers Reinsurance Corp. Multiple line reinsurance	42	†2.30	84½	2.7
Eppens, Smith Co. Coffee and tea importing	*32	4.00	70	5.7
Equitable Security Trust Co. (Wilmington)	158	4.00	98	4.1
Equitable Trust Co. (Balti.)	41	†0.98	47	2.1
Erie & Kalamazoo RR. Leased by New York Central	107	3.25	53¼	6.1
Erlanger Mills Corp. Holding company (textiles)	11	0.50	14¼	3.5
Erwin Mills, Inc. Textile mills	24	0.15	11	1.4
Exolon Co. Manufacture artificial abrasives and magnetic separators	20	1.35	21½	6.3
Faber Coe & Gregg, Inc. Tobacco wholesaler	22	3.00	47½	6.3
Fafnir Bearing Co. Manufacturer of ball bearings	43	†2.40	49½	4.8
Fairmont Foods Company Dairy products and frozen foods	51	1.00	26	3.8
Fairmont Railway Motors, Inc. Railway motor cars	*22	25.00	342	7.3

Over-The-Counter Consecutive Cash Dividend Payers From 5 to 10 Years Appear in the Second Table Starting on Page 60

Fanner Mfg. Manufactures chaplets and chills for foundries	43	†0.58	10⅛	5.7
Farmers & Merchants Bank of Long Beach (Calif.)	21	3.00	70	4.3
Farrel-Birmingham Co. Heavy machinery & machine tools	21	2.00	51	3.9
Fate-Root-Heath Co. Industrial locomotives	10	1.00	9	11.0
Faultless Rubber Misc. rubber goods, sponges	31	1.00	18	5.6
Federal Bake Shops, Inc. Chain of retail bake shops	20	0.60	7⅛	8.4
Federal Chemical Co. Fertilizers	12	6.00	102	5.9
Fed. Compress & Warehouse Cotton compress and warehousing	30	3.50	57½	6.1
Federal Insurance Co. Multiple line insurance	54	0.80	36	2.2
Federal Screw Works Screws and machines	15	1.50	21	7.1
Federal Trust Co. (Newark)	12	1.20	36	3.3
Federated Publications, Inc. Michigan newspapers	21	4.50	85	5.3
Felters Co. Pressed felts (non-woven)	*15	0.60	10½	5.7
Ferry Cap & Set Screw Co. Screws and bolts	16	0.40	7	5.7
Fidelity-Baltimore Natl. Bk. and Trust Co. (Balti.)	51	2.00	51½	3.9
Fidelity-Philadelphia Trust	91	4.00	94	4.3
Fidelity Trust Co. (Pgh.)	72	2.80	66	4.2
Fidelity Union Tr. (Newark)	*62	2.70	66	4.1
Fifth-Third Un. Tr. (Cinn.)	19	†1.90	56½	3.4
Fireman's Fund Insur. Co. Western fire underwriter	48	1.80	66½	2.7
Firemen's Ins. Co. (Newark) Diversified insurance	19	1.15	40½	2.8
First Amer. Nat. Bk. (Nashv.)	18	1.40	38	3.7
First Bank Stock Corp. Holds stock of banks in Ninth Federal Reserve District	27	1.425	35½	4.0
First Bank & Trust Co. (Madison, N. J.)	18	1.80	50	3.6
First Bank & Trust Co. (South Bend)	17	1.20	33	3.6
FIRST BOSTON CORP. Investment banking	17	5.00	54	9.3

● **See page 32 for this company's advertisement.**

* Details not complete as to possible longer record.
† Adjusted for stock dividends, splits, etc.
‡ Value represents last published quotation of 1955. Dec. 31 figure not available.

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The Investment Banker And Private Placements

Please bear in mind, in that connection, that corporate bonds now constitute 43% of the life insurance industry portfolio as compared with only 3% for stocks, both preferred and common.

A rather complete revolution has come over the investment practices of the life insurance companies during the last 20 years, and the same may be said of the investment banking system. The public libraries are loaded with books describing the causes for this situation, and they variously include institutionalized savings, the SEC Act, the application of the Keynes theory, New Deal taxation policies, etc., etc., ad infinitum. I shall not try to re-edit the works of greater scholars than I. I shall try to analyze the results, rather than the causes, and suggest lessons that may be learned, with I hope, mutual benefit for all of us.

Changed Investment Houses

Twenty years ago the Provident Mutual was seventeenth in size among life insurance companies, with $268,000,000 of assets. We were located about three miles away from the center of Philadelphia, yet that did not deter the representatives of at least 15 investment banking and brokerage houses from calling on us in person each day, and on days when new bond issues that we expected to buy were scheduled we would call in an extra telephone operator, and wind up buying a total of from 250 to 500 bonds from perhaps 125 different houses.

Those days apparently have gone. We are still seventeenth in size, although our assets have trebled, we are still at the same location, we are lucky if we are visited by three salesmen a day, and when a new public issue comes along, our telephone operators are rather completely oblivious to it. And this situation I am sure is rather typical of all life insurance companies.

The plain and simple answer is that the investment houses that 20 years ago had merchandise which we wanted, don't have merchandise we want today. We still want merchandise, and in far larger quantities than we wanted it then. And, at least until today, we are finding merchandise, but in far too few instances is it coming from the investment banking and brokerage fraternity.

Private Placements

The plain fact of the matter is that, at least in the industrial sector, the life insurance companies have taken over much of the investment banking function. You know that I am referring to private placements.

Again, I shall not dwell upon the pros and cons of private placements, nor the wails of some investment bankers and most investment brokers, of some commercial bankers, and even of some life insurance companies, nor the SEC, nor of certain legislators. Rather, I am going to accept the plain fact that private placements exist, and I am going to suppose that because of their proven success they will continue. What I am suggesting is that there are ways by which the investment banking and brokerage fraternity can enlarge and improve their participation in this field, with profit to themselves and sound service as middlemen to both the borrower and the lender.

I have held forth privately on this subject to a number of different firms, and I believe that in one way or another many of them have applied these ideas. No one has any monopoly in this field. It has limitless possibilities, and if my talk today has any value to you, it may mean that the men in the investment departments of the life insurance companies won't have to do quite as much traveling as they are doing now, seeking and negotiating merchandise.

As you have rather gathered, the key to this situation is the right merchandise. But you must seek it out; it will not walk in to you unsolicited at 44 Wall Street or 208 So. LaSalle Street. And believe me, good merchandise can be more easily solicited and obtained today than it was seven or eight years ago when a few of us life insurance companies were pioneering the field. We had no more friends in industry than you had.

Whether you are associated with a banking house or a brokerage house makes no difference. Private placement today is primarily a brokerage function. It requires no underwriting, and no reservoir of capital. The profits can be large, and with my tongue in my cheek I might even suggest that they can be larger than in many underwritings whether or not competitive bidding is involved.

Every banking and brokerage house has plenty of clients. Many of those clients are business successes in their own right. In most cases that is the reason for their being able to buy and sell securities in the first place. Are they not ideal prospects for private placement business? And if they are customers of your salesmen, why not offer your salesmen a percentage of any fee that your firm might collect from their customers. Such a contingent fee certainly won't cost you anything, and it would surely be a real incentive for your men.

$500,000 Investments

In canvassing these prospects do not look down your noses at corporations which might want to borrow only $300,000, $400,000 or $500,000. I can assure you there is real gold in them thar hills. When the Provident Mutual first wet its feet in this private placement business it was in that area that we concentrated. Back in 1946 and 1947 that was a No-Man's Land. The amounts involved were smaller than investment bankers wanted to underwrite, and the costs were prohibitive to the borrower if he could find an underwriter. And in many instances the amounts were too large for a commercial bank on a short-term basis. Moreover, borrowers in this area can be just as good business and credit risks as multi-million dollar borrowers. Under such circumstances there is real profit for everyone.

All of us know the value of

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baseball farm teams, and how necessary they are for the development of young players until they are ready for the big leagues. That is the way I wish the investment fraternity would look upon these $300,000-$500,000 borrowers. Who knows but what, as these companies grow, you can recast their debt maybe 2, 3, or 4 times, before they are ready for a public underwriting, but in the meantime you will have performed a valuable function and received rich financial reward, and you will have vigorous and profitable clients in your own declining years.

Now, a few comments on the tailoring of the merchandise, not only so that it will be saleable, but also so that it will be in the best interests of your client. Here there are real pitfalls, and I have my own personal belief that many life insurance companies and many investment houses have been remiss in their tailoring jobs, and in so doing have performed a disservice to themselves and to the borrower.

Industrial Debt Repayment

Industrial bond financing encompasses a great number of individual industries, each with widely different economic characteristics and problems peculiar to that individual industry alone. However, there are certain general differing characteristics of industrial companies, as contrasted, for example, with electric companies, that must be recognized by both the borrowing corporation and the lender. Thus, industrial companies are exposed to a greater extent to the vicissitudes of competition than the regulated electric companies which serve the public without competition. Accordingly, the record shows that the demand for the products of most industrial concerns is less stable than that for kilowatt hours. Similarly, industrial plant location is subject to frequent changes due to labor differentials, transportation costs, change in markets, etc. Moreover, industrial management has to be continually on the alert as to the effects on its competitive position of rapidly changing technology. Working capital strength is most important and requires close analysis. As a result of these broad, differing features, sound industrial borrowing is characterized by lower debt ratios, shorter maturities, and much more substantial use of sinking funds for debt retirement.

No one knows when a rainy day will hit an industrial company. For this reason, every encouragement should be given the industrial borrower to pay off his debt as quickly as possible, so that he will have credit that he can call upon when that rainy day arrives. Too many private placement brokers, and not a few life insurance companies, have evidenced a willingness to approve a schedule of debt repayments that is projected into the future far beyond sound reason. A rainy day could be tragic for all concerned.

It is reasonably possible for a commercial banker to gauge his borrower's ability to repay a loan in three or six months, it definitely involves more risk when a life insurance company thinks it can see its borrower's ability to repay over a 10-year period, and the principals and the broker are playing with dynamite when they think in terms of 25, 50 or 100 years. For its sobering influence, I suggest that you dig out a copy of the "Saturday Evening Post" of say 25 years ago, and note the companies that were flush enough to advertise in that medium in those days, and which are today out of existence.

Business Risk Appraisal

Because every industrial company is so different from every other, and before you can soundly tailor your merchandise, you should make a labored study of the entire enterprise. Before a life insurance company can invest its funds soundly in an industrial enterprise it must appraise the risks. That is why today a premium value is placed by a life insurance company upon any individual on its investment staff who understands annd appreciates manufacturing processes. Today we need men who can appraise business risks, and not merely money and credit risks. And if we can find a similar understanding among members of the investment banking fraternity, our task is made easier and the investment banker takes on new value.

You gave some thought to a discussion entitled, "A Case Study of the Ford Financing." Now, for such value as it may have, I would like to mention at this time another aspect of the Ford situation that I am sure was not touched upon, but which has pertinence to my plea for a better understanding of manufacturing processes and their financial impacts.

I hold here a Ford prospectus issued in January. It was issued in complete conformity with the regulations of the SEC. It presumably reveals all information pertinent to a reasonable understanding of Ford Motor. But, there is a glaring void in the information that is here presented.

Cost Composition Analysis

The prospectus sets forth that Ford had sales in 1954 of $4,094,-200,000, and it mentions that Cost of Sales totaled $3,292,400,000. Nowhere in that prospectus is there any mention of what sort of costs and expenses made up that $3,292,400,000. For all practical purposes, the rest of the prospectus was devoted to an explanation of everything else but the $3,292,400,000. I submit that if a sophisticated investor knew more about that $3,292,400,000 he would have a far more complete comprehension of what makes Ford tick.

In short, an investor in either bonds or stocks should know what is produced by a company within its own four walls, and not just the dollar value of the sales that go through its accounting records. It could be, for all any one can tell from the prospectus, that Ford is a mere assembler and merchandiser. If that is the case it deserves a profit for assembling and merchandising. But if, on the other hand, Ford is reasonably integrated, it deserves an additional profit for

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WORLD'S LARGEST MARKET GAINS NEW PRESTIGE

	No. Consecutive Years Cash Divs. Paid	Cash Divs. Including Extras for 12 Mos. to Dec. 31, 1955 $	Quotation Dec. 31, 1955	Approx. % Yield Based on Paymts. to Dec. 31, 1955
First Camden National Bank & Trust Co. (N. J.)	11	†0.80	21¾	3.7
First Natl. Bank of Akron	17	1.00	35	2.9
First Natl. Bank of Atlanta	27	1.60	45¾	3.5
First Natl. Bank (Balti.)	28	2.50	51½	4.9
First Natl. Bank (Birming.)	13	†1.52	44	3.5
First Natl. Bank of Boston	172	2.70	63¼	4.3
First Natl. Bank (Chicago)	20	8.00	308	2.6
First Natl. Bank (Cinn.)	93	1.20	39¼	3.1
First Natl. Bank in Dallas	80	1.40	34½	4.1
First Natl. Bank of Denver	*39	14.00	435	3.2
First Natl. Bank (Ft. Worth)	22	†0.50	29	1.7
First Natl. Bank (Houston)	23	†1.94	57¼	3.4
First Natl. Bk. (Jersey City)	92	2.25	57½	3.9
First Natl. Bank (K. C.)	66	3.00	135	2.2
First Natl. Bank (Memphis)	61	1.40	36½	3.8
First National Bank (Miami)	*31	†1.30	38½	3.4
First National Bank (Mobile)	*31	†4.20	106	4.0
First Natl. Bank (Omaha)	19	2.00	62	3.2
First Natl. Bank of Portland	85	2.00	59½	3.4
First Natl. Bank (St. Louis)	*37	2.60	63	4.1
First Natl. Bank (Scranton)	93	2.00	44	4.5
First Natl. Bk. (Shreveport)	17	†1.10	48	2.3
First National Bank (Tampa)	22	n.s.	50	--
First Natl. Bank (Wichita)	36	8.00	250	3.2
First National Bank & Trust Co. (New Haven)	20	†0.75	25	3.0
First Natl. Bk. Tr. (Okla. City)	29	1.00	38	2.6
First National Bank & Trust (Paterson)	*31	3.00	91	3.3
First National Bank and Trust Co. (Tulsa)	17	1.20	34	3.5
First National City Bank of New York	143	2.45	64⅛	3.8
First National Exchange Bank of Roanoke	74	2.20	62	3.5
First National Trust & Savings Bank of San Diego	23	2.10	78	2.7
First Pennsylvania Banking & Trust Co. (Phila.) Formed in October 1955 as merger of First National Bank of Philadelphia and the Pennsylvania Co. for Banking & Trusts	141	---	49¾	--
First Western Bank & Trust Co. (San Francisco)	89	1.60	50	3.2
Fitchburg Gas & Elec. Light Serves Massachusetts communities	*69	3.00	53½	5.6
Florida National Bank (Jacksonville)	20	1.00	56	1.8
Fluor Corp. Ltd. Plants for oil, gas and chemical industries	13	1.20	19¾	6.1
Foote Bros. Gear & Mach. Gears and transmission equip.	15	1.30	17¼	7.5
Foote-Burt Co. Drilling, reaming, tapping machines	27	1.30	26½	4.9
Forbes & Wallace, Inc., class B, non-voting Dept. store, Springfield, Mass.	20	1.25	21½	5.8

* Details not complete as to possible longer record.
† Adjusted for stock dividends, splits, etc.
n.s. No published record.

WORLD'S LARGEST MARKET GAINS NEW PRESTIGE

	No. Consecutive Years Cash Divs. Paid	Cash Divs. Including Extras for 12 Mos. to Dec. 31, 1955 $	Quotation Dec. 31, 1955	Approx. % Yield Based on Paymts. to Dec. 31, 1955
Fort Pitt Bridge Works Structural steel fabrication	14	1.00	32½	3.1
Fort Wayne Corrugated Paper Co. Corrugated shipping containers	17	1.00	23½	4.3
Fort Wayne National Bank (Indiana)	22	1.80	58	3.1
Ft. Worth National Bank	72	1.00	27	3.7
Fostoria Pressed Steel Corp. Industrial lighting units	16	1.75	18	9.2
Fourth Natl. Bank of Wichita	*31	1.00	60½	1.6
Fram Corp. Manufacturer of oil, fuel, carburetor, air, & radiator waterfilters	15	0.80	15½	5.2
Franco Wyoming Oil Co. Holding company. Also finances oil developments	21	2.50	57¾	4.3
Frank (Albert)-Guenther Law, Inc. Advertising agency	12	0.30	9	3.3
FRANKLIN LIFE INSURANCE CO. Life insurance ● See page 29 for this company's advertisement.	21	†0.40	97	0.4
Franklin Process Co. Yarn dyers and manufacturers	42	1.00	23	4.4
Fresnillo (The) Co. Mining	23	xx1.02	8⅝	11.8
Frick Co. Refrigeration and air conditioning equipment	54	2.00	31	6.5
Frontier Refining Co. Petroleum production, refining and marketing	10	†0.24	11¾	2.0
Fruit of the Loom, Inc. Cotton goods	10	1.50	17	8.8
Fuller Brush Co., class A Brushes	34	3.50	48¼	7.2
Fuller Mfg. Co. Truck parts and gas	17	1.50	37½	4.0
Fulton Natl. Bank (Atlanta)	43	1.25	41¼	3.0
Galveston-Houston Co. Holding company. Bus industry	17	1.00	10	10.0

Over-The-Counter Consecutive Cash Dividend Payers From 5 to 10 Years Appear in the Second Table Starting on Page 60

Garlock Packing Co. Mechanical packings, gaskets, oil seals and mechanical seals	51	1.50	26¾	5.6
Gary Natl. Bank (Indiana)	42	n.s.	450	--
Gas Service Co. Natural gas distributor serving Missouri, Kansas, Oklahoma and Nebraska	12	1.36	25⅛	5.4
GENERAL AMERICAN OIL Crude oil producer ● See page 22 for this company's advertisement.	10	†0.57	49¾	1.2
General Controls Automatic controls for pressure and temperature	*17	0.85	25	3.4
General Crude Oil Co. Southern producer	18	1.00	36	2.8
General Dry Batteries Manufacturers of dry batteries, mercury cells, extruders of zinc, aluminum and magnesium	25	0.60	8½	7.1
General Industries Co. Plastics. Also makes small electric motors	16	2.25	46½	4.8
General Manifold & Ptg. Co. Commercial printing	11	0.48	6½	7.4
GENERAL REINSURANCE CORP. All casualty, bonding, fire and allied lines ● See company's advertisement on this page.	22	1.80	50	3.6
Georgia Marble Co. Marble production	13	†1.19	42	2.8
Georgia Railroad and Banking Co. Holding company. Rail interests	68	7.00	250	2.8
Gerber Products Co. Baby foods	15	1.10	43¼	2.5
Giddings & Lewis Mach. Tool Boring, milling and drilling machines	19	2.00	31¾	6.3
Gilbert & Bennett Manufacturing Co. Wire cloth	14	4.00	65½	6.1
Girard Trust Corn Exchange Bank (Philadelphia)	119	2.95	71	4.2
Gisholt Machine Co. Turret lathes and tools	21	1.50	21	7.1
Glatfelter (P. H.) Co. Book bond and specialty paper	10	1.85	58	3.2
Glen-Gery Shale Brick Corp. Owns eight brick plants	10	0.50	6½	7.7
Glens Falls Insurance Co. Multiple line underwriter	90	2.00	69½	2.9
Glens Falls Portland Cement Portland and masonry cement	10	3.40	88½	3.8

* Details not complete as to possible longer record.
† Adjusted for stock dividends, splits, etc.
xx Net, after Mexican Dividend tax.

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its manufacturing function. The question then is, just how integrated is Ford as compared with, let us say, General Motors and Chrysler, and how do its profits relate to the value added by manufacture as compared with General Motors and Chrysler, and are those profits, thus compared, high, or reasonable or low? Once we, as investors and investment bankers, broaden our understanding of companies by adding this type of analysis our judgments and conclusions and recommendations will have a validity far more sound than prevails in our fraternity today.

In this connection I am reminded of some testimony of Harlow Curtice, the President of General Motors, before the Senate Committee on Banking and Currency on March 18, 1955, when he said, "We buy our materials and parts in the same markets and at the same prices as our competitors. It would be illegal under the Robinson-Patman Act to do otherwise. We pay at least the same wages for equivalent labor as they do. The equipment we purchase is equally available to them at the same prices. Under these circumstances, if we make more profit than they do, it can only be because our organization is superior to theirs in converting the same materials into finished products which appeal to more customers at our prices than theirs do. When one producer makes a higher return on his investment than others while selling at competitive prices, and paying the same wages and prices for materials as his competitors do, his higher return on capital is a mark of his greater efficiency."

Under-Integration

All of us have toyed with the thought at some time or other in our investment lives of the relative attractiveness of Chrysler over General Motors, obsessed

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with the idea that if Chrysler earned a profit margin equal to General Motors, the earnings per share would be two, three, or four times those that are always reported. Too few of us, however, have realized through the years that competitive factors would never let such a change occur until Chrysler attained approximately the same degree of integration as was enjoyed by General Motors. After all, how could Chrysler buy an auto body from Briggs Manufacturing, provide Briggs with a profit on that body, and still expect to have a sales profit margin equal to General Motors which made its own body in its Fisher Division?

It is not generally realized that the annual reports to stockholders of many of our leading corporations today actually contain more pithy explanatory information of what goes on within the corporation's four walls than is contained in their prospectuses. Thus, the General Motors annual reports in recent years do contain a breakdown of cost of sales that permits the analyst to know the degree of integration that exists within that company. Likewise Chrysler in its annual reports reveals similarly highly interesting figures to those who would take the time to study them and weigh their import. At this writing, Ford's annual report for 1955 is not yet published. When it is it will be most interesting to study it closely to see whether it contains similar figures that will permit of sound comparison with General Motors and Chrysler.

Cost of Value Added

All of you are familiar in varying degree with the Renegotiation Act of 1942 that gave the Government the power to determine the difference between reasonable profits and excessive profits and then to force the return to the Government of 100% of the excessive profits. The administration of that Act has been generally regarded as free from inequities. It still is not generally known, however, that much of that successful administration was due to careful scrutiny of the cost of the value added by manufacture and decision as to a reasonable profit when related to that value added.

In other words, the Government ascertained exactly what a company did within its four walls, and it paid little attention to the dollar value of the sales that went through the company's books, some or nearly all of which might have been acquired by sub-contract from other manufacturers.

During World War II Willys Overland and Ford each manufactured annually approximately $100 million of jeeps, with specifications for both companies identical. Actually the Willys Overland base sales price per unit to the Government was $900, whereas that of Ford was $1,000. The profit reported by Willys Overland on its sales price of $900 was 16%, whereas that reported by Ford on its base price of $1,000 was 6%. Analysis of cost of sales showed that 72% of Willys costs were in the form of materials purchased; 59% of Ford's. In other words, Willys was able to purchase parts from outside producers, and probably give them a fair profit, at a cost far less than Ford could make those same parts.

To anyone cognizant of those figures, here was ample evidence that Ford was a high-cost producer.

I now pose an iffy sort of question. If Ford had elected in 1945 to offer its stock to the public by means of a prospectus in full accordance with SEC regulations as they then and still do exist, would the public have sensed in any way whatsoever that Ford was a high-cost producer, and would you, as investment bankers have been proud to recommend Ford stock to your customers?

Today, in retrospect, we are all aware that Ford has mended its ways. Competition has forced it to rid itself of its high-cost integration. It is a different company today from what it was 10 years ago.

By the same token, we are all also aware that Chrysler has mended its ways. Competition has forced it to rid itself of its under-integration. It too is a different company today from what it was 10 years ago.

So far in this discussion I have mentioned only four companies, General Motors, Chrysler, Ford, and Willys Overland, all well known, all with internal operations that are reasonably well understood by sophisticated investors.

Consider now the problem confronting a life insurance company when an investment banking firm, acting as agent for XYZ Company, asks the insurance company to consider making a loan to it of $500,000. XYZ Company is family-owned, its financial operations are not a matter of public record. To fully explain just what goes on within that company's four walls, so that there can be a sound understanding as to where that company fits into its industry, together with the risks inherent in that position, requires more than a few pages of brochure. Someone has to get that information, and I would hope that the investment banking fraternity would improve its techniques so that it would widen its economic function and justify even larger fees than it is now receiving for its services.

The point of this talk is to emphasize that life insurance companies are long-term investors. We want to be able to understand and appraise the business risk in long-term investment. If we are to invest soundly, we need to know our merchandise. If you are to fulfill your economic function as purveyors of that merchandise, we need your every cooperation so that we can be sure we know what we are buying.

With J. Logan Co.

(Special to THE FINANCIAL CHRONICLE)

LOS ANGELES, Calif.—James R. Janssen, Gilbert Nelson, Henry Pikkel, Dayton A. Smity and Eugene Wein are now with J. Logan & Co., 210 West Seventh Street.

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WORLD'S LARGEST MARKET GAINS NEW PRESTIGE

	No. Consecutive Years Cash Divs. Paid	Cash Divs. Including Extras for 12 Mos. to Dec. 31, 1955 $	Quotation Dec. 31, 1955	Approx. % Yield Based on Paymts. to Dec. 31, 1955
Globe & Republic Insurance Fire and allied lines of insurance	20	0.90	23¾	3.8
Good Humor Corp. Well-known ice cream retailer	22	0.35	8¼	4.2
Graflex, Inc. Cameras	13	0.60	12	5.0
Grand Trunk Warehouse & Cold Storage Co. Detroit ice manufacturer	13	2.00	66	3.0
Graniteville Co. Cotton fabrics	15	1.50	29½	5.1
Great Amer. Ins. Co. (N. Y.) Diversified insurance	83	1.50	40⅞	3.7
Great Lakes Engineering Works Shipbuilders and engineers	33	1.00	14¼	7.0
Great Lakes Terminal Warehouse Co. Public cold and merchandising storage	20	1.10	15½	7.0
Green (Daniel) Co. House slippers	*19	5.60	71	7.9
Green Giant Co., Class B Vegetable canning & distribution	*32	1.00	19¾	5.1
Griess-Pfleger Tanning Co. Leather tanning	*15	1.00	13	7.7
Grinnell Corp. Sprinklers & plumbing equipment	21	3.75	115	3.3
Guaranty Trust (N. Y.)	64	3.70	80½	4.6
Gulf Life Insurance Co. Life and accident	24	0.50	34½	1.4
Gustin-Bacon Mfg. Co. Glass fibre insulation products	18	0.75	66½	1.1
Hagan Corp. Water treatment chemicals	13	1.05	28¾	3.7
Hajoca Corp. Building supplies	14	0.875	33¾	2.6
Halle Bros. Ohio merchandise distributors	41	1.00	28¼	3.5
Haloid Co. Photo papers, copying processes	27	†0.83	67½	1.2
Hamilton Mfg. Wood and steel products	17	1.00	16¼	6.2
Hamilton National Bank (Chattanooga)	*51	10.00	275	3.6
Hamilton National Bank (Knoxville, Tenn.)	24	8.00	310	2.6
Hanes (P. H.) Knitting Co. Underwear and sportswear	23	1.95	40	4.9
Hanna (M. A.), Class B Coal, iron, steel	22	3.00	118	2.5
Hanover Bank (N. Y.)	104	†1.95	50⅜	3.9
Hanover Fire Insurance Co. Multiple line insurance	103	1.95	47¼	4.1
Hanson Van Winkle Electroplating and polishing equipment	*13	0.60	8¾	6.9
Harris Tr. & Svgs. Bk. (Chic.)	48	12.00	605	2.0
Hart (L.) & Son, Inc. San Jose department store	19	0.20	5¼	3.8
Hart-Carter Grain handling equipment	16	0.60	8	7.5
Hartford Electric Light Co.	61	2.75	56¾	4.8
Hartford Fire Insurance Diversified insurance	83	†2.70	161	1.7
Hartford Gas Co.	106	2.00	37½	5.3
Hartford Natl. Bank & Trust	126	1.375	32	4.3
Hartford Steam Boiler Insp. Boiler and machinery insurance	85	2.10	98	2.1
Harvard Trust (Cambridge)	52	2.25	53	4.2
Haverhill Electric Co. Operates in New England	*51	2.35	42	5.6
Haverhill Gas Co. Sale of gas	43	2.65	49	5.4
Haverty Furniture Cos. Holding company	21	1.25	21	6.0
Heidelberg Brewing Co. Beer and ale	11	0.25	3⅞	6.5
Hercules Cement Corp. Cement manufacture	10	†1.48	86	1.7
Hershey Creamery Produces dairy products in Pennsylvania	24	2.50	42	6.0
Hettrick Manufacturing Co. Canvas products	19	1.20	16½	7.3
Heywood-Wakefield Co. Maker of furniture	13	3.25	45¾	7.1
Hibernia Natl. Bank (N. O.)	21	2.00	98	2.0
Higbee Co. Cleveland department store	12	1.00	29½	3.4
Hines (Edward) Lumber Co. Timber logging and processing	15	3.00	45½	6.6
Holyoke Water Power Co. Operating public utility in Mass.	85	1.05	22½	4.7
Home Dairy Co. Operation of food markets, cafeterias and bakeries	13	0.70	7¾	9.0
Home Insurance Co. (N. Y.) Diversified insurance	82	2.00	49½	4.0

* Details not complete as to possible longer record.
† Adjusted for stock dividends, splits, etc.

WORLD'S LARGEST MARKET GAINS NEW PRESTIGE

	No. Consecutive Years Cash Divs. Paid	Cash Divs. Including Extras for 12 Mos. to Dec. 31, 1955 $	Quotation Dec. 31, 1955	Approx. % Yield Based on Paymts. to Dec. 31, 1955
Hook Drugs, Inc. — Indiana drug chain	21	0.60	12¾	4.7
Hoover Co., Class B — Vacuum cleaners	13	2.10	32½	6.5
Hotel Syracuse, Inc. — 606 rooms	12	2.65	54	4.9
Housatonic Public Serv. Co. — Connecticut public utility company, gas and electric	14	1.40	23	6.1
Houston Natural Gas Corp. — Southern Texas utility	20	1.00	24	4.2
Huntington Natl. (Columbus)	44	1.60	46	3.5
Huston (Tom) Peanut Co. — Confection and food products	19	1.70	30	5.6
Huyck (F. C.) & Sons — "Kenwood" textile products	48	1.10	20½	5.4
I-T-E Circuit Breaker Co. — Electrical equipment and subassemblies for jet engines and radar	16	0.8125	22¼	3.7
Idaho First Natl. Bk. (Boise)	21	†f0.60	23	2.3
Ideal Cement Co. — A leader in the industry	32	2.00	65½	3.1
Imperial Paper & Color Co. — Wallpaper and pigment colors	21	1.00	20¼	4.9
Imperial Sugar Co. — Sugar refining	15	3.50	44	8.0

Over-The-Counter Consecutive Cash Dividend Payers From 5 to 10 Years Appear in the Second Table Starting on Page 60

INDIANA GAS & WATER CO. INC. — Gas and water utility ● See page 58 for this company's advertisement.	10	0.86	18½	4.6
Indiana Natl. Bk. (Ind'polis)	91	10.00	350	2.8
Indianapolis Water Co., Cl. A — Operating public utility	15	0.80	26	3.1
Industrial Bank of Commerce (New York)	21	2.00	39	5.1
Industrial Natl. Bk. (Detroit) — Merged into Manufacturers National Bank (Detroit) in November 1955 on a share for share basis	--	---	----	--
Industrial Natl. Bank (Prov.)	a165	2.55	61½	4.1
Industrial Wire Cloth Products Corp. — Wire cloth	13	0.40	11½	3.5
Insley Manufacturing Corp. — Manufacture and sale of construction cranes, shovels, etc.	10	†0.90	23¼	3.9
Intern'l Cellucotton Prods. — "Kotex," "Kleenex," and related products	23	1.80	45½	4.0
International Holdings, Ltd. — Investment trust — hydro-electric interests	17	1.00	21½	4.7
Interstate Co. — Restaurant chain	12	0.15	7⅛	2.1
Iowa Public Service Co. — Electricity supplier	17	0.775	15¾	4.9
Iowa Southern Utilities Co. — Electricity supplier	10	1.20	21¾	5.5
Irving Trust Co. (N. Y.)	49	1.30	31¾	4.1
Jahn & Ollier Engraving Co. — Photo-engravings	22	0.20	2¾	7.3

† Adjusted for stock dividends, splits, etc.
f A 20% stock dividend was paid on January 25.
a Including predecessors.

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Variable Annuity in Action For Retired College Professors

comforts the retired person expects. Although his dollar income remains the same, its purchasing power may be cut substantially. In many instances, the annuitant's plight is desperate. In purchasing power, the fixed dollar annuity is actually a variable annuity.

Five years ago, the management of TIAA realized that a better type of pension system had to be devised if the objective of a superior retirement system for educators was to be maintained. Without in any way sacrificing the sanctity of the fixed dollar annuity concept or the sound principles of TIAA, the College Retirement Equities Fund was conceived and created as a supplement. This Fund has established the first formal variable life annuity system in the world. It now has 26,000 participants in 500 educational institutions. Assets increasing at the rate of $800,000 a month now exceed $28 million, all invested in common stocks. It integrates with the already well established pension plans of TIAA. Combined assets of TIAA and CREF will exceed $500 million in another month or two.

CREF is the result of careful research and planning by the officers of TIAA, extending over a two-year period. The actuarial, legal, economic, accounting, and management studies were all supervised by experts in those separate fields. It was an excellent example of corporate research and invention. A mountain of material was accumulated, many alternatives were considered and discarded, many meetings were held before CREF wrote its first annuity on July 1, 1952. Actually, although many complex problems of detail had to be solved, the basic principle of the variable annuity as issued by CREF is simple—so simple in fact that why something of the sort had never been invented and put into effect before is a mystery.

Description of CREF

The same actuarial methods are used in calculating an annuity whether it is payable in a fixed number of francs, rubles, marks, pesos or dollars. In other words, if a person has 10,000 units in any currency, by the same actuarial procedure, it can be determined how many such units can be paid to him each month for life. Well, then, why not do the same thing with the shares of an investment pool? For instance, if a man is 65 years of age and has $10,000, the actuary says the insurance company can pay him $750 a year, each year as long as he lives. By the same token, if he has 10,000 shares in a fund, the fund can pay him 750 shares a year for life. In the case of CREF, when the shares are payable to him each year, they are converted into cash, using the market price of the investments in the Fund at that time to determine the value. Thus, the annuitant actually receives cash, not shares.

There is some analogy in the case of a man who receives a fixed dollar annuity of say $100 a month. He goes to live in France. Each month when he gets his $100 check, he converts it into the number of francs the $100 will buy at the then rate of exchange. It might be 38,000 francs one month and 35,000 the next and 40,000 the next. To him, his $100 provides a variable annuity.

In CREF, the procedure during the accumulation period is quite similar accounting wise to that of the usual open-end mutual fund. The device here is, of course, also analogous to a pension trust. Fixed amounts representing a percentage of salary are paid to CREF each month. Units in the Fund are purchased at the current value which fluctuates from month to month with the market value of securities in the Fund. These are called Accumulation Units to distinguish them from Annuity Units in the pay-out period. The dividends on an individual's share in the Fund are used annually to purchase additional accumulation units for him. As in a pension trust or any other qualified pension plan, the part of the payment representing the employer's contribution is not taxable income to the individual. The income on the Fund's investments, whether dividends or capital gains, is not currently taxable to the individual. In valuing the accumulation unit, the market value of all the assets of the Fund is divided by the number of accumulation units outstanding, which is the way open-end mutual funds work.

In the pay-out period, there is a new and important element quite different from anything now possible in a mutual fund, a closed-end investment trust or in an individual trust — that is, the payment of a life annuity. The individual receives an income based on principal amounts as well as dividend earnings without any possibility of outliving the liquidation of his capital. This is where a life contingency enters the calculation.

Valuation of Unit-Annuity

When the individual retires, he exchanges his accumulation units at their then current market value for a fixed number of annuity units payable each month for life. This number of monthly annuity units is determined actuarially and remains the same as long as he lives. The dollar amount he receives, however, will change from year to year, reflecting primarily changes in the market prices and dividends on the common stocks owned by the Fund. If the market value of the securities and the dividends remained the same, and the rate of deaths followed precisely the mortality table used in the formula, there would be no change in the value of the unit. Such stability of the first two factors is not likely. Mortality fluctuations, however, have very little effect on the unit value even when there are comparatively few persons receiving annuities from the Fund.

A traditional dollar annuity may provide $1,000 income each year for life; with the same basic

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Variable Annuity in Action For Retired College Professors

actuarial calculations the unit-annuity may provide 1,000 units each year for life.

CREF started the value of an annuity unit at $10, so that a more realistic comparison would be between the payment of $1,000 annually under a fixed annuity and a unit-annuity of 100 units per year. Each year when the participant in CREF is entitled to receive his 100 units, they are converted into cash at a value at that time based on changes which have occurred in mortality, market values, and dividends during the preceding year. The first year CREF was established the value of the unit-annuity was $10, so the annuitant with 100 annuity units per annum got $1,000. The next year the value was $9.46, and the annuitant received $946. Since that time, mainly reflecting the increase in the market value of the securities in the portfolio, the unit value has increased so that as of the last valuation it was $14.11. Therefore, the annuitant this year receives $1,411. In actual practice, CREF makes most payments monthly although the annuity unit value is determined only once a year, on March 31. Just as with a fixed dollar annuity, arrangements can be made to provide last survivor annuities or other options using the customary actuarial methods.

You might ask how the unit is revalued each year. There are some mathematical computations involved in arriving at the new valuation. These can probably be shown most clearly by a simplified algebraic expression.

We start with the valuation the previous year. It is "assumed" that the long-term average dividend rate will be, say 4%, and that the annuitant will live exactly as long as the mortality table used indicates. CREF uses the table known as "A-1949 with projection Scale B." The first step is to show the change in unit value caused by changes in dividends and in capital gains. The second step is to show changes resulting from variations in mortality.

This is the first step expressed in the algebraic formula—

Unit value this year = (Unit value last year) $\left(\frac{1+d'+c'}{1+d}\right)$.

Explanation—

d' is the actual net dividend yield rate for last year.

c' is the actual net capital gain rate for last year. Of course, c' would be negative if there was a net capital loss.

d is the net dividend yield rate originally assumed when the annuity payments were begun. CREF assumes a 4% dividend rate.

From this formula, it will be seen that the dollar value of the units-annuity payments will remain constant from year to year if there is no capital gain or loss and the actual dividend yield rate is 4%, the rate originally assumed. Plus or minus changes in capital gain, or an actual dividend rate greater or less than that originally assumed, will accordingly work to increase or decrease the unit value for the next year. The important point to keep in mind here is that changes in unit value depend on the combined effects of changes in dividends and market values, even though one or the other may be more or less favorable than anticipated.

For example, let us start with a unit value of $10 last year and take the case where instead of interest being earned at 4%, 3% was earned and the capital gain rate for the year was 15%. The formula would then read:

Unit value this year = $\$10.00\left(\frac{1+.03+.15}{1.04}\right) = \$10.00\left(\frac{1.18}{1.04}\right)$ = $11.35. In other words, the unit value increased $1.35 because of the total investment experience.

The next step, taking into account the element of mortality, extends the formula as follows:

Unit value this year = (Unit value last year) $\left(\frac{1+d'+c'}{1+d}\right)\left(\frac{1-q}{1-q'}\right)$.

The additional symbols are:

q is the death rate for last year, as assumed by the mortality table.

q' is the corresponding actual death rate for the year.

Thus, if more annuitants died than expected, there will be fewer remaining participants to share in the Fund than originally anticipated. Consequently, the value of the outstanding units will increase. Conversely, if fewer annuitants die than expected, funds to take care of unit-annuity payments will have to be available to more people than anticipated, and the unit value will decline. For example, let us say that according to the mortality table 5% of the annuitants were expected to die in the year, and actually 7% did die. The additional factor for mortality then becomes $\left(\frac{1-.05}{1-.07}\right)$ or $\left(\frac{.95}{.93}\right)$.

The total expression now is:

Unit value this year = $\$10.00\left(\frac{1+.03+.15}{1.04}\right)\left(\frac{.95}{.93}\right) = \$11.59$.

Hence, the unit value increased $1.59 because of the combined ex-

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WORLD'S LARGEST MARKET GAINS NEW PRESTIGE

	No. Consecutive Years Cash Divs. Paid	Cash Divs. Including Extras for 12 Mos. to Dec. 31, 1955 $	Quotation Dec. 31, 1955	Approx. % Yield Based on Paymts. to Dec. 31, 1955
Jamaica Water Supply Co. — Long Island water supplier	38	2.00	37½	5.3
James Manufacturing Co. — Manufacturers of farm equipment	19	1.00	16½	6.1
Jantzen, Inc. — Sportswear manufacturing	16	†0.76	24	3.2
Jefferson Electric Co. — Transformers, fuses, elec. clocks	22	0.20	7⅛	2.8
Jefferson Standard Life Ins. — Life insurance	44	1.25	122	1.0
Jenkins Brothers, Inc.— Non-voting common — Valves	21	$2.50	33	7.5
Jersey Insur. Co. of N. Y. — Diversified insurance	23	†1.28	36	3.6
Jervis Corp. — Refrigerators and stove hardware	17	0.30	8	7.5
Johansen Bros. Shoe Co. — Shoes for women	17	0.30	3¾	8.0
Johnson Oil Refining Co. — Oil production and refining	17	1.30	23	5.7
Johnson Service Co. — Temperature and air conditioning controls	*21	†1.50	40½	3.7
Jones & Lamson Machine Co. — Lathes, grinders, comparators, threading dies	20	3.25	52	6.3
Joseph & Feiss Co. — Manufacturers men's clothing	17	0.75	10¾	7.0
Joslyn Manufacturing & Supply Co. — Electrical and communication pole line equipment	21	2.00	38½	5.2
Kable Printing Co. — Magazine printer	16	†0.93	20	4.7
Kahler Corp. — Rochester, Minn. hotel operator	39	1.40	27½	5.1
Kalamazoo Veg. Parchm't Co. — Pulp and paper, specializing in food protection papers	30	1.35	31½	4.3
Kanawha Valley Bank (Charleston, W. Va.)	*71	8.00	175	4.6
Kansas City Life Ins. Co. — Non-participating life	*32	5.00	1515	0.3
Kansas-Neb. Natural Gas Co. — Natural gas production, transmission and distribution	19	1.88	35	5.4
Kearney (James R.) Corp. — Utility equipment	19	0.75	12	6.3
Kearney & Trecker Corp. — Milling machines	14	0.60	11¾	5.1
Kellogg Co. (Battle Creek) — Leader in dry cereals	33	1.50	39¼	3.8
Kendall Co. — Surgical dressings, and textile specialties	18	2.00	38½	5.2
Kendall Refining Co. — Producing, refining & marketing of petroleum and its products	54	1.65	30½	5.4
Kennametal, Inc. — Hard carbide compositions, cutting tools and specialties	13	†0.92	22	4.2
Kentucky Utilities Co. — Electricity supplier	17	1.24	26⅛	4.7
Kerite Co. — Manufacture insulated fire and cable	24	†1.705	33½	5.1
Kerr-McGee Oil Industries — Oil developing and refining	23	†0.56	46½	1.2
Kings County Trust (N. Y.)	65	8.00	207	3.9
Kingsport Press, Inc. — Printing and book binding	12	†0.70	17½	4.0
Kinney Coastal Oil — Crude oil produced	14	0.15	1⅞	8.0
Knudsen Creamery — Wholesale dairy products, Southern California	16	1.00	22½	4.4
Koehring Co. — Earth moving and construction equipment	15	2.20	45¼	4.9
Kuhlman Electric Co. — Transformers and metal smelting furnaces	10	†0.58	19½	3.0
Kuppenheimer Co. — Makes and wholesales men's clothing	15	1.00	17½	5.7
Laclede Steel Co. — Southern Illinois producer of miscellaneous steel products	44	8.00	142	5.6
Lake Superior Dist. Pwr. Co. — Public utility (electric, gas and water)	19	†1.075	23	4.7
Lake View Trust & Savings Bank (Chicago)	*36	14.00	365	3.8
Lamston (M. H.) Inc. — Variety store chain	12	0.425	8⅛	5.2
Landers, Frary & Clark — Household electrical products, etc.	69	1.25	25¼	5.0
Lang & Co. — Wholesale grocer	11	0.20	3	6.6
Latrobe Steel — High speed, tool and die, stainless steels	16	†1.30	28½	4.6

* Details not complete as to possible longer record.
† Adjusted for stock dividends, splits, etc.

WORLD'S LARGEST MARKET GAINS NEW PRESTIGE

	No. Consecutive Years Cash Divs. Paid	Cash Divs. Including Extras for 12 Mos. to Dec. 31, 1955 $	Quotation Dec. 31, 1955	Approx. % Yield Based on Paymts. to Dec. 31, 1955
Lau Blower Co. Manufacture of air moving equip.	20	0.5625	9¾	5.8
Lawrence Electric Co. Operating public utility	106	1.75	30½	5.7
Lee (H. D.) Co. Work and utility clothing	23	3.50	67¼	5.2
Leece-Neville Co. Starting-light equipment for autos and aircraft	33	†0.49	17½	2.8
Leonard Refineries Michigan oil refinery	17	0.475	13⅝	3.5
Liberty Bk. of Buffalo (N. Y.)	11	1.10	27½	4.0
Liberty Loan Corp. Small loan company, Midwest	21	1.50	28½	5.3
Liberty Natl. Bank & Trust Co. of Louisville	15	2.20	64¼	3.4
Liberty Natl. Bank & Trust Co. of Oklahoma City	21	b0.80	22	3.6
Life & Casualty Ins. of Tenn. Life, accident and health	20	0.60	38	1.6
Lincoln Natl. Bank & Trust Co. of Fort Wayne	15	2.50	55	4.5
Lincoln Natl. Bank & Trust Co. of Syracuse	22	1.50	38	3.9
Lincoln Natl. Life Ins. Co. Life insurance	37	2.50	458	0.5
Lincoln Rochester Trust Co. (Rochester)	20	2.25	57	3.9
Lincoln Stores, Inc. Dept. store chain in New England	26	0.85	16½	5.2
Lion Match Co. Paper matches	18	1.15	23	5.0

Over-The-Counter Consecutive Cash Dividend Payers From 5 to 10 Years Appear in the Second Table Starting on Page 60

Lock Joint Pipe Co. Water and sewer pipe	20	50.00	825	6.1
Loft Candy Co. Leader in the candy field	13	0.20	3⅜	5.9
Lone Star Brewing Co. Lager beer	11	1.40	33	4.2
Long-Bell Lumber Co. Mo.) Large producer of lumber	12	1.75	27¼	6.4
Longhorn Portland Cement Texas producer	19	3.00	51½	5.8
Los Angeles Transit Lines Traction company	11	1.00	15	6.7
Louisiana Bank & Tr. (N. O.) Merged in October 1955 on a share for share basis into National Bank of Commerce in New Orleans	--	---	--	--
Louisiana State Rice Milling Co. Rice and by-products	15	0.60	16	3.8
Louisville Trust Co. (Kentucky)	13	2.10	57½	3.7
Lowell Bleachery, Inc. Bleaches and dry cotton goods	24	0.50	17	2.9
Lowell Electric Light Co. Operating public utility in Mass.	*31	3.35	60	5.6
Ludlow Mfg. & Sales Jute and burlap	84	2.60	41¼	6.3
Ludlow Typograph Co. Typesetting equipment	11	2.50	50½	5.0
Luminator-Harrison, Inc. Automotive & electrical products	10	0.70	11½	6.1
Lux Clock Mfg. Co. Manufacturer of clocks and timing mechanisms	34	1.15	16	7.2
Lynn Gas & Electric Co. Manufacture and distribution of gas and electricity in Mass.	48	1.60	29¾	5.4
Lyon Metal Products, Inc. Steel shelving and store fixtures	19	2.00	24¾	8.1
Macfadden Publications Well-known magazine publisher	11	0.50	10	5.0
MacGregor Sports Products, Inc. Golf and athletic equipment	24	1.00	18½	5.4
Macmillan Co. Well-known book publisher	58	1.75	31½	5.6
Macwhyte Co. Wire, rope, cables	12	1.35	22	6.1
Mading Drug Stores Co. Houston drug chain	10	†0.525	12	4.4
Madison Gas & Electric Co. Wisconsin utility	48	1.65	44¼	3.7
Magor Car Corp. Railroad rolling stock	20	2.00	29	6.9
Mahon (R. C.) Co. Sheet metal products	20	1.05	21	5.0
Mallory (P. R.) & Co. Electric products	21	†1.35	35¼	3.8

* Details not complete as to possible longer record.
† Adjusted for stock dividends, splits, etc.
b Stock was split two-for-one and par changed from $20 to $10 in January, 1956. These published figures are based on the new $10 par stock.

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Variable Annuity in Action For Retired College Professors

perience from investments and mortality. Similarly, the formula can be extended to reflect the actual versus expected operating expenses of the Fund.

Under this Variable Annuity plan, participants share completely in the experience of the Fund. No funds are held back as a reserve. Expenses are fixed by formula with percentage amounts paid by CREF to TIAA for management. In many technical respects, other alternatives are possible and are followed by the pension trusts already providing variable annuities, or are contemplated by those life insurance companies planning to go into the business.

CREF was designed as an adjunct to TIAA and to dovetail into college pension plans. If it had been established as an entirely separate system or for a different purpose, different decisions on some items would probably have emerged, just as each of the existing pension trusts using the Variable Annuity concept is different in a number of respects.

Coordination With TIAA in a Well Rounded Plan

As has been pointed out, CREF is not an independent pension device but is a supplement to the tried and true fixed dollar annuity provided in retirement plans funded by TIAA contracts. Because of this, there are a number of special regulations and devices for the protection of the participants and the two companies. Some of them are:

(1) No one should be in an imbalanced position having a disproportionate amount of his accumulated savings in equities. For this reason, there is a requirement that no more than 50% of premium payments can be paid into CREF, the balance of the premium going into TIAA.

(2) The major mistake in common stock investing generally is putting too much money into the market or taking it out at any one time. Large single premiums are discouraged. Also, transfers back and forth from CREF to TIAA are not allowed, with the exception that at or after age 60 years the participant can transfer all his CREF annuity into his TIAA fixed dollar annuity preferably in instalments over several years prior to retirement.

(3) No one can take money out of CREF at the wrong time of the market or in effect have a margin account, since CREF accumulations have no cash or loan values.

(4) CREF has the same management as TIAA. A contract has been entered into under the terms of which TIAA manages CREF. CREF has the same officers as TIAA. There are no agents. This results in uniformity and control in explaining the retirement system to TIAA's clientele. It results too in a low-cost operation.

(5) CREF as well as TIAA comes under the competent supervision of the Insurance Department of the State of New York.

(6) CREF is a corporation created by Special Act of the New York State Legislature. In that way, it was tailored to its special requirements. The Bureau of Internal Revenue has ruled that it is a nonprofit educational corporation exempt under Section 101(6)—now Section 501(c) (3)—of the Internal Revenue Code. In this respect CREF has the same advantages as TIAA.

(7) In order to obtain the benefits of dollar cost averaging and to avoid errors in judgment as to when the market is high and low, the Fund is to be kept fully invested in equities at all times. The constitution of CREF has an unusual provision. It reads as follows:

Investment Policy. The following statement of investment policy is a guide and not a limitation on the investment powers of the corporation:

(a) It is desirable that the corporation keep its assets invested at all times exclusively in investments having equity characteristics.

(b) It is desirable that the corporation take advantage of the principle of dollar cost averaging by periodic purchases as funds become available, keeping as fully invested at all times as is practicable since:

(i) the normal participant in the benefits of the corporation will make regular monthly contributions over a period of many years and will receive monthly retirement benefits for life;

(ii) there is no need to anticipate demand for large sums of cash at any one time since the certificates of participation do not provide for cash withdrawal.

(c) It is desirable that the corporation's funds be diversified, as to type of industry and growth and yield characteristics.

Many life insurance companies and pension trusts invest in common stocks, but only indirectly and in a most limited way does any profit or market appreciation or the full income from dividends reach the participants. Under the CREF arrangement, the partici-

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Variable Annuity in Action For Retired College Professors

pants share completely in fluctuations of stock prices and dividends. No reserve or surplus is established. A resultant of this, by the way, is that the Fund cannot become insolvent, nor can it be forced into a position of dumping investments in a temporarily depressed market.

All this is explained repeatedly to the prospective and actual participants in literature and in the contract between the Fund and the individual. Yet this contract, incidentally, is an example of extreme simplicity in the insurance world. Furthermore, the participants are told that the market prices and dividends of common stocks do not provide a perfect correlation with the cost of living. The economic study preceding the establishment of CREF indicated, however, that there was a tendency for them to move in parallel fashion. The selection of stocks and industries in which to invest the Fund remains, of course, an all-important matter. Theory is no substitute for judgment.

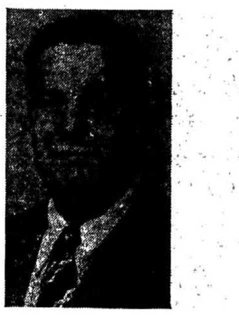
Conclusion

The variable annuity is a phrase coined to describe a new type of contract. This annuity, unlike the traditional type that provides a fixed dollar amount, pays dollar amounts which may vary from year to year. The changes in amount may be measured in one way or another.

There has developed a good deal of debate in life insurance, bank, and investment circles about this new device. The comments often indicate that there needs to be a clearer understanding of how a variable annuity system works. Trustmen, because of their unique position in the financial world as advisers to individuals, corporations, and the general public, should be familiar with the basic concepts of the variable annuity. This paper emphasizes that the basic plan is simple: that an annuity which is a monthly or annual payment based on a life contingency can be computed, using customary actuarial methods, either in dollars or in shares of an investment pool. It has endeavored to describe the concept by using one type of variable annuity—that devised by TIAA and CREF—as an example. It has shown how TIAA and CREF work together supplementing each other to produce a well coordinated retirement plan.

It is obvious that while there are many advantages to a fixed dollar annuity payment, a supplemental annuity which gives the participant an opportunity for greater diversification in investments and a chance to benefit from increases in equity values also has advantages. This is especially true in periods of declining purchasing power of the dollar. Any service which is so needed will undoubtedly be supplied by ingenuity and effort. It might be done by organizations already in existence or by some new device. The need is now being met for educators by TIAA and its unique affiliate, CREF. In adapting the variable annuity for service to broader groups, whatever forms it takes may reasonably be expected to vary from the TIAA-CREF pattern. Yet of course the basic purpose will remain the same—playing a part in providing a more satisfactory form of life annuity in an economy which will undoubtedly experience in the future as it has in the past wide fluctuations in the cost of living.

Lee Co. Formed to Continue Inv. Business



Martin L. Levy

Martin L. Levy announces the formation of Lee Co. to engage in general investment brokerage and securities business, as successors to Lee-Willen & Co. The new firm will maintain offices at 135 Broadway, New York.

Bache Adds to Staff

(Special to THE FINANCIAL CHRONICLE)

MIAMI, Fla.—Joseph G. Foley has been added to the staff of Bache & Co., 96 Northeast Second Avenue.

With Gerard Jobin

(Special to THE FINANCIAL CHRONICLE)

ST. PETERSBURG, Fla. — Edwin M. Jones is now associated with Gerard R. Jobin Investments Ltd., 242 Beach Drive, North.

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WORLD'S LARGEST MARKET GAINS NEW PRESTIGE

	No. Consecutive Years Cash Divs. Paid	Cash Divs. Including Extras for 12 Mos. to Dec. 31, 1955 $	Quotation Dec. 31, 1955	Approx. % Yield Based on Paymts. to Dec. 31, 1955
Manning, Maxwell & Moore Hoists, cranes, gauges, valves	20	1.20	19¼	6.2
Mansfield Tire & Rubber Co. Tires and tubes	18	1.05	17⅝	6.0
Manufacturers Life Insur. Co. Life insurance	*47	1.90	300	6.3
Mfrs. Natl. Bank (Detroit)	19	†1.55	54½	2.8
Mfrs. & Traders Tr. (Buf.)	*29	†0.98	29	3.6
Manufacturers Trust (N. Y.)	47	3.20	85¾	3.7
Maremont Automotive Products, Inc. Auto parts	17	0.80	12⅜	6.5
Marine Natl. Exchange Bank of Milwaukee	95	3.20	94	3.4
Market Basket Retail market chain	17	†0.70	22⅞	3.1
Marlin-Rockwell Corp. Mfr, ball and roller bearings	32	1.00	16¾	6.0
Marshall-Wells Co. Manufactures and wholesales hardware and kindred lines	*11	11.00	366	3.0
Marshall & Ilsley Bk. (Milw.)	18	1.60	70	2.3
Martel Mills Corp. Cotton products	11	2.30	31	7.4
Maryland Shipbldg. & Drydock Co. Naval construction and repair	21	1.25	18	6.9
Maryland Trust Co. (Balti.)	21	2.50	54¼	4.6
Mastic Asphalt Corp. Imprinted brick and insulating siding	18	0.30	4½	6.7
Mathews Conveyor Co. Conveying equipment	10	2.00	40½	4.9
Matthiessen & Hegeler Zinc Co. Zinc smelting, metal products, sulphuric acid and chemicals	11	1.00	24½	4.1
McCandless Corp. Rubber goods	10	0.20	4	5.0
Mechanical Handling Systems, Inc. Design, manufacture and installation of conveyors	17	0.45	8¼	5.5
Medford Corp. Lumber manufacturer	16	7.00	118	5.9
Mellon Natl. Bank & Trust	51	3.20	113	2.8
Mercantile National Bank of Chicago	20	†1.58	56	2.8
Mercantile Natl. Bk. (Dallas)	21	1.20	35½	3.4
Mercantile-Safe Deposit and Trust Co. (Baltimore)	89	4.00	99	4.0
Mercantile Trust (St. Louis)	27	†2.34	62½	3.7
Merchandise National Bank of Chicago	*21	1.00	23	4.3
Merchants Fire Assur. Corp.	44	1.85	66	2.8
Merchants and Manufacturers Insurance Co. of N. Y. Fire and allied lines of insurance	21	0.60	13¾	4.4
Merchants Natl. Bk. (Boston)	125	†1.65	42½	3.9
Merchants National Bank in Chicago	21	1.50	38	3.9
Merchants National Bank of Mobile	54	3.50	78	4.5
Merchants National Bank & Trust Co. (Indianapolis)	*31	0.80	32	2.5
Merchants National Bank & Trust Co. of Syracuse	16	1.72	34	5.1
Merchants Refrigerating Co., Class B Refrigerating warehouses	13	1.65	33	5.0
Meredith Publishing Co. "Better Homes and Gardens" and "Successful Farming" magazines	27	1.35	28	4.8
Messenger Corp. Calendars (religious and commercial) and greeting cards	*21	0.725	9	8.1
Metal Forming Corp. Mouldings and tubing	10	0.60	7½	8.0
Metal & Thermit Corp. Metals, chemicals and welding materials	46	†1.20	26⅝	4.5
Metropolitan Storage Warehouse Co. General warehouse	25	2.50	32	7.8
Meyercord Co. Decalcomanias	15	0.50	6¾	7.4
Michigan Gas & Electric Operating public utility	11	†1.46	44½	3.3
Mich. Natl. Bank (Lansing)	15	1.00	79	1.3
Michigan Seamless Tube Co. Sheet tubing	17	1.50	18	8.3
Middlesex County Natl. Bank (Mass.)	20	2.40	52	4.6
Midwest Rubber Reclaiming Reclaimed rubber	10	1.25	14½	8.6
Miles Laboratories, Inc. Alka Seltzer	62	1.00	23¾	4.2

* Details not complete as to possible longer record.
† Adjusted for stock dividends, splits, etc.

WORLD'S LARGEST MARKET GAINS NEW PRESTIGE

	No. Consecutive Years Cash Divs. Paid	Cash Divs. Including Extras for 12 Mos. to Dec. 31, 1955 $	Quotation Dec. 31, 1955	Approx. % Yield Based on Paymts. to Dec. 31, 1955
Miller Mfg. Co. Tools for auto and engine repair	14	0.275	4⅜	6.3
Millers Falls Co. Tools	*19	0.625	18¼	3.4
Minneapolis Gas Co. Natural gas distributor	a37	1.25	25½	4.9
Miss. Valley Barge Line Commercial carrier; freight on rivers	14	0.90	15	6.0
Missouri-Kansas Pipe Line Holding company	16	2.70	81	3.3
Missouri Utilities Electricity and natural gas	14	1.33	26½	5.0
Mobile Gas Service Corp. Operating public utility	11	†0.77	25	3.1
Mohawk Petroleum Corp. Oil production	11	0.80	27¾	2.9
Monarch Life Insurance	*24	2.50	310	0.8
Monarch Mills Sheetings and print clothes	22	0.60	32½	1.8
Monroe Calculating Calculating and bookkeeping machines	22	1.625	32	5.1
Montana Flour Mills Co. Flour and feeds	*14	2.00	30	6.7
Monumental Life Ins. (Balt.) Life insurance	27	†1.23	91½	1.3
Monumental Radio Co.V.T.C. Operates WCAO in Baltimore	21	1.10	14	7.9
Moore Drop Forging Co. Drop forgings for several industries	17	0.80	15¼	5.2
MORGAN (J. P.) & CO. INC. ● See page 7 for this company's advertisement.	15	10.00	311	3.2
Morris Paper Mills, Inc. Paperboard and boxes	*10	2.00	35½	5.6
Mosinee Paper Mills Co. Sulphate pulp and paper	16	1.25	29½	4.2

Over-The-Counter Consecutive Cash Dividend Payers From 5 to 10 Years Appear in the Second Table Starting on Page 60

Motion Picture Advertising Service Co. Advertising films	12	0.75	10⅜	7.6
Murray Co. of Texas Cottonseed oil	11	†1.15	18½	6.2
Nashua Corp. Makes waxed, gummed, coated papers, printed cellophane	30	2.00	67½	3.0
National Aluminate Corp. Chemicals for treating water	28	†1.00	37¾	2.6
National American Bank of New Orleans	*25	16.00	355	4.5
Natl. Bk. of Comm. (Houston)	17	†2.40	105	2.3
National Bank of Commerce in Memphis	17	2.00	56½	3.5
National Bank of Commerce in New Orleans	22	†1.79	66	2.7
National Bank of Commerce of Norfolk	67	3.00	82	3.7
National Bank of Commerce of San Antonio	54	†1.43	46½	3.1
National Bank of Detroit	21	†1.79	64½	2.8
National Bank of Tulsa	12	†0.875	43½	2.0
National Bank of Washington (Tacoma)	*43	†2.00	66	3.0
National By-Products, Inc. Animal products	19	0.65	9	7.2
National Casket Co. Various undertakers equipment	65	2.15	62	3.5
National Casualty Co. Accident, health, casualty, insur.	22	1.50	56	2.7
National Chemical & Mfg. Co. Paints and related products	17	0.80	17	4.7
Natl. City Bank of Cleveland	21	†1.94	64½	3.0
National Commercial Bank & Trust Co. (Albany, N. Y.)	101	c2.55	67	3.8
Natl. Fire Ins. Co. of Hartf'd Diversified insurance	86	3.00	125	2.4
National Food Products Corp. Holding company: chain food stores	16	2.10	56¼	3.7
National Life & Accident Insurance Co. Life, accident and health	*31	0.50	99½	0.5
National Lock Co. Mortise locks	15	1.00	18	5.6
National Motor Bearing Co. Manufacture oil seals and related products	17	1.10	22½	4.9
National Newark & Essex Banking Co. (Newark)	151	†2.89	69½	4.2
National Oats Co. Cereals, animal feeds	30	†0.59	13¾	4.3

* Details not complete as to possible longer record.
† Adjusted for stock dividends, splits, etc.
a Including predecessors.
c Plus a 10% stock dividend paid on Sept. 9.

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Atomic Energy Development—Present and Future Plans

by an act of God, so to speak, have atomic know-how today.

The impact of the President's thoughts stirred the imagination of the people all over the world and created a wave of enthusiasm.

Such was the enthusiasm that many a responsible individual tended to over-estimate the progress possibility of this program and to forget the practical difficulties involved in putting the atom to peaceful work. Some concluded publicly in 1953 and 1954 that in a very short time—perhaps next month or next year—we would find ourselves in a rose-tinted area of atomic plenty. All of us have contributed in some measure to this excessive public optimism on how much we can expect from the atom and how soon.

Despite this prodding from the optimists and the eye-brow raising from the pessimists, the United States did not deviate from its intended program of progress in the peaceful atomic field.

The road which the United States is presently following is not that of unrealizable earth-shaking schemes; nor is it the road of despair which would abandon all hope of progress because of its dangers. We are seeking to move forward constructively and practically with steady steps toward the goal of making the atom a real servant of mankind. We know that each year will show advances over the previous year.

I am deeply convinced that the atom holds limitless potentialities for human good. Science and industry hand in hand with governments will level barriers that stand between the people of the world and the useful application of atomic energy. By focusing increased attention between countries and individuals, the time for achieving results on a broad basis will get shorter. My philosophy in this respect states simply: EVERY PROMISE HAS THREE DIMENSIONS AND ONE OF WHICH IS TIME.

We must realize at all times that great human and material effort must be exerted before we can tap the atom's full potential; and that, even when we reach that stage, we will not have obtained the answer to every problem applicable to problems in every corner of the earth.

We are going to get a great deal from the atom, but it is foolhardy to tell ourselves we are going to accomplish this revolution overnight.

Peaceful Atomic Implementation

At present the United States is implementing the Atoms-for-Peace program along a number of key ways.

In the first place, there is the field of training. The Atomic Energy Commission has been conducting reactor training schools at the Argonne National Laboratory near Chicago. Training courses in radio-isotope techniques are under way at the Oak Ridge Institute giving students the opportunity of learning in this specific area.

Other courses of instruction are planned for the near future. We have thus made an important start to develop engineers and technicians. May I stress again that the United States Government cannot take on the whole job. The active support from the universities of our nation is needed.

The second aspect of progress can be found in the field of dissemination of information on Atomic Energy. Already 20-odd countries have received libraries of unclassified information concerning the atom. Students everywhere are able on their own initiative to develop a good background knowledge of atomic matters.

The third method of spreading knowledge about the atom was initiated through encouragement of setting up research reactors. These reactors will make possible production in many lands of a number of important isotopes. They will permit the testing for nuclear properties and detection of radiation damage. Most important of all, these reactors will enable engineers and technicians to familiarize themselves with the projected operation of full scale power reactors.

In 1955 alone the United States initialed bilateral agreements with 24 countries to assist these nations to set up research programs. These agreements permit the transfer of fissionable materials for fuel research reactors. The United States has appropriated $5 million for this program to contribute to half the cost of these reactors.

International Atomic Energy Agency

Finally, there is the United States strong effort to establish an International Atomic Energy Agency.

The most important objective of the International Atomic Energy Agency must be the eventual development on a world-wide scale of economic nuclear power in all fields.

Some of the key features of the draft statute for the International Atomic Energy Agency are:

First, the Agency would have nothing to do with the use of atomic energy for military purposes.

Second, the Agency would be empowered to own facilities and equipment.

Third, any nation belonging to the United Nations or any of its specialized agencies would be

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Atomic Energy Development— Present and Future Plans

eligible for initial membership in the Agency.

Fourth, the Agency would be empowered to receive contributions of fissionable material from member nations, and would be responsible for "storing and protecting" the materials in its possession. The statute says specifically, and I quote: "Pending establishment of facilities by the Agency to receive the contributed materials, a member making such contributions shall earmark the materials which it proposed to contribute and shall keep such materials separate from other similar materials in the possession of the member."

Fifth, and importantly, the statute provides that the contributions of fissionable materials made to the Agency "shall be utilized as determined by the Board of Governors. No member shall have the right to require that its contribution be kept separately by the Agency or to designate the specific project in which its contributions must be utilized."

Sixth, member nations of the Agency would be permitted to request allocations of fissionable material from the Agency for either research or "practical use." Each request would have to be accompanied by an explanation of the purpose and extent of the project. Upon receipt of a request, the Agency would be empowered to send investigators into the requesting nation to look into the proposed enterprise. "For this purpose," says the statute, "the Agency in consultation with the state making the request may decide whether to utilize officials of its own staff or employ suitably qualified nationals of any member."

Seventh, before approving a proposed project, the Agency would be required, among other things, to take into consideration the usefulness of the project, its technical feasibility, the adequacy of the plans and funds and technical personnel, the adequacy of the proposed health and safety standards. The Agency would also be required to make sure that its materials were distributed equitably around the world.

Eighth, the Agency would be required to enter into an agreement with the recipient nation covering, among other things, "recommendations for services to be provided either by the Agency itself or by members of the Agency in connection with the project, indicating the state or states best qualified to render such services."

Ninth, under any agreement between the Agency and a recipient state, the Agency would be entitled:

To approve of the design and of the standards for operating conditions.

To require the observance of any necessary health and safety measures.

To require the maintenance and production of operating records to ensure accountability for fissionable materials.

To call for and receive progress reports including all data developed by participating states resulting from the assistance extended by the Agency.

To specify disposition of any fissionable materials produced or recovered and to approve of means for chemical processing of spent fuel elements.

Tenth, the Agency would have authority through "on-the-spot inspection" to verify that the terms of its agreements with recipient nations were being lived up to. "The Agency in its inspections shall be entitled to make its own measurements to verify reported data."

Eleventh, if it finds anything persistently wrong, the Agency can request the return of any fissionable materials supplied to the offending nation, suspend that nation from the rights and privileges of membership in the Agency. In the language of the statute, the Agency may also "report the noncompliance to all members and to the Security Council and General Assembly of the United Nations to the extent provided by any arrangements or agreement between the Agency and the United Nations."

Twelfth the Agency would be run by a 16-member Board of Governors, including five members "which are the most important contributors of technical assistance and fissionable materials," five selected from "the principal producers and contributors of uranium, thorium and such other source materials as the Board may specify," and six others which would be elected by the total membership. The statute proposed that the first Board consist of Canada, France, U.S.S.R., U.K., and the U.S., as "most important contributors" members, and Australia, Belgium, Czechoslovakia, Portugal, and South Africa as "source material" members. The other six would be elected.

Future Power Needs

The Agency has, of course, a direct importance on the power needs and requirements of the world. May I for a moment examine the needs that the Agency is to fill.

In Geneva last August the Secretary General of the United Nations presented to the International Technical Conference a paper dealing with world-wide energy requirements in 1975 and 2000. This paper estimated that the world requirements for power will be more thain 2½ times as great in 1975 as they are at this moment. And in the year 2000 the requirements will be eight times as great as at the present moment. It is in recognition of this tremendous potential demand for power all over the world that nations are at present planning on mammoth programs for the development of additional power. The rationale and urgency of those programs are summarized in a White Paper issued by the Government of the United Kingdom explaining its program for atomic power. A key point of the paper is the following:

"Our civilization is based on power. Improved living standards both in advanced industrial countries like our own and in the vast underdeveloped countries overseas can only come about through the increased use of power. The rate of increase required is so great that it will tax the existing resources of energy to the utmost. Whatever the immediate uncertainties nuclear energy will in time be capable of producing power economically. Moreover, it provides a source of energy potentially much greater than any that exist now. The coming of nuclear power therefore marks the beginning of a new era.

"As a leading industrial nation our duty, both to ourselves and to other countries, is to establish this new industry of nuclear energy on

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WORLD'S LARGEST MARKET GAINS NEW PRESTIGE

	No. Consecutive Years Cash Divs. Paid	Cash Divs. Including Extras for 12 Mos. to Dec. 31, 1955 $	Quotation Dec. 31, 1955	Approx. % Yield Based on Paymts. to Dec. 31, 1955
National Screw & Mfg. Co. — Screws, bolts and nuts	66	2.50	40½	6.2
Natl. Shawmut Bk. (Boston)	*59	2.00	43½	4.6
National Shirt Shops of Del. — Chain, men's furnishings	17	0.90	14	6.4
National State Bk. (Newark)	144	†3.85	100	3.9
National Terminals Corp. — Midwest storage facilities	12	1.25	19	6.6
National Tool Co. — Precision cutting tools	11	†0.24	5	4.8
National Union Fire Insur. — Diversified insurance	22	2.00	45¼	4.4
Nazareth Cement Co. — Pennsylvania producer	11	†1.70	37½	4.5
Nekoosa-Edwards Paper — Pulp and papers	15	†1.12	41	2.7
New Amsterdam Casualty — Diversified insurance	19	1.80	56	3.2
New Britain Machine — Machine tools	20	2.40	36½	6.6
New Hampshire Fire Ins. — Diversified insurance	87	2.00	45½	4.4
New Haven Board & Carton Co. — Paper board and folding boxes	11	1.00	18	5.5
New Haven Gas Co. — Operating public utility in Conn.	a105	1.70	31	5.5
New Haven Water Co. — Operating public utility in Conn.	77	3.75	59½	6.3
New York Fire Insurance — Fire and allied lines of insurance	22	1.35	33	4.1
New York Trust Co.	62	†3.00	71	4.2
New Yorker Magazine — Publishes "The New Yorker"	27	2.55	39	6.5
Newport Electric Corp. — Rhode Island utility	17	2.15	43½	4.9
Niagara Lower Arch Bridge — Joint operator of Whirlpool Rapids Bridge	108	1.50	55	2.7
Nicolson File Co. — Manufactures files and rasps	84	1.40	25¼	5.5
No-Sag Spring Co. — Furniture and bedding springs	19	1.00	20	5.0

* Details not complete as to possible longer record.
† Adjusted for stock dividends, splits, etc.
a Including predecessors.

WORLD'S LARGEST MARKET GAINS NEW PRESTIGE

	No. Consecutive Years Cash Divs. Paid	Cash Divs. Including Extras for 12 Mos. to Dec. 31, 1955 $	Quotation Dec. 31, 1955	Approx. % Yield Based on Paymts. to Dec. 31, 1955
Norfolk County Trust Co. (Brookline, Mass.)	19	†1.46	40½	3.6
North & Judd — Wide variety of hardware	91	2.00	36	5.5
North River Insurance Co. — Diversified insurance	118	1.40	45½	3.1
North Shore Gas Co. — Retail distributor of natural gas in Illinois	13	3.55	93	3.8
Northeastern Ins. of Hartford — Reinsurance	10	0.333	12	2.8
Northern Engineering Works — Cranes and hoists	*16	0.60	9	6.7
Northern Indiana Pub. Serv. — Gas and electricity supplier	13	1.70	35½	4.7
Northern Insurance (N. Y.) — Diversified insurance	*46	2.80	87	3.2
Northern Oklahoma Gas Co. — Operating public utility	20	†0.96	19	5.0
Northern Trust (Chicago)	60	†8.00	385	2.1
Northwestern Natl. Ins. Co. — Fire, automobile and allied lines	82	2.25	83	2.7
Northwestern States Portland Cement Co. — Iowa producer	20	†1.00	32	3.1
Noxzema Chemical Co., Cl. B — Distributes "Noxzema" shaving cream and medicated cream	31	0.90	15¾	5.7
Ohio Citizens Trust Co. (Toledo)	21	1.60	34	4.7

Over-The-Counter Consecutive Cash Dividend Payers From 5 to 10 Years Appear in the Second Table Starting on Page 60

Ohio Forge Machine Corp. — Gears, speed reducers, etc.	20	3.50	37	9.5
Ohio Leather Co. — Upper leather for shoes	24	1.50	19¾	7.6
Ohio Match Co. — Book and box matches	17	0.50	14¾	3.4
Ohio State Life Insur. Co. — Life, accident and health	*32	1.60	178	0.9
Ohio Water Service — Retails treated water; wholesales untreated	20	1.50	24¾	6.1
Oilgear Co. — Hydraulic machinery	*14	2.40	45	5.3
Old Kent Bank (Gr. Rapids)	27	1.50	44	3.4
Olympia Brewing Co. — Beer	20	1.65	33	5.0
Omaha National Bank	21	1.60	62	2.6
Oneida, Ltd. — Silverware	20	1.25	23	5.4
Onondaga Pottery Co. — China tableware	13	0.90	16	5.6
Orangeburg Manufacturing Co. — Fibre conduit	20	†1.22	32¼	3.8
Osborn Manufacturing Co. — Manufacturers of industrial brushes and foundry machinery	17	1.30	22¾	5.7
Oshkosh B'Gosh — Complete line of work clothing and matched sets	20	1.75	27	6.5
Oswego Falls Corp. — Paper containers and closures	20	1.30	33½	3.9

* Details not complete as to possible longer record.
† Adjusted for stock dividends, splits, etc.

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Atomic Energy Development—Present and Future Plans

a firm foundation and to develop it with all speed. . . ."

Now that most of the world has recovered from the havoc and destruction of the Second World War, we see the requirements for power mounting everywhere, mounting even more rapidly in Western Europe than in the United States. If it is true that the annual power requirements in the world by 2000 A.D. will be increased eight times over the present requirements, the world is in for a gigantic boom in all fields of economic endeavor.

Fossil Fuel Consumption

Where will we get the fuel to meet these requirements? Certainly only a small fraction can come from water power. Our reserves of fossil fuels are limited and once they have been used they are gone forever. We created a gigantic press millions of years ago which developed these fossil fuels. We can scarcely wait for the renewal of this source by this means.

One of America's largest petroleum companies has made a study that fixes a precise date in the first half of the 21st Century when the world will completely run out of its supply of fossil fuels if used at the accelerated rates presently projected. Long before that, as fossil fuels become more expensive and scarce, we will be confronted with the prospect of a deterioration of our standards of living unless we will have a new source of fuel. The most likely new source of fuel is nuclear fuel.

You can see where nuclear power is no longer a dream, but an urgent necessity.

Power in Uranium

President Eisenhower pointed out last summer that "The extent of economic and industrial changes that we can anticipate is indicated by estimates that world reserves of uranium potentially available contain as high as 20 times the energy of the known reserves of coal, petroleum, and natural gas combined."

We have a long distance to go before the hopes of the world for cheap and economic nuclear fuel can be realized, but in translating these hopes into realities one dramatic circumstance stands out above all others: The total energy in one pound of uranium fuel is equivalent to the energy of 13 tons of coal burned to produce steam. This is a theoretical equation since we can presently utilize only a small portion of the energy contained in a pound of atomic fuel. But even with this qualification it is apparent that one element in the cost of production of electricity—a very important element in certain areas of the world — is practically eliminated. That is the cost of transportation of fuel.

Western Europe's Needs

You may realize that Western Europe's need to develop atomic energy for peaceful uses is more urgent than ours. Already, many European countries are facing serious power shortages. Germany and the United Kingdom are importing up to 30% of their coal to fulfill their needs. It is estimated that within the next 30 years Western Europe will be running out of coal and will have expanded hydro-electric power to the limit. Within this perspective must be placed the fact that we do not face a serious power shortage in the foreseeable future. The United States has under way the construction of some 50 research and power reactors, while Europe has only 14 in this planning stage.

The basic reason for this delay in fulfilling the requirements that the European nations know are ahead, can be traced to the fantastic cost factor of atomic power at the present time. May I merely point out to this audience that Europe today does not possess those expensive factories which are used to separate the isotopes of uranium but only one small plant for dealing with spent uranium fuel from power stations. The reason of course is that these things were not built for defense purposes during or just after the Second World War. We were able to convert many of our factories that worked for the war-type aspects of atomic energy to the peaceful applications of nuclear energy. Europe seems to be facing this challenge in a most intelligent way to judge from the report which has just been published by the Organization for European Economic Cooperation, better known as OEEC. This OEEC group, to which all Western European nations that received aid under the Marshall Plan plus Switzerland belong, has concluded that these expensive factories for the production of nuclear energy are best built and operated on an international, but regional basis. In that way, they believe, European atomic energy could get going more quickly than if each country that wanted a power station had to build the other installations as well. Not only would the cost and the risk be shared but there would be operating economies coming from bulk production. In any case, it is unlikely that there is at present enough technical skill in Europe to build more than one of these factories at any one time. One of the key problems that this Inter-European group would have to face is the problem of making sure that any fissionable material produced by international atomic factories should not be used by individual countries to make bombs. It is now quite clear that the only way of doing this is by means of an accounting system which keeps track of every gram of nuclear fuel. The assets of a more balanced atomic industry and spreading the investment risks might be a welcome approach for solving the Western European energy needs.

Possibly, an inter - European Atomic Energy Group could be a regional grouping within the International Atomic Energy Agency just like the Economic Commission of Europe is a regional body of the Economic and Social Council of the United Nations.

The energy needs are greatest in the more developed areas of the world. Therefore, this European effort along the lines of the OEEC is a most appropriate and effective approach. But more must be said and examined before final

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Plans for Development Of Atomic Energy

judgment can be made as to the best solution possible.

This then is a brief outline where we stand today in the Atoms-for-Peace program. It is fair to say that up to now progress in this field cannot be signified as pessimistic or optimistic. The truth, of course, lies in the middle of the road. But most important of all, we are moving ahead.

It is the justifiable hope of the world that as peaceful uses of atomic energy become universal, the atom's destructive use will become less likely.

In this sense the development of nuclear materials would, therefore, have significance beyond the economic sphere, which is the perspective in which it is generally considered today.

The use of plutonium and other radioactive products for medicine, industry and so on will be a growing market. Atomic energy now costs the United States taxpayers $1.8 billion a year. And there is little prospect that the burden will lessen this year. With private industry in the field, atomic energy will stop being only an enormous drain. Commercial atomic projects will be taxable and thus a source of revenue. The same will be true of other parts of the world. The more private industry enters into the field, the more rapid will be the progress and the faster will be the use that the people will get out of the peaceful atom. The future of the peaceful atom means growth, prosperity and peace.

American S. E. New Visitors Gallery

The American Stock Exchange has opened a new visitors gallery. The Exchange has installed 60 telephone handsets over which will be broadcast via tape recording, the trading operation and other highlights of the Exchange's functions. Non-English speaking visitors and English speaking students of foreign languages will use the same facilities to hear French, German, Italian, Spanish and Yiddish translations of the English tape.

In addition a new Exhibit Room will feature products and production techniques of the various companies whose securities are traded on the American Stock Exchange.

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A Primer on Money And Stable Price Index

may serve as reserve for banks which are not members of the Federal Reserve System if state laws so provide.

(b) **Virtues of Federal Reserve Notes.** Their chief virtue is to be found in the fact that Reserve banks are provided with flexibility in accommodating their customers with either deposits or notes.

(c) **Limitations of Federal Reserve Notes.** Their principal limitation, in the sense of defect, lies in the fact that they may be issued up to 75% of their face value against United States Government securities. This provides a means by which government debt, instead of representing funds borrowed from the people, is used as a basis for expanding the volume of paper money. The original Federal Reserve Act provided that the reserve against these notes should be 40% gold as a minimum and that the remaining security could be commercial paper, the theory being that, as business enterprise and the consequent volume of commercial paper expanded and contracted, Federal Reserve notes would expand and contract and thus tend to adjust themselves to the needs of business. With the tendency in this and other countries to convert government debt into currency rather than to force the central government to borrow from the people, the Federal Reserve notes have been altered in nature from notes tied to gold and business activity to notes tied to gold certificates and government debt. Converting government debt into currency is unsound in principle. A paper currency should expand and contract as the supply of gold and silver and self-liquidating contracts based upon business activity expand and contract.

Silver Certificates

(d) **Functions of Silver Certificates.** These certificates serve as a convenient substitute in many common transactions for bulky and inconvenient silver coin. They also serve as reserve in state banks which are not members of the Federal Reserve System if state law so provides.

(e) **Virtues of Silver Certificates.** Their chief virtue lies in their convenience as compared with the use in large amounts of silver coin.

(f) **Limitations of Silver Certificates.** Since most of them are in denominations of $1, $5, and $10 (with a relatively few outstanding in denominations ranging from $20 to $1,000), most of the business transacted by the use of these certificates is of the relatively small variety. Federal Reserve notes, in denominations ranging from $5 to $10,000, are generally employed for the larger transactions insofar as paper money is concerned.

Another limitation in the usefulness of silver certificates lies in the mistaken act passed by Congress, and signed by the President, June 12, 1945, which excluded silver certificates as part of the Treasury currency which the Federal Reserve banks may use as reserve against their deposits. Since silver certificates are a currency issued by the United States Treasury and are deemed by Congress to be good enough for the people to use as money, there is no valid reason why they are not good enough for the Reserve banks to use as reserve against their deposits.

United States Notes

(g) **Functions of United States Notes.** These notes originated as a fiat (unsecured) paper money in 1862. In 1879, they were made redeemable in gold. By the Gold Standard Act of 1900 and a subsequent amendment provision was made for a gold reserve of not less than $150,000,000 against the $346,681,016 United States Notes outstanding (an amount which remains unchanged under the law). These notes, therefore, serve as a convenient substitute for gold as do gold certificates. But they are unsound in principle to the extent that they are not fully secured by gold or other self-liquidating paper.

(h) **Virtues of United States Notes.** Their virtue lies in their convenience as compared with the use of gold by which they are only partially secured. Because of the fractional reserve of gold against them, they permit an economy in the use of gold. Since their denominations range from $1 to $1,000, they can be employed in a relatively large variety of transactions.

(i) **Limitations of United States Notes.** As in the case of silver certificates, they were improperly ruled out by Congress and the President, June 12, 1945, as a money acceptable as reserve against deposits in Federal Reserve banks. So long as they are a Treasury currency they should serve as part of such reserve. But since they are only partially secured by gold, they should be retired and gold certificates should be substituted to the extent of

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WORLD'S LARGEST MARKET GAINS NEW PRESTIGE

	No. Consecutive Years Cash Divs. Paid	Cash Divs. Including Extras for 12 Mos. to Dec. 31, 1955 $	Quotation Dec. 31, 1955	Approx. % Yield Based on Paymts. to Dec. 31, 1955
Otter Tail Power Co. — Utility; Dakotas and Minnesota	18	1.60	28⅝	5.6
Oxford Electric Corp. — Radio, TV speakers, transformers and miniature incandescent lamps	11	0.15	3½	4.3
Pabst Brewing — Well-known brewer	20	0.70	11½	6.1
Pacific Car & Foundry Co. — Makes railway cars	13	3.00	95	3.2
Pacific Fire Insurance — Diversified insurance	*46	†2.00	60	3.3
Pacific Lumber Co. — Planning mill products	20	10.00	210	4.8
Pacific Natl. Bank of Seattle	28	0.85	42	2.0
Pacific Vegetable Oil Corp. — Oil and fat extraction	10	0.75	10¼	7.3
Package Machinery — Automatic wrapping machines	39	1.00	17	5.9
Pacolet Manufacturing Co. — Fabrics	17	7.50	175	4.3
Panama Coca-Cola Bottling — Beverage bottling	*27	0.40	6⅜	6.3
Passaic-Clifton National Bank & Trust Co. (Clifton, N. J.)	17	1.50	33½	4.5
Paterson Parchm't Paper Co. — Vegetable parchment, waxed and custom made papers	65	1.00	17	5.9
Peaslee-Gaulbert Corp. — Furniture and radio distribution	22	0.80	13	6.2
Peden Iron & Steel Co. — Hardware	19	2.40	34	7.0
Peerless Cement Corp. — Michigan producer	15	†0.78	29	2.7
Pemco Corp. — Porcelain, enamel and ceramic frits and colors	*12	†4.00	32½	12.3
Pennsylvania Gas Co. — Operating public utility in Pennsylvania and New York	77	1.15	28⅞	4.0
Peoples First National Bank & Trust Co. (Pittsburgh)	89	2.25	50½	4.5
Peoples National Bank of Washington (Seattle)	28	†1.32	76	1.7
Perkins Machine & Gear Co. — Precision gears	15	2.00	26	7.7
Permutit Co. — Water softeners	19	2.35	32½	7.2
Peter Paul Co. — Popular candies	22	2.00	30¾	6.5
Petroleum Exploration — Oil and gas	37	2.75	45	6.1
Petrolite Corp. — Chemical compounds	25	2.00	91	2.2
Pettibone Mulliken — Railroad track equipment, forgings and machinery	14	1.00	36	2.8
Pfaudler (The) Co. — Corrosion resistant equipment	17	2.00	36¾	5.4
Pheoll Manufacturing — Screws, bolts, nuts	35	0.45	14½	3.1
Philadelphia Dairy Products — Milk and allied products	10	1.95	92	2.1
Philadelphia National Bank	112	5.00	126¼	4.0
Philadelphia Suburban Transportation Co. — Operates street railway lines	16	1.00	29	3.4
Philadelphia Suburban Water — Operating public utility	*17	†0.48	32½	1.5
Phoenix Insur. (Hartford) — Fire and casualty insurance	83	3.00	93	3.2

* Details not complete as to possible longer record.
† Adjusted for stock dividends, splits, etc.

WORLD'S LARGEST MARKET GAINS NEW PRESTIGE

	No. Consecutive Years Cash Divs. Paid	Cash Divs. Including Extras for 12 Mos. to Dec. 31, 1955 $	Quotation Dec. 31, 1955	Approx. % Yield Based on Paymts. to Dec. 31, 1955
Pictorial Paper Package Corp. Paper boxes	20	0.60	9¼	6.5
Piedmont & Northern Ry. Operates electric line in Carolinas	27	7.00	114	6.1
Pioneer Trust & Savings Bank (Chicago)	32	8.00	230	3.5
Plainfield-Union Water Co. Operating public utility	43	3.00	60	5.0
Planters Nut & Chocolate Peanut products	44	2.50	61	4.1
Plomb (The) Tool Co. Mechanics hand tools	17	0.80	17¼	4.6
Plymouth Cordage Co. Manufacture of rope, harvest twines, twisted paper products	99	2.85	48½	5.9
Pocahontas Fuel Co., Inc. Bituminous coal—mining and sale	22	1.40	46	3.0
Port Huron Sulphite & Paper Co. Lightweight papers	10	0.60	14	4.3
Porter (H. K.) Co. (Pa.) Manufactures high voltage electrical equipment, hydraulic presses and related products	12	1.00	64	1.6
Potash Co. of America Potash and oil interests	19	2.25	39½	5.7
Pratt, Read & Co. Piano and organ keys	10	1.00	14	7.1
Progress Laundry Co. Laundry and dry cleaning	21	1.40	17¾	7.9

Over-The-Counter Consecutive Cash Dividend Payers From 5 to 10 Years Appear in the Second Table Starting on Page 60

Providence Washington Ins. Multiple line insurance	50	1.00	27½	3.6
Provident Savings Bank & Trust Co. (Cincinnati)	53	1.75	47	3.7
Provident Trust Co. of Phila.	91	‡2.50	70½	3.6
Provincial Bank of Canada Foreign and domestic banking business	*37	0.84	30	2.8
Public Service Co. of N. H. Public utility	19	0.925	18	5.1
Public Service Co. (N. Mex.) New Mexico electric supplier	*14	0.68	14⅛	4.8
Publication Corp. vot. Owns rotogravure printing plants	20	3.00	26	11.5
Punta Alegre Sugar Corp. Cuban holding company	11	0.80	11⅝	6.9
Purex Corp. Makes "Purex" and "Trend"	*14	0.75	17½	4.3
Purolator Products Filters: oil, gas and air	15	†2.27	39¼	5.8
Quincy Market Cold Storage Boston operation	14	11.00	164	6.7
Ralston Purina Animal feeds, breakfast foods	*14	4.00	108	3.7
Ray-O-Vac Co. Manufacturer dry cell batteries and flashlight cases	22	1.50	25	60
Red Owl Stores, Inc. Midwest retail food chain	*10	1.20	23¾	5.1
Red Top Brewing, Class A Cincinnati brewer	10	0.15	4⅛	3.6

* Details not complete as to possible longer record.
† Adjusted for stock dividends, splits, etc.
‡ Shares were split two-for-one effective Nov. 1, 1955. Actually $5 was paid in 1955, the yield, however, and the $2.50 cash dividends shown here are based on the new shares. An initial dividend of 65 cents was paid on Feb. 1, 1956.

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the gold reserve now held against them. It is improper for the United States Treasury to issue any paper money other than gold certificates or silver certificates.

Gold Certificates

(j) Functions of Gold Certificates Issued by the Treasury to the Federal Reserve Banks. These serve the Reserve banks as a convenient substitute for the gold they receive and relinquish to the United States Treasury. They perform the function of lawful money for reserve in the Federal Reserve banks against their Federal Reserve notes and deposits, the minimum requirement of reserve being 25%.

(k) Virtues of these Certificates. The chief virtue is that of convenience of handling as compared with the handling of gold.

(l) Limitations of these Certificates. The principal limitation in the performance of their proper functions lies in the fact that although they are designated in law as reserve against the Reserve banks' Federal Reserve notes and deposits they cannot be paid out to the domestic holders of such claims.

A paradoxical state of affairs is that the only cash held as an asset by the Reserve banks which can be paid out domestically cannot be counted as reserve, while the only money that is lawful for reserve in the Reserve banks cannot be paid out domestically.

Since a reserve is not a reserve in any correct sense unless it can be used when called upon, the gold certificate reserve in Federal Reserve banks fails to perform its proper functions and is a reserve in fact only insofar as foreign central banks and governments wish to draw upon it, and, through it, upon the gold which secures those certificates.

(5) CREDIT AS CURRENCY. The common use of credit as currency is in the form of bank deposits, chiefly deposits payable upon demand and ordinarily transferred by means of checks and drafts.

(a) Functions of Deposit Currency. It performs, because of its great convenience, by far the greatest proportion of our domestic monetary transactions. The checks and drafts drawn against demand deposits (debits to demand deposit accounts, except interbank and United States Government accounts) are reported as $2,043,548,000,000—over $2,043 billion—in 344 reporting centers in the United States for the year 1955.

Deposit currency performs the function of reserves for member banks in the Federal Reserve System.

For customers of commercial banks, it provides a handy medium of exchange and a storehouse of value. Time deposits in commercial and savings banks provide a storehouse of value and in various degrees a medium of exchange.

(b) Virtues of Deposit Currency. These consist chiefly in its great convenience and economy in comparison with other types of currency particularly when transactions of substantial size are involved.

It is altogether improper and futile for one to attempt to associate the nation's supply of gold, or of silver, or of paper money, or of bank deposits, or all combined, to prices today in the expectation of discovering that if the volume of money and deposit currency in use is greater than at some selected preceding date prices also will be higher. A scrutiny of the evidence as to the relationship—more accurately, lack of relationship—between the supply of a nation's money and deposits and of prices at various times should dispose of any idea that there is any close connection between the two. For example on June 30, 1920, when the total volume of money and of deposits in commercial banks was $42,902,000,000, the index of wholesale prices was 167 (prices for 1926 = 100). When, on June 30, 1936, the total volume of money and deposits was $57,576,000,000, the index of prices was 79.2. Therefore, if there is a close relationship between the supply of money and deposits and prices at a particular time the correct generalization in this case would be that to reduce the index of prices to less than half the supply of money and deposits should be increased by a little more than 10%. Moreover, anyone who searches for a close connection between the volume of currency and prices is revealing that he is overlooking all the other pertinent considerations mentioned above.

Since one may not properly assume that there is any close connection between all money and credit used at a particular time and prices at that time, it is even less defensible to attempt to relate the supply of a particular variety of money or of credit to prices.

Furthermore, there is no valid justification for an attempt to relate the functions performed by gold or silver or paper money or deposit currency to prices. The respective functions of these various kinds of currency are one thing; the causal factors involved in price

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making involve other considerations.

(c) **Limitations of the Usefulness of Deposit Currency.** There is always the question of the acceptability of a check or draft to the payee. There are many types of transactions, perhaps generally small, for which checks and drafts are not suitable. Deposit currency is a form of credit; it does not necessarily constitute a final payment. Back of it must lie a type of money, such as gold or silver, which by its nature will constitute final payment if called upon to perform a task which deposit currency may not be able to perform.

Monetary Supply and Prices

(3) Relation of the Supply and Functions of Money and Deposit Currency to the Price Level.

Money and deposit currency are two-dimensional instruments. Both supply and velocity are involved in their use. One of these characteristics of this form of purchasing power should not be employed without consideration of the other. And when both are considered as forces influencing prices, there are many other factors involved in price determination, which also require recognition.

An index of prices at any particular time is a sample of prices as they prevail at that time. But prices are made over varying periods of time; and money and deposit currency are spent for goods and services produced, priced, and delivered over varying periods of time. Some money or deposit currency spent today may be in partial payment for goods produced and priced a year or several years earlier—for example, for railway equipment bought 20 years ago. Probably a very small proportion of currency spent today is for goods priced today. Therefore, all the money and deposit currency spent today merely equals all the money and credit received by those who were paid today. The prices of today are not determined in any important extent by the amount of money and credit used today.

Still further, it is altogether improper to assign a function to one of the various varieties of money or credit or to all combined which is not appropriate to it or to all combined. For example one may not properly condemn gold, or silver, or paper money, or credit because it does not stabilize prices; it is not a function of any one of them or of all combined to stabilize prices. A correct listing of the functions of each type of currency should make this clear.

Handicaps Suffered

(4) The Handicaps Suffered by the People of the United States Because They Were Deprived, Beginning in 1933, of Gold Coin and Freedom of Redemption of Non-Gold Currency in Gold:

(1) The people of this nation were deprived of a variety of money which has the most universal acceptability.

(2) They were deprived of a money which provides the safest storehouse of value among all types of currency, and, consequently, of the best means known by which provident people could protect their savings against the mismanagement of currencies by the governments and the banks.

(3) They were deprived of the right to compel the issuers of promissory dollars to redeem them in the metal of our standard money unit.

(4) They were deprived of a valuable property right in gold while the United States Treasury and Federal Reserve banks were granted a freedom to issue promissory dollars without being required to assume the corresponding responsibility to redeem them.

(5) While they were denied the right to convert their non-gold dollars into gold, they have seen that right preserved for foreign central banks and governments at their expense.

(6) They were deprived of the principal means by which they could keep some control over the government's use of the people's purse. The spending orgy of our Federal Government since 1933 provides the evidence in respect to the people's loss of control over the government and the banks.

(7) They were deprived of one of the principal means by which they could protect themselves against a governmentally-managed economy.

(8) They find themselves subjected to the brand of money management which characterizes Socialist, Communist, and other forms of government dictatorship.

(9) They have been reduced to the status of a people who must employ only inferior varieties of currency, the most superior being taken by the government for its own uses in dealing with other nations and their banks.

(10) While they find themselves required to adhere to the requirements of contract law in respect to the fulfillment of their contracts, they find the United States Treasury and Federal Reserve banks freed from corresponding obligations.

(11) They find themselves subjected to a double standard of morals and ethics as between Treasury and Federal Reserve officials on the one hand and, on the other, all other people who issue promises to pay.

(12) They see their public purse and the value of their inferior currency laid on the auction block by government officials who use our currency to pacify or to purchase the support of pressure groups and to try to buy good-will abroad.

(13) They find their proper freedom of enterprise in foreign trade handicapped by the government interference inherent in an irredeemable currency system.

(14) They saw the purchasing power of their dollar driven, in 1951, to the lowest level on record since the formation of the Federal Reserve System in 1914.

(15) They are seeing the Constitution of the United States violated by Congress and the Administration as they convert bills of credit, which may be issued only under the authority of Congress to borrow money, from a promise to pay dollars into a money which constitutes final payment.

(16) They are seeing Congress

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WORLD'S LARGEST MARKET GAINS NEW PRESTIGE

	No. Consecutive Years Cash Divs. Paid	Cash Divs. Including Extras for 12 Mos. to Dec. 31, 1955 $	Quotation Dec. 31, 1955	Approx. % Yield Based on Paymts. to Dec. 31, 1955
Reece Corp. (Mass.) Makes button hole machines	74	1.10	17¾	6.2
Reed (C. A.) Co., class B Crepe paper	10	1.50	21	7.1
Reinsurance Corp. (N. Y.) Writes only reinsurance	19	0.50	13¼	3.8
Reliance Varnish Co. Paints, varnishes and enamels	12	0.60	9	6.7
Republic Insurance (Dallas) Fire and casualty insurance	50	†1.57	93	1.7
Republic Natl. Bank (Dallas)	37	†1.61	58	2.8
Republic Natural Gas Natural gas and oil producer	18	1.00	28½	3.5
Republic Supply Co. of California Oil field equipment	*34	1.00	15¼	6.6
Revere Racing Assn. Dog racing, near Boston	14	0.60	7⅛	8.4
Rhode Island Hospital Trust	87	†3.60	102	3.5
Richardson Co. Plastic products	24	1.00	15¾	6.3
Rich's, Inc. Operates Atlanta department store	27	†0.675	17⅞	3.8
Riegel Paper Corp. Glassine and greaseproof paper	*21	d1.20	36¼	3.3
Riegel Textile Corp. Wide line textile products	18	2.40	52	4.6
Rieke Metal Products Corp. Heavy metal stampings	19	1.00	13¾	7.3
Rike-Kumler Co. Dayton department store	41	1.50	34	4.4
Riley Stoker Corp. Steam generators and fuel burning equipment	17	1.40	21	6.7
Risdon Manufacturing Co. Small metal stampings	39	3.50	57	6.1
Roanoke Gas Co. Operating public utility	12	0.775	15¼	5.1
Robertson (H. H.) Co. Manufacturers of construction materials	20	†2.95	63	4.7
Rochester Button Co. Buttons	19	1.00	12½	8.0
Rochester Telephone Corp. Operating public utility	13	0.90	18½	5.1
Rock of Ages Corp. Granite quarrying and mfg.	16	1.00	17¼	5.8
Rockland-Atlas Natl. Bank of Boston	92	h1.50	33¼	4.5
Rockland Light & Power Co. Hudson west shore electric supplier	*42	0.60	18¾	3.2
Rockwell Mfg. Co. Meters, valves, power tools	18	2.00	35¾	5.6
Roddis Plywood Corp. Manufacture and distribution of plywood doors and lumber	12	0.50	14⅞	3.4
Rose's 5, 10 & 25c Stores, Inc. Operates 139 stores in the South	29	1.15	23½	4.9
Ross (J. O.) Engineering Corp. Manufactures ovens, dryers and air systems	15	1.00	15¼	6.6
Ross Gear & Tool Co. Inc. Manufacturers of steering gears	28	†1.50	29	5.2
Royalties Management Corp. Oil and gas royalty interests	13	0.20	4	5.0
Saco-Lowell Shops Manufactures textile machinery	18	1.25	21⅞	5.7
Safety Car Heat. & Light. Co. Railway car lighting and air-conditioning	23	1.25	23	5.4
Safway Steel Products, Inc. Manufactures steel scaffolding, grand stands and bleachers	18	†0.91	14½	6.3

* Details not complete as to possible longer record.
† Adjusted for stock dividends, splits, etc.
d On April 26, 1955 each old $5 par share was converted into new $10 par shares on the basis of 1½ new shares for each old share held.
h Stock was split two-for-one to holders of record Jan. 25, 1955.

WORLD'S LARGEST MARKET GAINS NEW PRESTIGE

	No. Consecutive Years Cash Divs. Paid	Cash Divs. Including Extras for 12 Mos. to Dec. 31, 1955 $	Quotation Dec. 31, 1955	Approx. % Yield Based on Paymts. to Dec. 31, 1955
Sagamore Mfg. Co. — Sateens, broadcloths, twills	20	8.00	158	5.1
St. Croix Paper Co. — Maine producers	36	†1.25	33	3.8
St. Joseph Stock Yards Co. — Livestock	57	6.00	40	15.0
St. Paul Fire & Marine Insur. — Diversified insurance	84	1.075	55¼	2.0
St. Paul Union Stockyards — Minnesota operator	40	1.50	18½	8.1
San Francisco Brewing Co. — "Burgermeister" beer	12	†1.20	15¼	7.9
San Jose Water Works — Public utility (water)	25	2.20	48½	4.5
Sanborn Map Co. — Fire insurance & real estate maps	21	4.50	71½	6.3
Sargent & Co. — Hardware, locks and tools	13	1.00	18	5.6
Savannah Sugar Refining — Georgia operator	32	4.00	74	5.4
Schenectady Trust Co. (N.Y.)	52	2.00	54	3.7
Schlage Lock Co. — Locks and builders' hardware	16	†0.85	24	3.5
Schuster (Ed.) & Co. — Three Milwaukee dept. stores	*14	1.00	16¾	6.0
Scott & Williams, Inc. — Builds knitting machinery	40	†1.25	24½	5.1

Over-The-Counter Consecutive Cash Dividend Payers From 5 to 10 Years Appear in the Second Table Starting on Page 60

Scranton Lace Co. — Lace curtains and table covers	*40	0.60	17¾	3.4
Scruggs-Vandervoort-Barney — Department stores; St. Louis, Kansas City, Denver	16	0.60	13	4.6
Seaboard Surety Co. — Diversified insurance	22	1.85	52¾	3.5
Searle (G. D.) & Co. — Pharmaceuticals	21	2.55	112½	2.3
Sears-Community State Bank (Chicago)	16	2.40	73	3.3
Seatrain Lines — Transports freight cars by ships	*15	†0.42	12½	3.4
Second Bank-State St. Tr. Co. — Formed in February 1955 through merger of Second National Bank & State Street Trust Co. of Boston	37	1.95	61	3.2
Second Natl. Bk. (Houston) — Name changed 1-17-56 to "Bank of the Southwest National Association, Houston, Texas"	48	1.60	62	2.6
Second National Bank & Tr. Co. of Saginaw	*33	†2.08	65	3.2
Security-First National Bank of Los Angeles	75	†1.54	57¼	2.7
Security Ins. Co. (N. Haven)	62	1.60	53	3.0
Security National Bank of Greensboro (N. C.)	19	1.25	60	2.1
Security Trust Co. of Rochester	63	†1.73	50	3.5
Security Trust & Savings Bank of San Diego	20	1.80	46½	3.9

* Details not complete as to possible longer record.
† Adjusted for stock dividends, splits, etc.

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A Primer on Money And Stable Price Index

and the Administration taking the position that Mr. Justice Bradley was in error when he stated in the *Legal Tender Cases*, 12 Wallace, 560 (1871), that the ultimate destiny of bills of credit in the form of paper money is to be paid in coin of the standard monetary metal.

(17) They are seeing our Government leading our people to believe that an irredeemable currency is superior to a redeemable currency, and that the lessons taught by the uses of irredeemable currency are not applicable to us.

(18) They are seeing our Treasury and Federal Reserve officials preaching the indefensible doctrine that a stable index of prices reveals honest and sound currency and a sound economy even though our currency is irredeemable and even though a stable index of prices reveals nothing as to maladjustments in the economic system.

(19) They are being subjected to a money management by managers free of the restraints which a redeemable currency provides. This freedom has permitted our money managers to maintain artificially low interest rates on Federal debt and the uses of bank credit; it has given rise to a huge monetization of Federal debt; it has enabled them to facilitate profligate spending by our Federal Government.

(20) The people are being subjected to a dangerous and explosive program and mechanism —involving a business boom arising in large part from easy money, war, artificially-induced scarcities, give-away programs, subsidies, production for waste and destruction, a great expansion in the use of credit. The bloatings and distortions which underlie important parts of this boom are widely advertised as evidence of a growing and well-grounded national prosperity. The optimists as to the virtues and soundness of this boom are busy conveying the idea that it can continue indefinitely. The crystal-ball gazers are actively peddling their pronouncements of the same general variety under the guise of science.

The dangers to our people lie, in large part, both in the nature of the boom and in the widespread encouragement of the idea that a continuing optimism is warranted —despite the fact that the evidence thus far is that booms come to an end, that rising costs finally overtake asking prices, that profit margins disappear, that business recession and depression set in.

An irredeemable currency, more than any other type of currency, feeds the unsound forces which generate an economic boom which, in due course, ends in a reaction and readjustment of varying degrees of severity.

A redeemable currency cannot prevent a boom and recession; but it does not cause it. The cause, insofar as currency is involved, arises from the misuse of credit; and that arises even when currencies are redeemable. Money managers have not managed the uses of credit well even when they were surrounded by the proper restraints which a redeemable currency provides. But the economic consequences of money management, when the managers have been free to operate with irredeemable currencies, have been much worse.

The claims of our money managers that they can accomplish "this time" what managers of irredeemable currencies in the past have failed to accomplish are not new. Such claims have been advanced and proved false again and again. President Roosevelt stated, Oct. 22, 1933, that he planned to provide the kind of dollar "which will not change its purchasing and debt-paying power during the succeeding generation." He failed as his predecessors, reaching back to the experiments of John Law early in the 18th Century, failed. The fact that our "modern" money managers permitted the purchasing power of our dollar, in 1951, to reach the lowest level since 1914, is not admitted by them to be proof that they have not delivered, and cannot deliver, what they promise in respect to the management of an irredeemable currency. The demonstrated failure of 1951 is passed over as though it does not exist.

There are many things which need to be done to eliminate as much unsoundness as possible in our economic system. One of them and it is an item of fundamental importance—is to make our currency redeemable at the statutory rate of $35 per fine ounce.

A nation's currency is the bloodstream of its economy. If that bloodstream is contaminated, so is the economy. An irredeemable currency is a major contaminating element in this bloodstream; and in due course, if this element is not eliminated, the economy succumbs to the bloating and undermining forces of this disease.

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GI Mortgage Loan Future

tion of VA mortgage terms. That is my personal opinion and is not to be construed as ABA policy opinion.

Mortgage Liberalization Proposals

However, in the formation of your individual opinions, I do urge that you review carefully S. 3158 and S. 3159 introduced by Senator Lehman of New York. The philosophy or ideology embraced in those writings is not in all respects conducive to the continuance of present-day banking as a private enterprise. I shall try to confine myself to those parts of the Senate bills which affect GI mortgages.

The proposals of Senator Lehman would definitely increase the ease with which the public, veteran and nonveteran, could get money for home construction or purchase, but largely at the expense of volume written by present private enterprise sources, and, we think, at greater overall risk and greater taxpayer cost. Among the provisions are the following, paraphrased:

(1) A low-income housing program of 200,000 public housing units annually. This would appear to remove this potential from the private enterprise lending field and may or may not be warranted by statistics of availability of appropriate units otherwise—and of course it raises the interesting question of what is low income and how enduring is today's yardstick?

(2) Authorization of a middle-income housing program by establishing a National Mortgage Corporation with lending authority of $1 billion ($2 billion after 1957) to make mortgage loans to eligible borrower, or commit to purchase and participate in loans made by FHA-approved mortgagees.

This suggests that private enterprise has not provided adequate funds, which we think is not a well founded premise in the light of its success in financing the sustained housing boom of recent years. Further, this measure would superimpose this direct government lending agency upon a revitalized — in fact, a supercharged—FNMA, as we shall see if other provisions of these bills become law.

(3) The Home Loan Bank Board would be urged to charter new Federal savings & loan associations and to purchase stock in these new associations up to $200 million. This is but the continuance of an established trend, but it does further inject Federal Government funds into our business, and so in direct competition with us.

(4) FNMA (Fanny Mae) would be reestablished as a wholly government-owned corporation, empowered to purchase loans of 40 years' maturity, and to contract with private lenders to initiate and service loans.

This would most certainly completely undo the constructive and effective plan which has been working toward the discontinuance of direct lending of Federal funds in competition with private enterprise; and toward the elimination of FNMA as a taxpayer-supported Federal agency by the ultimate transfer of ownership of 100% of its capital stock into the ownership by banks, insurance company, mortgage company, and savings and loan association hands—in other words, taking government out of the home mortgage business.

Further, through its stimulation of direct lending to veterans, it would defeat the purpose and kill

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WORLD'S LARGEST MARKET GAINS NEW PRESTIGE

	No. Consecutive Years Cash Divs. Paid	Cash Divs. Including Extras for 12 Mos. to Dec. 31, 1955 $	Quotation Dec. 31, 1955	Approx. % Yield Based on Paymts. to Dec. 31, 1955
Seismograph Service Corp. — Surveys for oil and gas industries	10	1.00	16½	6.1
Seven-Up Bottling Co. — "Seven-Up" beverage	18	0.60	9½	6.3
Seven-Up Bottling Co. of Los Angeles — Beverage	17	2.75	19¼	14.3
Shakespeare Co. — Fishing reels, rods and lines	18	1.55	24½	6.3
Shaler Co., Class B — Vulcanizers	20	1.40	14	10.0
Shepard Niles Crane & Hoist — Electric cranes and hoists	21	1.50	21½	7.0
Shuron Optical Co. — General line of ophthalmic goods	20	2.00	38¼	5.2
Sibley, Lindsay & Curr Co. — Rochester, N. Y. department store	10	1.60	32	5.0
Sicks' Seattle Brewing & Malting Co. — "Ranier" & "Brew 66" beer	19	0.20	3¼	6.2
Sierra Pacific Power — Operating public utility	30	†1.03	23	4.5
Simplex Paper Corp. — Miscellaneous paper products	20	0.15	7⅝	2.0
Sioux City Stock Yards — Iowa livestock market	52	1.60	30½	5.2
Sivyer Steel Casting Co. — Castings	20	1.25	18½	6.8
Skil Corp. — Portable tools	19	1.55	20¼	7.7
Smith Afric. Chemical Co. — Chemical fertilizers	32	1.00	19	5.3
Smith (J. Hungerford) Co. — Manufacturer of soda fountain & ice cream fruits and flavors	33	2.60	45	5.8
Smith (S. Morgan) Co. — Turbines and valves	58	1.25	21¾	5.7
Smith Kline & French Labs. — Pharmaceutical manufacturers	33	1.75	50¼	3.5
Snap-On Tools Corp. — Manufacture and distribution of mechanics' hand service tools and related items	17	1.80	27¾	6.5
Sonoco Products Co. — Paper and paper specialties	31	†0.93	22¼	4.2
South Carolina National Bk. (Charleston)	20	†2.22	72	3.1
So. California Water Co. — Water, electric and ice interests, operating company	28	0.75	13⅞	5.4
Southern Colorado Power — Electricity supplier	12	0.70	15½	4.5
Southern Franklin Process Co. — Yarn dyeing	17	1.00	14½	6.9
So. New England Tel. Co. — Communications services	65	2.00	39½	5.1
Southern Oxygen Co. — Compressed gases, oxygen, etc.	18	1.00	19	5.3
Southern Union Gas Co. — Natural gas production and distribution	13	1.00	23	4.3
Southern Weaving Co. — Fabrics, tapes and bindings	29	3.00	51	5.9
Southland Life Insurance Co. — Non-participating life	21	1.00	228	0.4
Southwestern Drug Corp. — Wholesale drugs	14	1.60	35	4.6
Southwestern Elec. Service — Electricity supplier	11	1.04	21¼	4.9
Southwestern Investment Co. — Sales, financing and personal loans	20	†0.525	12½	4.2
Southwestern Life Insur. Co. — Non-participating life	47	2.10	200	1.1
Southwestern States Tel. Co. — Operating public utility	10	1.12	19¾	5.7
Speed Queen Corp. — Manufactures home laundry equipment	17	1.00	22¼	4.5
Speer Carbon Co. — Carbon and graphite products	22	1.00	19¾	5.1
Spindale Mills, Inc. — Yarn shirtings and dress goods	11	1.00	18¼	5.5
Sprague Electric Co. — Electronic components	16	1.20	55	2.2
Springfield F. & M. Ins. Co. — Diversified insurance	89	2.00	65	3.1
Springfield Gas Light Co. — Massachusetts operating utility	103	2.00	41½	4.8
Staley (A. E.) Mfg. Co. — Processes corn and soy beans	21	†1.33	26¼	5.1
Standard Accident Insur. Co. — Diversified insurance	16	1.80	56½	3.2
Standard-Coosa Thatcher Co. — Yarns and threads	34	1.00	15	6.7
Standard Screw Co. — Screws and screw machine products	51	4.00	68	5.9
Stange (Wm. J.) Co. — Food colorings and seasonings	10	0.70	11⅝	6.0
Stanley Home Products, Inc. (Voting) — Brushes and mops	*13	2.20	41	5.4

* Details not complete as to possible longer record.
† Adjusted for stock dividends, splits, etc.

WORLD'S LARGEST MARKET GAINS NEW PRESTIGE

	No. Consecutive Years Cash Divs. Paid	Cash Divs. Including Extras for 12 Mos. to Dec. 31, 1955 $	Quotation Dec. 31, 1955	Approx. % Yield Based on Paymts. to Dec. 31, 1955
Stanley Works Hardware for building trades, etc.	80	4.00	63½	6.3
State Bank of Albany	*31	1.40	41½	3.4
State Loan & Finance Corp. Loans and finance business, Southern States	25	0.70	15¼	4.6
State Natl. Bank of El Paso	75	†10.50	‡270	3.80
State Planters Bank & Trust Co. (Richmond)	*34	2.15	58	3.7
Stearns Manufacturing Co. Manufactures concrete block making equipt. and associated items	20	†0.09	4¾	1.9
Steel Products Engineering Aircraft and heating equipment	40	0.60	23¼	2.6
Stifel (J. L.) & Sons, Inc. Cotton textiles	*11	0.40	7	5.7
Stonega Coke & Coal Co. Coal and timber	16	2.00	35½	5.6
Stouffer Corp. Restaurant chain	20	†0.58	29½	2.0
Strathmore Paper Co. Writing paper	13	†1.20	24	5.0

Over-The-Counter Consecutive Cash Dividend Payers From 5 to 10 Years Appear in the Second Table Starting on Page 60

	No. Consecutive Years Cash Divs. Paid	Cash Divs. Including Extras for 12 Mos. to Dec. 31, 1955 $	Quotation Dec. 31, 1955	Approx. % Yield Based on Paymts. to Dec. 31, 1955
Stratton, Terstegge Co. Wholesale hardware	15	1.25	26	4.8
Struthers Well Corp. Refining equipment; drilling equipment for oil wells	12	1.60	22	7.3
Suburban Propane Gas Corp. Propane gas distributor	10	1.20	19½	6.2
Sun Life Assurance Life. Also large annuity business	19	4.00	320	1.3
Super Valu Stores, Inc. Wholesale food distributor	20	1.30	30	4.3
Swan Rubber Co. Hosing and tires	21	0.90	16	5.6
Syracuse Transit Corp. Local bus operator	14	2.50	22	11.4
Tampax, Inc. Miscellaneous cotton products	13	1.50	31½	4.8
Tappan Stove Co. Gas ranges	*21	1.95	24½	8.0
Taylor-Colquitt Co. Railroad ties and poles	29	d1.40	29	4.8

* Details not complete as to possible longer record.
† Adjusted for stock dividends, splits, etc.
d Plus one share of TACO Corp. common for each share held paid on Feb. 21, 1955.
‡ Value represents last published quotation of 1955. Dec. 31 figure not available.

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GI Mortgage Loan Future

the constructive results obtained by the bona fide effort of private enterprise lenders in meeting the demands of isolated or minority mortgagors through functioning of the successful Voluntary Home Mortgage Credit Program. That would mean that a great deal of time and well directed effort on the part of many in our business and in the Federal Government devoted to the development of that program and to its highly successful practical use would all go right down the drain.

What I have been discussing is not law, but it is in bills now before Congress. We as bankers should review particularly carefully proposed changes in lending practice, for we owe to the public, our depositors, the continued safety of their funds entrusted to us for safekeeping; and we also owe to them our most considered but straightfoward advice as to what is best for them if we feel they are unreasonably adding to their cost for everything they buy on time from a television set to a high-priced, over-mortgaged home.

Mortgage Discounting Abuses

Quoting from a recent "Wall Street Journal" article entitled "House Group Urges Credit Ease, End of Abuses in GI Loans," we come to a timely topic, "Discounting of Mortgages." The article states:

"A House Veterans' Affairs Subcommittee urged the government to clamp down on alleged abuses in the GI home loan program. . . . The lawmakers called on Congress to outlaw or regulate discounts. If that won't work, more mortgage money for veterans' homes must be provided either through direct appropriations or use of funds in the VA's insurance reserve. The agency should not have direct loan money left over when veterans are needing mortgage help as it is said happened last year."

Those words need weighing, and they gain particular significance when they are recognized as indicating alternatives to discontinuance of the practice of discounting VA mortgages.

That practice hinges on the money market, which fact is probably too little recognized by the general public. I draw again upon my remarks in Chicago in January:

"Discounting of mortgages is a subject of broadening application and therefore of increasing significance. It is quite commonplace in origination and/or distribution of VA mortgages; it has cropped up only limitedly in FHA financing; and it is not a factor in conventional mortgages. It is a device to create or maintain a mortgage market. The practice of discounting of mortgage offerings affords a flexibility that is demanded in any form of financial market, whether in commodities, goods, securities, or mortgages.

"With statutory fixed interest rates on VA and FHA mortgages, which account for the great bulk of mortgages written, there is no chance for flexibility through the usual medium of a freely sliding, market-determined interest rate adjustment which we think would be the most desirable solution. But all mortgages are not of equal value by reason of the individual security or the type prevalent in the particular area, so some form of adjustment was bound to develop if stagnation were to be avoided. With no likelihood of increased interest rates on government guaranteed or insured mortgages, and with a greater demand for funds in fields of investment other than mortgages, and with higher yields obtainable in those other fields,

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GI Mortgage Loan Future

it was inevitable that a mechanism would be set up to make the fixed low-interest-rate mortgage more attractive—one mechanism today is the discount.

"Just a word of caution on this score. It must be realized that if a discount is involved, some one has to pay it. By law, the veterans shall not absorb more than 1% of it. The bank should satisfy itself that collusion does not exist among builder, broker, VA appraiser, and/or indeed the banker which results, through unwarrantedly high appraisal, in causing the purchaser, the veteran, to absorb, in the raised price more than that 1%.

"The bank should endeavor to determine who is absorbing the other 2, 3, or 4% of the discount at which the mortgages are bought. With that safeguard—with the builder shaving his profit, or the broker openly absorbing a share of the spread—with the facts in the open, there can be no well founded criticism of the bank's, through discount, obtaining a yield warranting its putting its funds into mortgages and so keeping the builder, the broker, the materials man, and indeed a big segment of the economy in business."

A new booklet, "Pointers for the Veteran Homeowner," is available from Veterans Administration offices. It is intended as a guide for veterans who have purchased homes with the aid of GI loans. The booklet gives important and helpful facts on the mortgage obligation, and tells how to best protect the property, and what to do in case of financial difficulties.

Now, I come to the subject assigned to me—The Future for GI Mortgages.

It is good. No question about it. The demand will be great, and the volume written will be great.

The question is—will they be sound, and by whom will they be written? Will they be written by private enterprise and as soundly as up to the present, or will they be written increasingly with taxpayers' money by direct Federal lending and on more liberal terms?

The answer is we are all going to be in the home mortgage business and very importantly in the GI mortgage business for a long time to come but only because we shall stay alert to what policy is guiding our own mortgage lending, and because individually and through our state and national organizations we are keeping informed as to what is going on in Washington and are taking a hand in having our position—which must be in protection of the public as a whole and not a segment of it—understood with respect to what mortgage legislation must be to be sound.

John J. O'Brien to Open N.Y.C. Branch

John J. O'Brien & Co., members of the New York and Midwest Stock Exchanges, will open a branch office at 1 Wall Street with Philip W. Smith, Jr. as resident partner and Joseph M. Fitzgerald as resident manager.

J. F. Mallon Officer Of Equitable Life

John F. Mallon has been elected Assistant Treasurer of The Equitable Life Assurance Society of the United States by the company's board of directors, it has been announced by Ray D. Murphy, Board Chairman. Mr. Mallon was formerly associated with A. G. Becker, Inc., investment bankers, and before that with the Wall Street firm of Wood, Struthers & Co.

With Security Planning

(Special to The Financial Chronicle)

WEST PALM BEACH, Fla. — Maxwell W. Orland has joined the staff of Security Planning, Inc., Harvey Building.

Joins Alm, Kane

(Special to The Financial Chronicle)

CHICAGO, Ill.—David W. Larson has joined the staff of Alm, Kane, Rogers & Co., 39 South La Salle Street.

Two With Wilson, Johnson

(Special to The Financial Chronicle)

SAN FRANCISCO, Calif.—Raymond A. Krober and Duane C. Rupp have become associated with Wilson, Johnson & Higgins, 300 Montgomery Street, members of the San Francisco Stock Exchange.

Engwis Midwest Rep. For Wellington Fund

CHICAGO, Ill.—A. J. Wilkins, Vice-President of the Wellington Company, distributors of Wellington Fund, Inc., announced the appointment of E. M. Engwis as a mid-west representative with headquarters in Chicago.

E. M. Engwis

Mr. Engwis comes to Wellington with a record of experience both in the wholesaling and retailing of mutual funds.

In addition to servicing certain dealers in the Chicago metropolitan area, Mr. Engwis will represent Wellington in the states of Illinois, Iowa, Michigan, Minnesota, Nebraska, North Dakota, and South Dakota.

Corp. Fiduciaries Elect New Officers

CHICAGO, Ill. — William P. Wiseman, Vice-President and head of the trust division of Chicago Title and Trust Company, was elected President of the Corporate Fiduciaries Association of Chicago at the annual meeting of the association, March 28.

The other newly elected officers are Clair Furlong, Vice-President of Continental Illinois National Bank and Trust Company, Vice-President and Don H. McLucas, Vice-President of Northern Trust Company, Secretary-Treasurer.

With Dean Witter

(Special to The Financial Chronicle)

SAN FRANCISCO, Calif.—Charles W. Seymour, Jr., is now with Dean Witter & Co., 45 Montgomery Street, members of the New York and San Francisco Stock Exchanges.

Reynolds Adds Two

(Special to The Financial Chronicle)

SAN FRANCISCO, Calif.—Charles B. Dunn and Stanley E. Ewig have been added to the staff of Reynolds & Co., 425 Montgomery Street.

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WORLD'S LARGEST MARKET GAINS NEW PRESTIGE

	No. Consecutive Years Cash Divs. Paid	Cash Divs. Including Extras for 12 Mos. to Dec. 31, 1955 $	Quotation Dec. 31, 1955	Approx. % Yield Based on Paymts. to Dec. 31, 1955
Taylor & Fenn Co. — Grey iron alloy castings	50	0.80	12¼	6.5
Taylor Instrument Cos. — Mfr. of scientific instruments	55	2.00	57	3.5
Tecumseh Products Corp. — Refrigeration compressors, etc.	16	4.50	100	4.5
Terre Haute Malleable & Manufacturing Corp. — Iron castings	19	0.80	13	6.2
Terry Steam Turbine Co. — Turbines and reduction gears	*48	11.00	130	8.5
Texas Natl. Bank (Houston)	*32	2.50	85	2.9
Textiles, Inc. — Makes cotton yarn	15	1.00	16½	6.1
Thalhimer Brothers, Inc. — Richmond department store	*10	†0.59	13	4.5
Third Natl. Bank in Nashville	27	h†8.88	345	2.6
Third National Bank & Trust Co. (Dayton)	*31	1.00	32	3.1
Third National Bank & Trust Co. of Springfield (Mass.)	92	2.25	45	5.0
Thomaston Mills — Wide range of cotton products	*15	1.25	20½	6.1
Thomson Electric Welder Co. — Electric welding machines	10	2.00	27½	7.3
Thrifty Drug Stores — California drug store chain	19	†0.33	8¾	3.8
Tiffany & Co. — Jewelry and silverware	*12	1.00	60	1.7
Time, Inc. — Publishers of "Life," "Time," "Fortune" & "Sports Illustrated"	25	2.75	58½	4.7
Timely Clothes, Inc. — Men's suits, coats, etc.	15	1.00	18¾	5.3
Tinnerman Products, Inc. — "Speed Nuts"	*10	1.75	22	8.0
Titan Metal Mfg. Co. — Brass and bronze rods	13	1.40	28	5.0
Tobin Packing Co. — Meat packer	13	0.90	15	6.0
Tokheim Corp. — Gasoline pumps	24	1.20	24¼	4.9
Toledo Trust Co.	22	3.00	94	3.2
Torrington Mfg. Co. — Manufactures machinery, blower wheels and fan blades	21	1.00	23	4.3
Towle Mfg. Co. — Sterling silver tableware	39	2.00	30	6.7
Towmotor Corp. — Fork-lift truck	11	†0.85	19½	4.4
Townsend Co. — Wire products	50	1.20	19⅜	6.2
Travelers Ins. Co. (Hartford) — Life, accident, health	90	†0.78	85	0.9
Trico Products Corp. — Auto accessories	28	2.50	59	4.2
Troxel Manufacturing Co. — Bicycle saddles	13	0.25	7¾	3.2
Trust Co. of Georgia	26	20.00	775	2.6
Tucson Gas Elec. Lt. & Pwr. — Electric and gas utility	38	1.08	28⅞	3.7
Twin Disc Clutch Co. — Clutches and gears	22	3.50	77	4.5
Tyer Rubber Co. — Rubber specialities	15	0.85	12	7.1

* Details not complete as to possible longer record.
† Adjusted for stock dividends, splits, etc.
h Includes $8.03 received from dividend in kind.

WORLD'S LARGEST MARKET GAINS NEW PRESTIGE

	No. Consecutive Years Cash Divs. Paid	Cash Divs. Including Extras for 12 Mos. to Dec. 31, 1955 $	Quotation Dec. 31, 1955	Approx. % Yield Based on Paymts. to Dec. 31, 1955
Tyler Refrigeration Corp. Steel display and storage equipment	19	0.60	11	5.5
Uarco, Inc. Business stationery	24	1.70	39	4.4
Union Bank of Commerce (Cleveland)	13	1.80	47¾	3.8
Union Bank & Trust (L. A.)	*31	†1.52	39	3.9
Union Manufacturing Co. Chucks, hoists, and castings	16	1.00	18	5.6
Union Metal Manufacturing Co. Power distribution poles	18	†2.95	53	5.6
Union Natl. Bank in Pittsburgh	*31	1.30	35	3.7
Union Natl. Bank of Youngstown, Ohio	19	2.25	52	4.3
Union Oil and Gas Corp. of Louisiana, class B Crude oil and natural gas production	52	†0.775	55¼	1.4
Union Planters National Bank of Memphis	26	1.70	52¼	3.3
Union Trust Co. of Md.	17	1.55	40½	3.8
Union Wire Rope Co. High carbon wire and wire rope	19	1.20	19¼	6.2
United Drill & Tool Machine tools, misc. equipment	15	1.20	20¼	5.9
United Illuminating Co. Connecticut operating utility	56	2.60	51	5.1

Over-The-Counter Consecutive Cash Dividend Payers From 5 to 10 Years Appear in the Second Table Starting on Page 60

United Printers & Publ., Inc. Greeting cards	17	1.20	15½	7.7
United Public Markets, Inc. Massachusetts retail chain	*10	0.20	6½	3.1
United States Cold Storage Corp. Car-icing, ice, etc.	14	2.40	37½	6.4
U. S. Envelope Co. Manufacturer of envelopes, paper cups and other paper products	17	4.00	107	3.7
U. S. Fidelity & Guaranty Co. Diversified insurance	17	†1.83	66¼	2.8
U. S. Fire Insurance Co. Diversified insurance	*46	†0.95	30	3.2
U. S. Lumber Co. Holding company, land and mineral interests	*48	0.45	6	7.5
United States National Bank of Denver	32	†1.70	58	2.9
U. S. Natl. Bank (Portland)	57	2.60	83½	3.0
U. S. Potash Co. Potash used in chemicals and fertilizers	20	2.00	35¾	5.6
U. S. Shoe Corp. Women's footwear	24	†1.43	32½	4.4
United States Testing Co. Research and tests textiles, soaps, oils	21	3.50	112	3.1
United Steel & Wire Co. Wire and metal specialties	19	0.75	9	8.3
U. S. Truck Lines (Del.) Inter-city motor carrier	24	1.20	18	6.7
U. S. Trust Co. (N. Y.)	102	16.00	381	4.2
United Utilities, Inc. Holding company	17	1.175	22⅛	5.3
Universal Match Co. Matches and candy	18	†0.96	29	3.3
Univis Lens Co. Manufacturer and distributor of multifocal opthalmic lens blanks and eye glass frames	28	0.05	4⅝	1.1
Upson (The) Co. Exterior and interior fibre wallboard	15	1.50	22½	6.7
Upson-Walton (The) Co. Wire rope	22	0.90	11	8.2
Utah Construction Co. General contracting	31	s0.90	35	2.6
Utah Oil Refining Co. Refining & marketing petroleum products	41	1.00	25¾	3.9
Utility Appliance Corp. Air conditioning equipment	10	0.20	6¾	3.0
Valley Mould & Iron Corp. Ingot moulds and stools	20	†2.50	43¾	5.7
Valley National Bank of Phoenix	23	1.00	33	3.0
Vapor Heating Corp. Car heating systems	22	3.00	43	6.8
Veedor-Root, Inc. Makes counting devices	22	†2.50	50¾	4.9
Viking Pump Co. Rotary pumps	22	1.30	24½	5.3

* Details not complete as to possible longer record.
† Adjusted for stock dividends, splits, etc.
s 90c in cash paid plus a stock dividend of one share of Permanente Cement Co. for each 100 shares held.

Continued on page 58

Blyth Group Offers Caterpillar Tractor Com. Stk. at $68.75

A nationwide investment banking syndicate headed by Blyth & Co., Inc. and including 65 other underwriters, made a public offering on April 3 of 500,000 shares, $10 par value common stock of Caterpillar Tractor Co. at $68.75 per share.

Proceeds from the sale of the new stock will be used to provide a portion of the company's capital requirements, estimated to be approximately $190,000,000 during the next four years.

Sales of the company for the year ended Dec. 31, 1955, were $523,893,000. Net earnings were $34,773,000, equal to $4.04 per share on the common stock. Dividends paid during the year totaled $1.60 per share. The company has paid dividends on its common stock every year since 1914.

Caterpillar Tractor Co. is the country's largest producer of earthmoving equipment. Products are divided into three divisions: (1) tractors, including crawler and heavy - duty off - highway wheel types; travacators (tractor shovels and pipelayers); (2) diesel engines and electric sets; and (3) motor graders, including bulldozers, scrapers, wagons, rippers, snow plows, and cable and hydraulic controls.

The company has six plants in the United States located in Decatur, Joliet and Peoria, Ill.; Milwaukee, Wis.; San Leandro, Cal.; and York, Pa. Wholly owned subsidiaries are maintained in England, Brazil and Australia.

FHLB Notes on Market

Public offering of $59,000,000 Federal Home Loan Banks 3.15% series J-1956 consolidated, noncallable notes dated April 16, 1956 and due Oct. 15, 1956 was made yesterday (April 4) through Everett Smith, fiscal agent of the Banks, and a nation-wide group of securities dealers. The notes are priced at 100%.

Net proceeds from the offering, plus current funds of the Banks, will be used to retire $75,000,000 notes upon maturity on April 16, 1956.

Upon completion of the financing, the Banks will have outstanding $862,240,000 consolidated notes, a reduction of $16,000,000 from the current total.

Two Canadian Issues Placed Privately by Halsey, Stuart & Co.

Halsey, Stuart & Co., Inc., acting alone, placed privately an issue of $5,000,000 Province of New Brunswick 3⅞% sinking fund debentures, due Feb. 1, 1976, and as head of a group made similar placement of $1,558,500 Town of Charlesbourg, Quebec, 4¼% serial debentures, dated Feb. 1, 1956 and due on Feb. 1 from 1957 to 1986 inclusive. Both issues are payable as to principal and interest in U. S. Dollars.

With McCormick Co.

(Special to The Financial Chronicle)

LONG BEACH, Calif.—Charles E. Marland is now with McCormick and Company, Security Building.

Two With Samuel Franklin

(Special to The Financial Chronicle)

LOS ANGELES, Calif. — Fred G. Kimball and John J. Laffey are now with Samuel B. Franklin & Company, 215 West Seventh St.

Railroad Securities

By GERALD D. McKEEVER

The Virginian Railway

To use a modernism, the three soft coal-originating Pocahontas roads, of which the Virginian Railway is the smallest, "never had it so good." With the steel industry operating at a record level, this might have been the case even without an added source of traffic. Coal exports were sharply increased last year, however, under the foreign economic assistance program, and shipments to coal-hungry Europe were resumed under this program after a lapse since 1948. Manufacturing is booming in Britain and West Germany particularly, and it is to our interest to keep it so. But the crying need is for coal. British steel production, for instance, is up 20% over the prewar level while its coal output is up only 2%. The United States is the only source open to Free Europe to close such a gap.

Pocahontas coal is of the highest quality, particularly for coking for metallurgical purpose. With shipping rates ranging from $4 to $18 per ton, depending on the availability of "bottoms," the Europeans can not afford to buy anything but the best grade of coal, and this is the Pocahontas product for the most part. It is also understood that Argentina, which was formerly a coal customer of Britain, has turned to the United States in volume because of the tight situation overseas, and it was reported a month ago that she had already taken as much coal up to that time this year from this country as in all of 1955.

It is stated that of the 34 million tons of coal exported in 1955, all but 2 million tons went out of Hampton Roads, and over half of this transshipment—some 17 million tons—was shared by the Norfolk & Western and the Virginian. The Chesapeake & Ohio, the nation's largest coal carrier, and the largest of the three Pocahontas roads, is said to have moved 15 million tons to its Newport News docks.

While the Virginian is the smallest of the three Pocahontas carriers, and consequently did less in actual tonnage, either for export or for domestic consumption, its proportionate gains were greatest. This is shown by the following table of indices of revenues, based on the 1947-49 average as 100:

	Virginian Railway	Pocahontas District	Class I Total
1955	128	125	112
1954	107	101	104
1953	109	113	119
1952	127	117	118

The corresponding 1955 indices for the Chesapeake & Ohio and the Norfolk & Western were 125 respectively.

The Virginian, in common with the other two Pocahontas roads, is looking ahead to further gains in its export coal business, which, because it represents the maximum mileage haul, is most profitable. It has been announced that the road plans to appropriate $2 million to add another coal dumper to its Number 2 dock at Sewall's Point, which is the coal terminal of the Virginian at Hampton Roads.

So much emphasis has been placed on the export coal business thus far that it might convey the impression that this business is out of proportion to the road's basic coal traffic, but this is not so. The export business is only the "frosting on the cake," but which has nevertheless contributed largely to the sharp increase in the road's revenues and earnings in the past year or more. In addition to its shorter haul coal traffic destined for the steel centers, and which it delivers largely to the New York Central at the Deepwater Bridge, W. Va. interchange at the western end of the line of the Virginian, this road has a very solid traffic base in its coal shipments destined ultimately to the gas industries in New England cities and Philadelphia. The Eastern Gas & Fuel Associates owns 96.8% of the stock of Virginian Corporation which in turn owns 57½% of Virginian Ry. common. Eastern Gas & Fuel is 100% owner of the Philadelphia Coke Co. which supplies the Philadelphia Gas Works, and is likewise sole owner of Boston Consolidated Gas and coke producing subsidiaries in Everett, Mass., and New Haven, Conn. The Everett company supplies gas to Boston Consolidated and the New Haven company supplies New Haven Gas Light and Connecticut Light & Power, which latter, in turn, sells gas to Hartford Gas Co.

These shipments, going by barge out of Hampton Roads, consequently also represent long haul business for the road. The mines served by the Virginian are located mostly at the western end of the line which extends southward from Deepwater Bridge, W. Va. to Princeton on the Virginia-West Virginia border, and then due east to Sewall's Point just east of Norfolk. The only city of any size in between is Roanoke, Va. The Virginian is just about as close to being a one-commodity road as can be imagined, bituminous coal having represented an almost even 80% of revenues in the 1950-54 period. Passenger business has always been an inconsiderable factor, and on Jan. 29 of this year the road ended in its entirety its passenger service on the 243 mile run from Roanoke to Norfolk.

The Virginian Railway has the distinction of being the lowest cost operation among Class I roads.* It is electrified from Roanoke west to Mullens, W. Va. and early in February this year an order was placed for eight 1,600 hp diesel-electric locomotives for delivery in the latter part of this year to complete the dieselization of the 245 mile sector between Roanoke and the road's eastern terminus at Sewall's Point. This should tend to effect a further reduction in the road's Transportation Ratio which was only 19.6% in 1955 as against the Class I average of 37.3%, and at the same time the total

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*See Table of Pretax Profit Margin ratios in March 29 "Chronicle" showing Virginian at the top of list.

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WORLD'S LARGEST MARKET GAINS NEW PRESTIGE

	No. Consecutive Years Cash Divs. Paid	Cash Divs. Including Extras for 12 Mos. to Dec. 31, 1955 $	Quotation Dec. 31, 1955	Approx. % Yield Based on Paymts. to Dec. 31, 1955
Virginia Coal & Iron Co. — Owns soft coal land in Virginia and Kentucky	*40	5.00	65¼	7.7
Vlchek Tool Co. — Tools and plastics	21	0.60	10	6.0
Vulcan Mold & Iron Co. — Ingot moulds and plugs	22	†0.49	11	4.5
Wachovia Bank & Trust (Winston-Salem)	20	0.95	58½	1.6
Walker Bank & Trust Co. (Salt Lake City)	20	4.00	135	3.0
Walker Manufacturing Co. of Wisconsin — Auto parts	10	0.80	19¾	4.1
Warehouse & Terminals Corp. — Warehouses and outdoor storage	10	0.09	1¾	5.1
Warner Co. — Sand, gravel and lime products	10	2.75	49½	5.6
Warren Bros. Co. — Paving contractor	13	2.00	40	5.0
Warren (S. D.) Co. — Printing papers & allied products	20	1.15	34½	3.3
Washburn Wire Co. — Wire and springs	17	2.00	28	7.1
Washington Oil Co. — Crude oil and gas producer	31	2.00	25	8.0
Waterbury-Farrell Foundry — Makes metal working machinery	102	2.00	30	6.7
Watervliet Paper Co. — Book paper	29	1.30	27½	4.7
Watson-Standard Co. — Paints and glass	*12	0.80	12½	6.4
Webster-Chicago Corp. — Radio and electronic devices	11	0.40	15	2.7
Weingarten (J.), Inc. — Texas supermarket chain	28	0.60	18	3.3
Wellington Mills, Inc. — Cotton goods	15	14.00	275	5.1
Wells-Gardner Co. — Radios	11	0.85	12⅜	6.9
West Disinfecting Co. — Sanitation products	16	e0.70	14	5.0
West Mich. Steel Foundry — Steel castings for railroad and industrial use	20	1.10	16¾	6.6
West Ohio Gas Co. — Natural gas utility	16	0.80	15	5.3
West Penn Power Co. — Both operating utility and holding company	*33	2.40	53½	4.5
West Point Mfg. Co. — Textile manufacturing	69	1.00	18⅜	5.4
West Virginia Water Service — Wholesale gas; retails water and ice	11	1.40	31¼	4.5
Westchester Fire Ins. (N. Y.) — Diversified insurance	85	1.10	31¾	3.5
Western Assurance Co. — Fire, marine, aviation, auto and casualty	22	4.40	‡142	3.1
Western Light & Tel. — Supplies electric, gas, water and telephone service	10	1.65	33	5.0
Western Massachusetts Cos. — Holding company for an operating electric utility	29	2.20	39⅞	5.5
Weyerhaeuser Timber Co. — Manufacture and sale of forest products	*24	†1.00	43	2.3

* Details not complete as to possible longer record.
† Adjusted for stock dividends, splits, etc.
e Adjusted for 50% stock dividend paid Nov. 1. Company is now paying a 20c quarterly dividend.
‡ Value represents last published quotation of 1955. Dec. 31 figure not available.

WORLD'S LARGEST MARKET GAINS NEW PRESTIGE

	No. Consecutive Years Cash Divs. Paid	Cash Divs. Including Extras for 12 Mos. to Dec. 31, 1955 $	Quotation Dec. 31, 1955	Approx. % Yield Based on Paymts. to Dec. 31, 1955
Whitaker Cable Corp. Cables and terminals	14	0.80	14¼	5.6
Whitaker Paper Co. Paper products and cordage	22	2.10	44¼	4.7
White & Wyckoff Manufacturing Co. Social stationery & greeting cards	14	1.00	18	5.5
Whitin Machine Works Textile machinery	69	1.40	23½	6.0
Whiting Corp. Cranes, hoists, foundry equipment	19	1.00	12⅛	8.2
Whitney Blake Co. Insulated wires and cables	14	0.75	15¼	4.9
Whitney Natl. Bk. (New Or.)	71	4.00	289	1.4
Wichita Union Stockyards Kansas operator	48	5.00	77	6.5
Will & Baumer Candle Co. Candles and paraffin	17	1.00	17½	5.7
Willett (Consider H.), Inc. Maple and cherry furniture	*16	0.55	7	7.9
Williams & Co., Inc. Supplies for industrial safety, welding, refrigeration, etc.	21	†1.24	25¾	4.8

Over-The-Counter Consecutive Cash Dividend Payers From 5 to 10 Years Appear in the Second Table Starting on Page 60

Williams (The) (J. B.) Co. Manufactures toilet articles	71	0.50	7¼	6.9
Wilmington (Del.) Trust Co.	48	8.00	189	4.2
Winters Natl. Bank & Trust (Dayton)	*31	0.80	25½	3.1
Wisconsin Power & Light Electricity supplier	10	1.28	25⅞	4.9
Wiser Oil Company Crude oil and natural gas production	40	2.75	41	6.7
WJR The Goodwill Station (Detroit, Mich.) Detroit broadcaster	28	0.45	10¾	4.2
Woodward Governor Co. Speed controls for engines and propellers	17	1.80	31	5.8
Worcester County Trust Co. (Mass.)	14	2.50	65½	3.8
Wyatt Metal & Boiler Works Sheet and steel plate	25	2.75	40	6.9
York Corrugating Co. Metal stampings, wholesale plumbing and heating supplies	20	1.25	19	6.6
Young (J. S.) Co. Licorice paste for tobacco	44	4.50	63	7.1
Youngstown Steel Car Corp. Railroad cars and equipment	17	0.65	19½	3.3
Yuba Consol. Gold Fields California gold dredger	47	0.35	3¾	9.3
Zeigler Coal & Coke Co. Owns mines in Illinois and Kentucky	17	0.60	10⅛	5.9
Zonolite Co. Fire proof building materials	12	0.075	4⅜	1.7

* Details not complete as to possible longer record.
† Adjusted for stock dividends, splits, etc.

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Railroad Securities

operating expense ratio was 55% as against the Class I average of 75.7%. This latter admittedly reflected some reduction in maintenance, but the 31.5% rate for 1955 was in line with the Class I average of 31.4%.

The debt ratio of the Virginian, while not low, is not excessive, but total senior capital including the 1,118,200 shares of creates considerable leverage for the road's 1,250,860 shares of 6% ($25 par) preferred stock creates considerable leverage for the road's $1,250,860 shares of common stock. As a result, per share earnings on the latter mount rapidly in a period of sharply rising business such as was enjoyed in 1955 and which still seems to be in prospect. This appears to be the best explanation for the remarkable rise in the price of Virginian Railway common this year which, percentagewise, has been over twice the rate of price gain for C. & O. common and over three times that of Norfolk & Western. The extraordinary strength of Virginian common probably reflects confidence in a steeper climb in the road's earnings this year and another increase in the common dividend that would be necessary to justify the present price. This stock was placed on a $3 regular dividend basis last December, but even so, the yield now, with the price around 62, is only 4.8% as against 5¾% for C. & O. common and 5.6% for Norfolk & Western.

Bankers Offer "Old Spice" Common Stock

An underwriting group headed by Kidder, Peabody & Co. and Lee Higginson Corp. yesterday (April 4) offered for public sale 100,000 shares of class A common stock and 100,000 shares of class B common stock of Shulton, Inc., manufacturer of men's toiletries marketed under the trade name "Old Spice," and women's toiletries marketed under various trade names. The company also produces a line of fine organic chemicals and proprietary pharmaceutical specialties. Both classes of stock are priced at $17.50 per share.

The company also is offering directly to certain of its officers and employees 10,000 shares of class A and 10,000 shares of class B common stock.

The proceeds from the sale by the company of a total of 55,000 shares class A and 55,000 shares class B common stock are to be used to pay for certain recent acquisitions and for planned improvements and additions to the principal manufacturing plant at Clifton, New Jersey, with the balance of the proceeds to be added to the company's general funds. The remaining 55,000 shares of A and 55,000 shares of class B common stock are being sold for the account of two selling stockholders.

The company proposes to declare a dividend of 20 cents per share payable in July, 1956 on both classes of common stock, including the shares now being offered.

During the five years from 1951 through 1955 the company's net sales increased from $12,336,752 to $24,936,456. Net income during the same period rose from $778,134 to $2,283,127, or from $.71 to $2.05 per share after preferred dividend requirements based on the shares outstanding prior to the proposed offering.

Two With Columbia

(Special to THE FINANCIAL CHRONICLE)

BEVERLY HILLS, Calif.—Anthony S. Lazzarino and Martin L. McIntyre have joined the staff of Columbia Securities Company, Inc., of California, 225 South Beverly Drive. Mr. Lazzarino was previously with Shelley Roberts & Co.

King Merritt Adds

(Special to THE FINANCIAL CHRONICLE)

LOS ANGELES, Calif.—Daniel L. De Rosario has been added to the staff of King Merritt & Company, Inc., 1151 South Broadway.

Daniel Weston Adds Two

(Special to THE FINANCIAL CHRONICLE)

BEVERLY HILLS, Cal.—Richard P. Barbour and Charles W. Cottle have become affiliated with Daniel D. Weston & Co., 140 South Beverly Drive. Mr. Cottle was previously with J. Logan & Co.

Now With Walston Co.

(Special to THE FINANCIAL CHRONICLE)

LOS ANGELES, Calif. — Ned Leigh is now with Walston & Co., 550 South Spring Street. He was formerly with J. Logan & Co.

Continued from page 5

The State of Trade and Industry

equalling the all-time high established during the second week of January.

In the automotive industry motor vehicle output last week totaled 151,385 units, "Ward's Automotive Reports" stated on Friday last.

The agency noted that Ford and Chrysler output moved upward while General Motors' assemblies dipped because of the closing down for the Good Friday observance of seven Buick-Oldsmobile-Pontiac branch assembly plants.

"Ward's" counted 127,780 cars and 23,605 trucks in the past week's domestic output. In the preceding week 131,287 cars and 23,690 trucks were built. In the comparable 1955 period 177,295 cars and 28,967 trucks were assembled.

New business received by manufacturers in February declined contra-seasonally, the United States Department of Commerce reported, while sales during the month edged up slightly.

New orders placed with manufacturers totaled $27,300,000,000. This was a decline of $200,000,000 from January, but $3,000,000,000 above a year earlier.

The department said the decline occurred entirely in durable goods industries, mainly in transportation equipment. New orders for non-durables were slightly above the January seasonally adjusted rate.

Manufacturers sold $26,500,000,000 of goods in February, $100,000,000 more than the previous month and $2,500,000,000 above February last year.

Unfilled orders of manufacturers amounted to $57,300,000,000 at the end of February. This was $700,000,000 above the end of January and $9,800,000,000 higher than a year earlier.

Manufacturers added about $400,000,000 to their inventory book values during February to bring the total to $47,100,000,000 at the end of the month, topping the year-earlier level by $3,600,000,000. Taking seasonal factors into account, inventory values rose $500,000,000 during February to a total of $46,800,000,000 at the end of the month.

Steel Operations Scheduled at 99.1% of Capacity This Week

The steel industry made $1.1 billion in net profits last year, going over the billion-dollar mark for the first time, "Steel" reported on Monday of the current week.

The metalworking magazine said the achievement was based on the performance of 32 producers representing almost 94% of the nation's ingot capacity and topped the previous 1950 record of $766.9 million by 43%. In 1954, net profits were only $637 million.

Contributing to the earnings record in 1955 was the record-setting production of steel, the publication said. Producing at an average of 93% of capacity, the industry poured 5% more steel for ingots and castings than in the previous record steelmaking year, 1953.

Other reasons for record earnings are increased prices of steel, record volume of sales and absence of a Federal excess profits tax.

Sales volume of the entire industry was $14½ billion, a rise of 35% over 1954 and 9% over the previous record sales year of 1953, according to the metalworking authority.

Federal income taxes took almost as big a slice out of the steel sales dollar (7.78 cents) as was left for the producers. The 32 producers in "Steel's" study paid $1,037,250,232 in 1955 for Federal income taxes with the tax collector doing better than stockholders, according to the magazine.

Stockholders in the three largest steel companies with 54% of the nation's steelmaking capacity received from 40 to 44.5% of the net profit, or from 3.2 to 3.6% of the sales dollar taken in by their companies.

In contrast, employees in the 32 companies received 34% of the sales dollar in 1955. Both the number of employees and employment costs went up over those of 1954. Employment costs rose 19.8%.

Additional proof that the industry's heavy business will continue through 1956 came from the steel scrap industry this week. Scrap prices on steelmaking grades jumped to a record of $53.50 a gross ton in the week ended March 28. The previous high was $53.33 in January. This boosted "Steel's" price composite on steelmaking grades of scrap $3.67 in a week.

In contrast, "Steel's" price composite on finished steel holds at $128.02 a net ton.

It was predicted that the automobile industry is unlikely to ease up any further on its demand for steel in the near future.

The American Iron and Steel Institute announced that the operating rate of steel companies having 96.1% of the steelmaking capacity for the entire industry will be at the average of 99.1% of capacity for the week beginning April 2, 1956, equivalent to 2,439,000 tons of ingot and steel for castings as compared with 99.6% of capacity, and 2,452,000 tons (revised) a week ago.

The industry's ingot production rate for the weeks in 1956 is based on annual capacity of 128,363,090 tons as of Jan. 1, 1956.

For the like week a month ago the rate was 100.0% and production 2,462,000 tons. A year ago the actual weekly production was placed at 2,300,000 tons or 95.3%. The operating rate is not comparable because capacity is higher than capacity in 1955. The percentage figures for 1955 are based on annual capacity of 125,828,310 tons as of Jan. 1, 1955.

Electric Output Continued to Decline in Easter Week

The amount of electric energy distributed by the electric light and power industry for the week ended Saturday, March 31, 1956, was estimated at 10,992,000,000 kwh., a decrease below the week ended March 24, 1956, according to the Edison Electric Institute.

This week's output declined 142,000,000 kwh. under that of the previous week; it increased 1,188,000,000 kwh. or 12.1% above the comparable 1955 week and 2,529,000,000 kwh. over the like week in 1954.

Car Loadings Showed Some Recovery in the Latest Week

Loadings of revenue freight for the week ended March 24, 1956, increased 11,263 cars or 1.6% above the preceding week the Association of American Railroads reports.

Loadings for the week ended March 24, 1956, totaled 697,248 cars, an increase of 62,620 cars, or 9.9% above the corresponding 1955 week, and an increase of 95,834 cars, or 15.9% above the corresponding week in 1954.

U. S. Automotive Output Cut By Observance of Good Friday at Several Assembly Plants

Automotive output for the latest week ended March 30, 1956, according to "Ward's Automotive Reports," registered a tapering off

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WORLD'S LARGEST MARKET GAINS NEW PRESTIGE

TABLE II
OVER-THE-COUNTER
Consecutive Cash
DIVIDEND PAYERS
for
5 to 10 YEARS

	No. Consecutive Years Cash Divs. Paid	Cash Divs. Including Extras for 12 Mos. to Dec. 31, 1955 $	Quotation Dec. 31, 1955	Approx. % Yield Based on Paymts. to Dec. 31, 1955
Alexander Hamilton Institute Inc. — Courses in executive training	9	1.00	10	10.0
Allied Gas Co. — Operating public utility	7	0.55	17	3.2
American Hospital Supply — Large variety of hospital supplies	9	1.20	26¼	4.6
American-Marietta Co. — Paints, varnishes, enamel, lacquers, etc.	8	†0.875	44½	2.0
American Rock Wool Corp. — Mineral wool	5	1.20	21	5.7
American Spring of Holly, Inc. — Springs and wire forms	9	0.70	9¼	7.6
American Vitrified Products — Sewer pipe, bricks, tile	9	1.05	20½	5.1
Anchor Steel & Conveyor Co. — Mechanical conveyor systems	8	0.15	2¼	6.7
Auto-Soler Co. — Shoe repair machinery	6	0.20	2½	8.0
Baush Machine Tool Co. — Drills and boring mills	5	1.25	22	5.7
Beauty Counselors, Inc. — Cosmetics	*9	0.85	16	5.3
Bell & Gossett Co. — Pumps, tanks and valves	9	0.50	14⅞	3.4
Black, Sivalls & Bryson — Steel and wood tanks	9	1.40	16⅞	8.3
Buchanan Steel Products Corp. — Forgings	9	0.20	3	6.7
Buell Die & Machine Co. — Dies, jigs and fixtures	5	0.20	3¼	6.2
Burnham Corp. — Greenhouses, radiators, etc.	9	1.05	20	5.3
Bush Manufacturing Co. — Parts for commercial refrigeration	5	0.50	17	2.9
Camp Manufacturing Co., Inc. — Paper & board, lumber, turpentine	9	0.90	45½	2.0
Capitol Records, Inc. — Phonograph records	6	0.85	12½	6.8
Carlisle Corp. — Inner tubes, brake lining, bicycle tires, etc.	6	0.50	6	8.3
Cascades Plywood Corp. — Plywood	9	2.00	32	6.3

* Details not complete as to possible longer record.
† Adjusted for stock dividends, splits, etc.

WORLD'S LARGEST MARKET GAINS NEW PRESTIGE

	No. Consecutive Years Cash Divs. Paid	Cash Divs. Including Extras for 12 Mos. to Dec. 31, 1955 $	Quotation Dec. 31, 1955	Approx. % Yield Based on Paymts. to Dec. 31, 1955
Cedar Point Field Trust, ctfs. — Texas oil wells	6	0.69	7½	9.2
Central Coal & Coke Corp. — Leases mines on royalty basis	9	1.00	39	2.6
Chatham Manufacturing Co., Class A — Woolen blankets	8	0.15	4⅛	3.6
Chicago Railway Equipment Co. — Railway equipment and foundry (malleable)	5	2.00	27½	7.3
Churchill Downs, Inc. — "Kentucky Derby"	5	1.30	17	7.6
Cleveland Trencher Co. — Trench excavating machines	*5	0.76	16	4.8
Cochran Foil Co. — Aluminum foil	8	1.40	92	1.5
Color-Craft Products, Inc. — Wall coverings	8	0.40	4	10.0
Conn (G. C.), Ltd. — Top manufacturer of band instruments	8	0.30	8⅛	3.7
Connecticut Printers, Inc. — Printing and lithographing	9	1.50	35	4.3
Connohio, Inc. — Warehousing	9	0.25	4⅛	6.1
Consolidated Freightways, Inc. — Motor freight	5	1.35	34½	3.9
Cook Coffee Co. — Coffee, tea and groceries	5	†0.95	24	4.0
Cook Electric Co. — Wire communication equipment	8	†0.29	22½	1.3
Cooper Tire & Rubber Co. — Tires and tubes	6	0.50	11¼	4.4
Crampton Manufacturing Co. — Hardware for plumbing fixtures, refrigerators, kitchen cabinets, etc.	6	†0.19	4⅜	4.3
Cribben & Sexton Co. — Manufacturer of domestic gas appliances	9	0.55	9¼	5.9
Cumberland Gas Corp. — Operating public utility	9	g3.60	9½	3.7
Cummins Engine Co. — Diesel and gas engines	8	†0.80	41	2.0
Curlee Clothing Co. — Suits and overcoats	9	0.60	10¼	5.9
Darling (L. A.) Co. — Display equipment	9	†0.33	8⅜	3.9
De Bardelebon Coal Corp. — Bituminous coal	8	6.00	73	8.2
Dean (The) Co. — Veneer, lumber and wood products	*9	0.60	13½	4.4
Delta Air Lines, Inc. — Air transport	7	1.20	48	2.5
Denver Chicago Trucking Co., Inc. — Motor common carrier	6	1.00	15¼	6.6
Dobbs Houses, Inc. — Restaurant and airline catering	9	1.90	34⅛	5.6
Dunham (C. A.) Co. — Steam heating appliances	6	0.50	5¾	8.7
Elgin Sweeper Co. — Street cleaning machines	9	0.05	4⅛	1.2
Empire State Oil — Oil production and refining	9	0.25	9⅛	2.7
Equity Oil Co. — Crude oil production	8	0.40	10⅝	3.8
Erie Resistor Corp. — Electronic products	5	0.40	16¾	2.4
Federal Sign & Signal Corp. — Signaling apparatus	8	†1.12	21	5.3
First-Mechanics Natl. Bank of Trenton	7	1.25	32	3.9
Flour City Ornamental Iron — Ornamental metal work	8	0.90	9¼	9.7
Fownes Brothers & Co. — Gloves	9	0.15	4¼	3.5
Fulton Market Cold Storage — Chicago cold storage	8	1.00	18	5.6
Funsten (R. E.) Co. — Sheller & packer of pecans, walnuts and almonds	6	0.50	8	6.2
Gamble Brothers, Inc. — Lumber products	6	0.40	7	5.7
Genuine Parts Co. — Auto parts distributor	8	1.00	19	5.3
Goodall Rubber Co. — Hose, belting and packings	9	1.15	21	5.5
Gordon Foods, Inc. — Manufacturer and distributor of food products	6	0.40	8¾	4.6
Goulds Pumps, Inc. — Pumps and water systems	8	1.00	22	4.5
Govt. Employees Ins. Co. — Auto insurance for Government employees only	8	1.10	67	1.6
Grace Natl. Bank of New York	9	6.00	250	2.0

* Details not complete as to possible longer record.
† Adjusted for stock dividends, splits, etc.
g Included in the $3.60 paid during 1955 was a $3.00 special dividend on Oct. 1.

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The State of Trade And Industry

in volume due to the closing down for the Good Friday observance of seven Buick-Oldsmobile-Pontiac branch assembly plants.

Last week the industry assembled an estimated 127,780 cars, compared with 131,287 (revised) in the previous week. The past week's production total of cars and trucks amounted to 151,385 units, or a decline of 3,592 units below the preceding week's output, states "Ward's."

Last week's car output dipped below that of the previous week by 3,507 cars, and truck output showed a loss of 95 vehicles during the week. In the corresponding week last year 177,295 cars and 28,967 trucks were assembled.

Last week the agency reported there were 23,605 trucks made in the United States. This compared with 23,690 in the previous week and 28,967 a year ago.

Business Failures Increased in Latest Week

Commercial and industrial failures rose to 263 in the week ended March 29 from 208 in the preceding week, Dun & Bradstreet, Inc., reports. While this level was higher than that of a year ago when 237 occurred, failures were off slightly from 267 in the similar week of 1954, and 15% below the pre-war level of 310 in 1939.

Failures involving liabilities of $5,000 or more climbed to 225 from 182 last week and from 193 a year ago. A slight increase occurred among small failures with liabilities under $5,000. Liabilities in excess of $100,000 were incurred by 22 of the failing concerns, unchanged from the preceding week.

Failures rose during the week in all industry and trade groups; retail failures increased to 121 from 108, manufacturing to 55 from 47, wholesaling to 27 from 16, construction to 31 from 24 and commercial service to 29 from 13. Failures among construction businesses equalled last year's level, while all other industry and trade groups had higher failures than a year ago. The sharpest increases from 1955 occurred in wholesale and service lines.

All major geographic regions except New England reported failure increases in the week just ended. Failures equalled or exceeded those of the similar 1955 week in all regions except in the New England, Middle Atlantic, and Mountain States. The sharpest rise from a year ago occurred in the Pacific States, while a marked decline prevailed in the New England States.

Wholesale Food Price Index Continued Moderate Decline of Preceding Week

A further moderate drop the past week brought the Dun & Bradstreet wholesale food price index for March 27 to $5.89, from $5.93 a week earlier. This was 9.7% below last year's $6.52, and represented a decline of 20.6% from the high level of $7.42 on the corresponding date two years ago.

Higher in wholesale price last week were wheat, corn, hams, lard, sugar, steers and hogs. Lower in cost were flour, rye, butter, coffee, cottonseed oil, cocoa, eggs and lambs.

The index represents the sum total of the price per pound of 31 raw foodstuffs and meats in general use and its chief function is to show the general trend of food prices at the wholesale level.

Wholesale Commodity Price Index the Past Week Rose to Highest Level Since Nov. 7, 1952

The general commodity price level continued to rise last week. The daily wholesale commodity price index, compiled by Dun & Bradstreet, Inc., registered 286.19 on March 23, the highest in more than three years, or since Nov. 7, 1952, when it stood at 286.44. The index closed at 285.74 on March 27 as compared with 284.23 a week earlier and with 276.76 on the corresponding date last year.

Extending the advances of the

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The State of Trade And Industry

prior week, grain prices generally reached new high ground for the current move.

Wheat closed sharply higher under buying stimulated by unfavorable crop and weather advices from Winter wheat areas, pessimistic crop reports from Europe, and continued large decreases in supplies of available wheat.

Corn prices again made substantial gains with trading featured by active demand for domestic and foreign account, and continued small producer marketings. Oats prices held about steady with offerings ample for the demand. Sales of grain and soybean futures on the Chicago Board of Trade showed a moderate increase. Daily average purchases last week totalled 42,500,000 bushels as compared with 37,700,000 the previous week and 47,200,000 in the same week last year.

Soft wheat bakery flours made further advances during the week. Bookings were confined mostly to immediate needs. Some improvement in buying occurred late in the week with incentive furnished by protection against moderate advances and some additional concessions. Green coffee prices declined moderately although the market was somewhat steadier at the week-end.

Leading roasters announced at the week-end a cut-back in their wholesale coffee prices of from 3 to 4 cents a pound.

Spot cocoa prices moved lower influenced by liberal stocks in the United States, a lack of manufacturer interest in current offerings, and continued large offering from producing countries. Warehouse stocks of cocoa continued to mount and now total 333,376 bags, against 329,045 a week ago, and 157,358 bags on the like date last year. Lard prices advanced moderately in late dealings on buying spurred by the prospect that there would be a larger decrease in pig farrowings than had been earlier expected. Hog prices continued upward with the average price of all barrows and gilts reaching the highest level since October, 1955.

Spot cotton prices finished strong following irregular early movements. Some buying was influenced by agitation for an export subsidy and a further tapering off in the rate of loan repossessions.

Uncertainty over the outcome of the new farm bill tended to hold advances in check.

Trading in the 14 spot markets declined to 60,900 bales, from 74,800 the week before, and were the smallest for any comparable week in March since 1942. Loan repayments of 1955-crop cotton during the week ended March 16 were reported at 88,277 bales, with entries at 35,527 bales. As of March 16, loans were reported outstanding on 6,426,600 bales of 1955-crop cotton.

Trade Volume Stimulated by Easter Promotions Moved Slightly Higher for Week and Exceeded Level of Like Period in 1955

Shoppers increased slightly their spending at retail last week, and the total dollar volume moderately exceeded the similar 1955 level. Easter sales promotions encouraged the buying of women's Spring and Summer apparel.

Automobile dealers reported volume in new cars close to that of the previous week, but somewhat below the level of the comparable 1955 week.

The total dollar volume of retail trade in the period ended on Wednesday the past week was 2 to 6% higher than a year ago, according to estimates by Dun & Bradstreet, Inc. Regional estimates varied from the comparable 1955 levels by the following percentages: New England —5 to —1; East —4 to 0; South +4 to +8; Middle West and Southwest +5 to +9; Northwest and Pacific Coast +3 to +7%.

There was a moderate rise in the call for women's sportswear and Spring dresses last week.

Although the buying of Spring coats and suits expanded slightly, the level was somewhat below that of a year ago.

Volume in millinery, hosiery and jewelry expanded appreciably. The call for men's apparel equalled that of the previous week. Purchases of children's clothing mounted considerably.

Furniture retailers reported a slight increase in the buying of upholstered chairs and occasional tables. The volume in bedroom suites and dining rom sets was sustained at the level of the previous week.

Consumer buying of food was high and steady the past week and was slightly above that of the similar week last year.

Noticeable gains were reported in the wholesale buying of Spring and Summer apparel, while purchases in some textile and home furnishing lines were below the level of the previous week.

Department stores sales on a country-wide basis as taken from the Federal Reserve Board's index of the week ended March 24, 1956, increased 9% above those of the like period of last year. In the preceding week, March 17, 1956, a decrease of 3% (revised) was reported. For the four weeks ended March 24, 1956, an increase of 5% was reported. For the period Jan. 1, 1956 to March 24, 1956 a gain of 3% was registered above that of 1955.

Retail trade volume in New York City last week improved over the preceding week, but some doubt existed that sales would be able to equal the figures for the comparable period of 1955. Store executives estimated that last week's volume would fall one or two percentage points short of sales for the like week of 1955, with the possibility of pulling even.

According to the Federal Reserve Board's index, department store sales in New York City for the weekly period ended March 24, 1956, decreased 7% below those of the like period last year. In the preceding week, March 17, 1956, a decrease of 7% (revised) was recorded. For the four weeks ending March 24, 1956, no change was recorded. For the period Jan. 1, 1956 to March 24, 1956 the index recorded a rise of 1% above that of the correspondig period of 1955.

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WORLD'S LARGEST MARKET GAINS NEW PRESTIGE

	No. Consecutive Years Cash Divs. Paid	Cash Divs. Including Extras for 12 Mos. to Dec. 31, 1955 $	Quotation Dec. 31, 1955	Approx. % Yield Based on Paymts. to Dec. 31, 1955
Green Mountain Power Corp. Public utility, electric and gas in Vermont	5	1.80	32	5.6
Hibernia Bank (San Fran.)	8	3.00	78	3.8
Hubinger Co. Corn refining	7	†0.61	16½	3.7
Hudson Pulp & Paper Corp., Class A Kraft and tissue papers	5	1.26	29	4.3
Hydraulic Press Manufacturing Co. Presses for metal working and other industries	6	0.60	14½	4.1
Indiana Limestone Co. Limestone production	5	0.25	6⅝	3.8
International Correspondence Schools World, Ltd. Publishing & technical education	5	0.20	7½	2.7
International Textbook Co. Printing, publishing and home study schools	5	1.80	29	6.2
Interstate Bakeries Corp. Baking bread and cakes	8	1.00	29¾	3.4
Interstate Engineering Corp. Aircraft parts and vacuum cleaners	5	0.80	10¼	7.8
Interstate Motor Freight System Common motor carrier	6	1.00	13¼	7.5
Iowa Electric Light & Power Co. Operating public utility	6	1.2375	26⅞	4.6
Iowa Public Service Co. Operating public utility	6	0.775	15¾	4.9
Ivey (J. B.) & Co. Department store chain	7	1.00	20¾	4.8
Jack & Heintz, Inc. Precision parts for aircraft	5	0.80	11⅜	7.0
Jersey Farm Baking Co. General baking	9	0.45	6	7.5
Kaiser Steel Corp. Leader on Pacific Coast	5	0.40	25¾	1.6
Kansas City Structural Steel Buildings, bridges and tanks	8	0.75	21½	3.5
Kent-Moore Organization Service station equipment	8	1.20	16½	7.3
Kentucky Stone Co. Road material	8	2.50	60	4.2
Keyes Fibre Co. Paper plates, plastic trays, etc.	6	†1.10	23⅜	4.7
Keystone Portland Cement Co. Manufactures cement	6	1.45	29½	4.9
Kingsburg Cotton Oil Co. Cotton seed products	9	0.17	2¼	7.6
Kirsch Co. Venetian blinds, drapery, hardware	8	†0.76	21	3.6
Kroehler Manufacturing Co. Furniture	9	1.55	23¾	6.5
Kuner-Empson Co. Food products	9	0.30	4	7.5
La France Industries, Inc. Upholstery	7	0.40	9	4.4
La Salle Natl. Bk. (Chicago)	8	2.00	56	3.6
Lakeside Laboratories, Inc. Pharmaceutical products	8	0.55	18¼	3.0
Langendorf United Bakeries West Coast baker	7	1.80	29½	6.1
Lucky Stores, Inc. Retail food chain in northern California	9	0.60	15	4.0
Ludman Corp. Manufactures "Auto-Lok" aluminum awning type windows, glass and aluminum venetian type windows and jalousie doors.	5	0.40	6⅛	6.5
Macco Corp. Oilfield construction and maintenance	8	0.60	9½	6.3
Marmon-Herrington Co. Heavy duty trucks	7	0.40	9½	4.2
Maryland Casualty Co. Diversified insurance	8	k1.05	36⅜	4.2
Maxson (W. L.) Corp. Electro-mechanical and electronics apparatus	7	†0.37	15½	2.4
McCormick & Co. Spices and extracts	*7	1.40	28½	4.9
McNeil Machine & Engineering Co. Vulcanizers	5	†1.17	34¾	3.4
Metals Disintegrating Co. Metal powders	6	0.40	21	1.9
Mexican Eagle Oil Co., Ltd. Ordinary Property interests	5	0.52	3.27	15.9
Mission Dry Corp. Concentrated citrus fruit juices	6	0.10	4¾	2.1
Mississippi Glass Co. Rolled glass wire glass, etc.	9	†1.90	39½	4.8

* Details not complete as to possible longer record.
† Adjusted for stock dividends, splits, etc.
k Although $1.05 is the full amount of cash dividends paid in 1955 the company's quarterly rate is now 37½c and the yield shown above is computed on that basis.

WORLD'S LARGEST MARKET GAINS NEW PRESTIGE

	No. Consecutive Years Cash Divs. Paid	Cash Divs. Including Extras for 12 Mos. to Dec. 31, 1955 $	Quotation Dec. 31, 1955	Approx. % Yield Based on Paymts. to Dec. 31, 1955
Mode O'Day Corp. — Women's and children's apparel	9	0.75	15	5.0
Moore (William S.), Inc. — Retail chain stores	7	0.25	8½	2.9
Moore-Handley Hardware — Hardware wholesaler	9	0.40	7⅞	5.1
Morgan Engineering Co. — Produces mills, cranes, etc.	8	1.20	24¾	4.8
Morganton Furniture Co. — Manufactures furniture	5	1.20	16½	7.3
National Bank of Toledo (Ohio)	7	†1.35	42½	3.2
National Gas & Oil Corp. — Natural gas and Pennsylvania grade crude oil	6	0.75	16	4.7
National Tank Co. — Equipment for oil and gas fields	9	†1.00	21½	4.7
New England Gas & Electric Association — Owning investments in several operating utility companies	9	1.00	16⅞	5.9
New England Lime Co. — Lime manufacturing	7	0.50	30	1.7
New Jersey Natural Gas Co. — Operating public utility	5	1.00	23⅝	4.2
Norfolk Southern Ry. Co. — Common carrier by rail	8	1.20	15½	7.7
Norris-Thermador Corp. — Pressed metal products	5	†0.72	17¾	4.1
North American Refractories — Fire brick & refractory materials	9	†1.15	26	4.4
Northern Redwood Lumber Co. — Redwood and fir products	5	6.00	300	2.0
Northwestern Public Service — Electric and gas public utility	9	0.90	15½	5.8
Old Ben Coal Corp. — Coal mining	9	0.60	11¼	5.3
Opelika Manufacturing Corp. — Towels and linens	*8	†0.69	12⅞	5.4
Pacific Intermountain Exp. — Motor freight; Western States	9	†1.98	62½	3.2
Pacific Power & Light Co. — Electricity supplier	6	1.30	27½	4.7
Packard-Bell Co. — Radio, TV	7	0.325	9¾	3.3
Paragon Electric Co. — Automatic time controls	8	1.00	‡14	7.1
Parker Appliance Co. — Manufacturer of hydraulic & fluid system components	5	1.00	17	5.9
Penn Controls, Inc. — Manufactures automatic electric controls	6	1.30	24	5.4
Pennsylvania Engin'g Corp. — Steel mills; oil refineries; chemical plants	9	1.00	23½	4.3
Penobscot Chemical Fibre Co., Voting and Non-Voting — Mfr. bleached soda and sulphate woodpulp	9	1.00	26	3.8
Penton Publishing Co. — Business and technical journals	*6	1.00	14¾	6.8
Pepsi-Cola General Bottlers, Inc. — Soft drinks	9	†0.475	10¾	4.4
Perfex Corp. — Automatic temperature controls	6	0.75	15	5.0
Permanente Cement Co. — Cement and gypsum products manufacturer	9	0.925	38½	2.4
Phoenix Silk Corp. — Textile fabrics	8	1.00	15	6.7
Pickering Lumber Corp. — California, Louisiana and Texas holdings	8	†1.00	13	7.7
Pope & Talbot, Inc. — West Coast lumber mills	*8	0.80	18	4.4
Portis Style Industries, Inc. — Hats and gloves	6	1.00	1½	6.6
Portland General Electric — Electric utility	8	1.05	23½	4.5
Portsmouth Steel Corp. — Owns substantial interests in Cleveland-Cliffs Iron Co., Detroit Steel Corp., and companies in related fields	9	0.60	17⅝	3.4
Produce Terminal Cold Storage Co. — Chicago public refrigerated warehouse	8	1.00	16	6.3
Pyramid Electric Co. — Electronic components	6	0.20	6⅞	2.9
Quaker City Cold Storage Co., v. t. c. — Cold storage facilities	6	0.15	6½	2.3
Queen Anne Candy Co. — Bar and bulk candy	8	0.10	2½	4.0
Reardon Co. — "Bondex" cement paint	8	†0.33	9¾	3.4
Reeves-Ely Laboratories — Research, development and production of electronic and electro mechanical devices.	8	0.20	16⅝	1.2

* Details not complete as to possible longer record.
† Adjusted for stock dividends, splits, etc.
‡ Earlier quotation. Dec. 31, 1955 figure not available.

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Dartmouth Study on Broadening Stockholder Base

Deploring general lack of stock knowledge and urging intensive educational efforts, New York business group and Amos Tuck School finds broadened stock ownership handicapped by Wall Street being too busy to bring in new investors. Report shows personal savings flow increased faster into other outlets than into common stock which forebodes serious problem for future business expansion. Effectiveness of NYSE "Monthly Investment Plans" questioned.

American business today needs millions of dollars for future expansion, but New York Stock Exchange member firms are so busy serving active customers in a prosperous period that only a handful of firms can find time to bring in the new investor and his capital.

This paradox is a finding of a report, "Broadening the Base of Stock Ownership," by Dartmouth College's Amos Tuck School of Business Administration Economic Research Council.

Although aided by grants from the Committee for Economic Development and the Fund for Adult Education, the Dartmouth group determined and conducted their own independent study.

The report released in April to all member firms of the Stock Exchange, also criticized the Exchange's own "Monthly Investment Plan" as not the best solution to a problem that will grow more acute each year. Under M.I.P. blocks of stock may be purchased through regular monthly payments of fixed amounts.

Issued by Project Coordinator James P. Logan, Assistant Professor of Business Administration at Tuck School, the report represents a year of work by 30 Wall Street executives, investment counsellors, officers of commercial banks and other business executives. The report said:

"Outlets for personal savings other than investment in common stock . . . have grown more rapidly over a long term of years as a medium for the placement of personal savings than has investment in common stock. For example, the market value of all shares listed on the New York Stock Exchange increased 157% from the 1937-41 average to 1952 while the combined flow of funds into fixed dollar savings increased 243% during the same period. This is further reflected by the negligible change in the number of shareholders over that period."

The report endorsed promotion of direct ownership of common stocks by large numbers of persons in upper income groups and pointed out that one reason why this market has not been tapped is that these persons do not now own stocks because they know little about them.

It also said that middle and lower income groups are not a good market from the standpoint both of supplying large amounts of funds for American business and of wisely investing individual savings.

While the report took into account the fact that M.I.P. has been in operation so short a time that its "realistic evaluation . . . is hindered," it also said, "A new market is not being reached as indicated by the fact that seven out of 10 current M.I.P. subscribers owned stock previously."

In a survey of Stock Exchange firms themselves, the report noted that only half of the respondents felt M.I.P. was proving an effective means of broadening share ownership. A third of the firms said it was not, and the remainder were not sure it was a desirable method.

Half of Stock Exchange members feel, the report said, that their own plan is not profitable, while a quarter feel it is profitable, in part because it brought in other business. The report also said, "It was uniformly reported that the dollar aggregate of plans did not represent a substantial or significant proportion of the total volume of business done by the firms answering the questionnaire."

"While the majority of stocks are in leading companies," the report said of M.I.P., "the small investor is assuming a large risk if he invests only in one issue."

Present "regular payment plans" for increasing stock ownership are not meeting the need for bringing "new investors" and their capital into the development of American business, the report said, and the principal reason for this is "lack of knowledge about stocks and investments among the general public."

The Stock Exchange is so busy with present customers that member firms can not sell the general public, particularly middle income groups, on the benefits of direct stock ownership, mutual funds, shares of closed end investment trusts and other methods by which the investor can own a part of capitalist America.

While the report said that all of these, including employee stock ownership plans, are valuable methods, it added, "Any programs for actively promoting share ownership need to be accompanied by intensive educational efforts stressing the long term advantages of stock ownership and presenting a balanced view of the meaning, the reward, and the risks of shareholding."

A.S.E. 5 & 20 Club Anniversary Dinner

Rulley Koerner, President, American Stock Exchange Five and Twenty Club, announced that the organization's 10th anniversary reunion dinner would be held on Thursday, April 5, 1956, at the Downtown Athletic Club.

Leonard C. Greene, entertainment committee Chairman, announced that a large group of present and former members of the Exchange would be present. The group's get-together will begin at 4:30 p.m. The corned beef and cabbage dinner follows.

Harris, Upham Adds

(Special to THE FINANCIAL CHRONICLE)

DENVER, Colo. — Robert F. Clayton has been added to the staff of Harris, Upham & Co., 740 17th Street.

Joins Norman Dacey

(Special to THE FINANCIAL CHRONICLE)

BRIDGEPORT, Conn. — Ellworth E. Rosen has become associated with Norman F. Dacey & Associates, 114 State Street.

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WORLD'S LARGEST MARKET GAINS NEW PRESTIGE

	No. Consecutive Years Cash Divs. Paid	Cash Divs. Including Extras for 12 Mos. to Dec. 31, 1955 $	Quotation Dec. 31, 1955	Approx. % Yield Based on Paymts. to Dec. 31, 1955
Resistance Welder Corp. High production welding machines	9	0.25	3	8.3
River Brand Rice Mills Leading rice miller and packager	9	†1.36	24½	5.6
Robbins & Myers, Inc. Manufacturing motors, fans, hoists & cranes, and pumps	6	3.50	51	6.9
Roberts - Gordon Appliance Corp. Heating appliances	6	0.125	5	2.5
Rothmoor Corp. Women's coats and suits	8	0.40	3½	11.4
Royal Dutch Petroleum (NY) Affiliated with producers of many nations	9	1.39	56¼	2.5
Scott & Fetzer Co. Vacuum cleaner attachments	9	2.10	22	9.5
Shedd-Bartush Foods, Inc. Margarine and peanut products	6	1.00	18½	5.4
Smith-Alsop Paint & Varnish Co. Paints and varnishes	8	2.00	18	11.1
Smith Engineering Works Mining machinery	9	1.50	‡40	3.7
Sommers Drug Stores Co. Retail drug store chain	6	0.40	5	8.0
Sorg Paper Co. Sulphite, kraft and rag papers	6	†0.71	23¼	3.1
South Texas Development Co. Class B Oil royalties	*6	4.00	70	5.7
Southdown Sugars, Inc. Operates Louisiana sugar plantation	8	†0.91	47	1.9
Southeastern Public Service Natural gas supplier	8	0.625	11⅞	5.3
Southern Nevada Power Co. Las Vegas electricity supplier	*5	0.80	21	3.8
Southland Paper Mills, Inc. Newsprint	5	2.00	100	2.00
Southwest Natural Gas Co. Southern natural gas supplier	9	0.20	5¼	3.8
Spartan Mills Cloths and sheetings	6	1.50	34½	4.3
Standard Paper Manufacturing Co. Sulphite bonds & coated papers	5	2.25	33	6.8
Standard - Toch Chemicals, Inc. Varnishes and lacquers	9	0.30	25	1.2
Stern & Stern Textiles Inc. Silk, rayon and nylon fabrics	8	0.75	9¾	7.7
Strawbridge & Clothier Large Philadelphia department store	9	†0.99	30	3.3
Stuart & Co. Pharmaceutical products	8	1.0625	39½	2.7
Stubnitz Greene Corp. Spring seats for autos	6	0.50	13⅛	3.8
Suburban Gas Service, Inc. Petroleum gases	6	0.64	16¾	3.8
Tejon Ranch Co. California land holdings	7	0.60	24	2.5
TELEVISION-ELECTRONICS FUND, INC. Open-end mutual investment co. ● See page 57 for this company's advertisement.	7	0.86	11.55	7.4
Tenn., Ala. & Georgia Ry. Co. Freight carrier	9	0.75	10	7.5
Tennessee Gas Transmission Natural gas transmission	9	†1.05	31½	3.3
Texas Eastern Transmission Operates natural gas pipelines	6	1.40	28¼	5.0
Thompson (H. I.) Fibre Glass Co. Insulation products	9	†0.39	12	3.3
Tobacco Products Export Co. Foreign tobacco interests	8	0.50	10¾	4.7
Toro Manufacturing Corp. Power driven mowers	9	†0.75	26	2.9
Union Lumber Co. California redwood	8	1.25	35½	3.5
United Piece Dye Works Fabric dyeing, printing and finishing	6	0.10	2⅜	4.2
United States Sugar Corp. Sugar production	5	0.70	13½	5.2
Upper Peninsula Power Electric public utility	8	1.425	29¼	4.9
Utah Southern Oil Co. Oil and gas producer	8	†0.40	13¼	3.0
Vanity Fair Mills Lingerie	*8	1.20	13¾	8.7
Velvet Freeze, Inc. Ice cream	9	0.40	4⅝	8.6
Vulcan Corp. Wood heels, bowling pins, etc.	6	0.40	9	4.4
Warner & Swasey Co. Machine tools, earth moving machines, textile machinery, etc.	6	1.50	23¼	6.5

* Details not complete as to possible longer record.
† Adjusted for stock dividends, splits, etc.
‡ Value represents last published quotation of 1955. Dec. 31 figure not available.

	No. Consecutive Years Cash Divs. Paid	Cash Divs. Including Extras for 12 Mos. to Dec. 31, 1955 $	Quotation Dec. 31, 1955	Approx. % Yield Based on Paymts. to Dec. 31, 1955
Washington Natural Gas Co.	a7	0.40	13¼	3.0
Washington Steel Corp. Stainless steel	7	2.00	68	2.9
Waverly Oil Works Co. Oils, greases and soaps	6	0.45	11½	3.9
Weber Showcase & Fixture Store fixtures, soda fountains	9	0.40	10½	3.8
Welex Jet Services, Inc. Services oil wells	6	†0.78	49	1.6
Welsbach Corp., class B Lighting systems	8	0.75	8	9.4
Westbrook - Thompson Holding Corp. Oil and gas leaseholds	6	0.05	1⅞	2.7
Western Condensing Co. Fluid whey	9	0.60	25	2.4
White Eagle Oil Co. Oil and gas producer	5	†0.17	15½	1.1
Whitehall Cement Manufacturing Co. Cement manufacture	9	†1.55	53	2.9
Wiggin Terminals, Inc., v.t.c. Boston harbor	8	1.25	25	5.0
Wisconsin Hydro Electric Co. Operating public utility	8	†0.95	17¼	5.5
Wolf & Dessauer Co. Fort Wayne department store	8	0.65	10¾	6.0
Wood (Alan) Steel Co. Integrated steel company	6	†1.36	26	5.2
Wyckoff Steel Co. Cold finished steels	7	1.50	19	7.9
Younker Bros. Department stores in Midwest	*9	2.00	50½	4.0

* Details not complete as to possible longer record.
† Adjusted for stock dividends, splits, etc.
a Merger of the Washington Gas & Electric Co. and the Seattle Gas Co. effective Nov. 1, 1955. The dividends shown were paid on the Seattle Gas stock.

Difference Between Listed and Over-the-Counter Trading

The exchange market is often referred to as an auction market because a stock exchange provides a focal point for the concentration of bids and offerings of potential purchasers and sellers for all securities listed on it. Genuine auction marketing in a security cannot be maintained, however, unless there is sufficient activity in it.

In those cases where less active securities are traded on an exchange, it devolves upon the stock specialist for each particular stock to create a market, in the absence of sufficient public orders to buy or sell, by, in effect though not in strict parlance, putting in an order for his own account. In other words, if you wanted to sell 100 shares of XYZ stock and the specialist had no order from anyone else to buy that stock, he himself would be expected to enter a reasonable bid on his own.

The continuity of any market thus created is largely dependent upon his financial resources and his willingness to thus risk his own money.

The Over-the-Counter Market

On the Over-the-Counter Market the situation is quite different. Here there are a tremendous number of dealer firms from coast to coast that interest themselves in making a market for unlisted and some listed stocks and bonds. Most of them can communicate with each other instantaneously through private telegraph wires or other facilities at their disposal.

Thus many over-the-counter dealer-brokers, in New York, for instance, will be doing business throughout the day with other dealer-brokers in Boston, New Orleans, Chicago, St. Louis, Denver, Los Angeles, San Francisco, Seattle and other cities from coast to coast. As an integral part of their operations dealer-brokers stand ready to buy and sell substantial quantities of the securities they are "quoting" and maintain inventories in them. Some firms, of course, choose to act solely as brokers and not dealers.

Because of competition, the spread between the bid and the asked figures on more active stocks is quite narrow. In less active stocks the over-the-counter dealer must find contra-orders if he does not wish to assume inventory positions in the securities involved. It is his business to know which other dealers in all parts of the country might have a buying interest in a given security.

One, five, ten, fifty or more over-the-counter dealers in different parts of the country may interest themselves in "making a market" for a given unlisted security. Prospects known to the first dealer, or known to those other dealers he contacts (either locally or in other cities), may often include individuals who are believed to have a buying or selling interest in the instant security, or investors who might be induced to buy.

The process of constantly seeking out buyers and sellers is characteristic of the Over-the-Counter Market.

A major characteristic, too, of the "counter" market is negotiation. If a gap in price exists after a prospect is found, the transaction does not die. Instead negotiation ensues. The mere existence of a buy or sell order is the incentive for the "counter" dealer to find the opposite. The Over-the-Counter Market thus has no physical limitations.

As a practical matter, though, individuals in any city of 100,000 or more can frequently pick up a phone and call a dealer-broker and get an execution on an order for an unlisted security momentarily—often while the call is progressing.

Some "counter" dealers sell directly to investors themselves. In other cases they may have a dealer following throughout the country consisting of retail firms that are always looking for securities that present good values to sell to their investor clientele.

Numerous exchange firms also deal in over-the-counter securities and any that do not must buy from or sell to an over-the-counter dealer to execute customers' orders for unlisted securities.

Many listed securities, too, are sold over-the-counter when the blocks are too large to make a quick orderly sale on an exchange possible.

An investor need not concern himself with the intricacies enumerated above, since his dealer-broker will obtain current market quotations on any over-the-counter stock or bond, and handle all details of purchase and sale.

The longer trading day in the Over-the-Counter Market is often a distinct advantage to the investor. On an exchange, securities can only be sold in New York between the hours of 10:00 and 3:30; in the Midwest between 9:00 and 2:30, and on the West Coast between the hours of 7:00 and 2:30. However, in most instances unlisted securities can be sold any time between 9:00 and 5:00 in the Midwest, and on the West Coast it's even longer than that. Dealer-brokers in the Over-the-Counter Market there are on the job from 7:00 in the morning until 5:00 in the afternoon.

Stock Exchange Commission Rates vs. Counter Dealer Charges

When an exchange-broker executes an order for you in an exchange-listed stock, he tells you the cost price as well as the amount of his commission on your confirmation slip. On the other hand the over-the-counter dealer more often than not buys from and sells to you "as principal" or on a "net" basis as it is termed in the parlance of the securities business. This means his profit or loss is included in the price he quotes you and there is no commission charge shown on his confirmation. The over-the-counter dealer usually acts just as a merchant does in other lines of business. In other fields when you buy a set of dining room furniture, a fountain pen or what have you, the merchant sells it to you at a flat price and does not add any commission thereto. So with the "counter" dealer.

It is true that exchange commission rates more often than not are lower that the profit rates over-the-counter dealers are obliged to operate on. An important reason for this is the fact that the services of the over-the-counter dealer, besides frequently necessitating his taking the risk of an inventory position, include the extensive searching for matching bids and offers from potential buyers and sellers.

When a security is taken from the Over-the-

Counter Market and listed on a stock exchange, over-the-counter dealers ordinarily lose interest in it, for they cannot make a profit trading in it at rates comparable to the commission charges of exchange firms. Though the "counter" dealers' profit rates may be somewhat higher, they may afford investors "better" prices than the less expensive service of exchanges.

Values

For one thing, the basic fact is that the price of over-the-counter stocks is not swollen by the premium the public is ordinarily willing to pay for exchange-listed securities. Then, too, active listed stocks and the exchange stock ticker system provide a ready vehicle for speculation and tend to center buying and selling decisions on short-term price swings in lieu of "real economic values. Many apparently buy stocks according to hoped-for price movement and not for true investment purposes, their interest being merely "where is the price going and when."

The mere fact that under the "exchange auction-specialist system" the spread between bid and ask prices is close or narrow is no indication that the investor gets good value when he buys or that the seller obtains a price in keeping with the intrinsic value of the stocks he wishes to sell. Intelligent investors are quick to recognize the fact that prices and values are two totally different things.

As pointed out before, the assumption of inventory positions is an integral part of the over-the-counter dealers' task. They must take the initiative in assuming such positions. Although they must be aware of and responsive to the foibles of their customers, they cannot without unwarranted hazard buy securities for inventory purposes unless they take cognizance of basic economic values.

Basic economic values may appear somewhat elusive, but they are nonetheless real. They consist of mathematical and non-mathematical elements. Some insights as to the real value of a stock may be gained by checking such things as its earnings and dividend records, book value and liquidating value. But the first three of these are tied to the past, and subject to the fact that accounting is an inexact science. And liquidating value may be largely of academic significance, if the corporation is going to continue in existence. The anticipated future average annual net income of a corporation may be capitalized numerically, but not without reference to many non-numerical concepts. These include the acumen, initiative, imagination and forcefulness of the officers and directors of the corporation. Speculation as to how the present and possible future products of a corporation will fare on the markets may be handled numerically only to a certain extent.

When an individual consistently purchases stocks without regard to basic economic values, he may at times make money, but sooner or later he will book losses. And although he may remain "in the market" for an extended period, he cannot do so after his capital is exhausted.

Inventory Positions

So it is with the over-the-counter dealer. If he habitually assumes inventory positions at prices out of line with basic economic values, the economic forces will in due time exhaust his capital and drive him from the scene. For survival he must be cognizant of the elements, listed above, which are determinants of the real value of the securities in which he is taking inventory positions. His prices cannot consistently be out of line with real values. Particularly in regard to the non-numerical elements which go into the making of the real value of a security in which he is to assume a position, he must, as a general rule, have knowledge superior to that of the lay trader.

Therefore, an important contribution of over-the-counter dealers who take important inventory positions results from the fact that their market pricing must be influenced definitely by intrinsic corporate value factors. They must stress value consciousness over quotation consciousness.

Officers and directors of the 14,000 banks and the major insurance companies of the country when buying or selling their own institution's stock for their own account do so almost entirely through over - the - counter dealers. Investment officers, of these institutions, too, are continually buying and selling government, municipal and corporation bonds and stocks through "counter" dealers for the account of their banks and companies.

Just as you get good or indifferent treatment and values from both large and small stores in other lines of business, so it is with over-the-counter dealers. It is not necessary for a firm to have a million dollars to be thoroughly trustworthy and to have good judgment with respect to investment values. Just be sure the over-the-counter firm or individual dealer you contemplate doing business with has a good reputation.

It is no exaggeration to say that both exchanges and the Over-the-Counter Market are vital to our economic life. Through the medium of stocks and bonds idle capital of individuals, banks, institutions and the like flows into trade and industry and makes it possible for business to obtain the wherewithal with which to provide jobs for ever more workers at ever less human effort and at ever more remuneration. Savings thereby become an asset to society and not a problem. The beauty of it is that the capital needs of both big and small business alike can be thus served.

If it were not for the exchanges and Over-the-Counter Markets, investors of all types would find it almost impossible to quickly retrieve the capital they put at the disposal of governments, municipalities or corporations. This is one of the many reasons why it is socially important that those engaged in the investment business thrive.

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Integrity in Business And Higher Labor Skills

The so-called "bait advertising" is a case in point. The lack of adequate servicing for a product, regardless of how good the product may be, is enough to incense the buying public.

And, in this connection, may I say that the quality of a product and the quality of the service for that product emanate from the character of the men who produce and sell it. Quality in certain respects is a magical mirror that reflects the philosophy of the people who make up the organization.

For, as is well known, you can buy a man's physical presence in a certain place; you can even buy a measured number of skilled muscular movements per hour; but you cannot buy enthusiasm; you cannot buy initiative; you cannot buy devotion of heart, mind and soul.

Quality stems from the work of devoted men. But the word "quality" has been so misused that today it has little significance with the public. Certainly, when it is used to direct attention away from defects, it is misleading and dishonest.

You have seen a whole industry change its product standards because of new development by competition.

For example, in my own business, when we found a process for making gypsum wallboard lighter in weight but with much greater strength and sold it at the same price, the market quickly responded in volume. The success of this permeated the whole organization, encouraged improvements in other products and thus stimulated quality-thinking down through the entire organization.

I refer to this as an example of how the character of thinking is founded in men who know from such examples their efforts will create new wealth from which they and the public will benefit. And, incidentally, this is how our free competitive system flourishes.

It may be said that individual philosophy is best molded through knowledge of achievement. That being true, management should keep its people sold on the economic and social benefits from their individual achievements.

When considering the future, keep in mind the fact we are a part of the continuing revolution of freedom in individual initiative and that we are moving into a society that pales in material aspect the golden age of Greece and, in fact, anything the world has yet known.

That which you know as automation, rapid development in atomic energy and jet propelsion will in the near future impose technical problems, the extent of which will be frustrating to those not ready for them. Make no mistake about it, this is an age for new things, more production for more people and at lower cost.

Profit & Risk

In considering the new, management must not be afraid to take a risk. The essence of profit is risk.

Our objective should not be the avoidance of risk, but instead, intelligent management of the risk. That is progress, and progress stimulates happiness.

It has been said that good management is "tough-minded." This has nothing to do with ethical conduct. Instead, it is toughness of purpose, and not toughness of heart. To quote William James of Harvard a few years ago, "Essentially, it is the attitude and the qualities and training that enables one to seize on the facts and make those facts a basis for intelligent and courageous action."

Of course, business must earn a profit to pay its employees and to satisfy the investors. In this age of great mechanization, management cannot lose sight of prosperity for the people who make up the organization. Otherwise, that business will be repudiated by the public and cease to exist.

This emphasizes the human element and probably the most important. Because in this modern age there must be a consumer, the investor and the employee.— They are all human beings, each with ideas about what the business should be.

Lastly, and in the final analysis, you cannot divorce economic man from the social man. I simply cannot believe that the people who man our intricate technology in the years to come can be integrated and proficient performers without some substantial creed beyond their work and their possessions.

And yet the problem goes much deeper.

I believe that an obsession with material things could very well blind us to the exacting demands of maintaining our civil liberties. The wealth of the Roman citizens hastened the decline of the empire. They put their leisure and their luxury before liberty. They abandoned their duty to defend the country to **hired mercenaries**. And Rome fell to the Barbarians.

I would hate to see the question of our prosperity 20 years from now become an academic one.

And, in closing, I would like to leave with you some words of Edgar Lee Masters:

"Did it occur to you that personal liberty is liberty of the mind, rather than liberty of the belly?"

I have tried to point up the major issues we face. They are all surmountable. Finally, if management dedicates itself to the task, there is no limit to future prospects in this our great America.

Columbus & So. Ohio El. Co. Bonds Offered

Dillon, Read & Co. Inc. and The Ohio Co. headed an investment banking group which released an offering for public sale yesterday (April 4) of a new issue of $12,000,000 of Columbus and Southern Ohio Electric Co. first mortgage bonds, 3¾% series due 1986. The bonds are priced at 102.738% plus accrued interest, to yield 3.60% to maturity. The issue was awarded at competitive bidding on Tuesday at an interest cost to the company of 3.6356%.

The bonds are redeemable at the option of the company at redemption prices scaled from 105.74 in the first year to 100% after March 31, 1985. They are also redeemable under a sinking fund at prices scaled from 102.46 in 1961 to 100% in 1985, and are redeemable as a whole at the option of the company at 101.90% during the 12 months ending Sept. 1, 1970 if all of the bonds of other presently outstanding series are simultaneously redeemed.

Proceeds from the sale of the bonds will be used to carry on the company's construction program, including the payment of bank loans which were incurred for additions and improvements. The company's construction program contemplates expenditures for additions and improvements to its electric properties of about $26,000,000 during 1956 and $28,000,000 during 1957.

The company is an operating public utility providing electric service in two areas in Ohio with a population estimated at 913,000. This includes an area in and around Columbus, Ohio, third largest city in Ohio. A subsidiary of the company operates a transit system in Columbus and suburbs.

For the 12 months ended Dec. 31, 1955 the company had electric and heat operating revenues of $39,487,000 and net income of $6,646,000.

Joins Paul Brown Co.

(Special to THE FINANCIAL CHRONICLE)

ST. LOUIS, Mo. — Walter W. Lorch, Jr. is now with Paul Brown & Co., Paul Brown Building, members of the New York and Midwest Stock Exchanges. Mr. Lorch has recently been engaged in another field, but in the past he was with the local office of Goldman, Sachs & Co.

Joins Logan Staff

(Special to THE FINANCIAL CHRONICLE)

LOS ANGELES, Calif.—Byron A. Curl, Jr., has become associated with J. Logan & Co., 210 West Seventh Street. Mr. Curl was previously with Samuel B. Franklin & Co.

With Richard Harrison

(Special to THE FINANCIAL CHRONICLE)

SACRAMENTO, Cal.—William H. Herring has become affiliated with Richard A. Harrison, 2200 Sixteenth Street.

Joins Walston Staff

(Special to THE FINANCIAL CHRONICLE)

SAN FRANCISCO, Cal.—Larry G. Fisher is now associated with Walston & Co., Inc., 265 Montgomery Street, members of the New York and San Francisco Stock Exchanges.

James B. Taylor

James B. Taylor, member of the New York Stock Exchange, passed away on March 26.

Business Man's Bookshelf

Broadening the Base of Stock Ownership — Dartmouth Economic Research Council—Amos Tuck School of Business Administration, Dartmouth College, Hanover, N. Y. (paper) $1.

Canadian Forecaster — Weekly bulletin on Canadian Market picture—8 weeks trial subscription, via airmail — $5.00. The Canadian Forecaster, Department A, 111 Railway Exchange Building, Kansas City, Mo.

Economic Survey of Asia and the Far East 1955—United Nations Publication—Columbia University Press, 2960 Broadway, New York 27, N. Y. (paper), $2.50.

Statistical Yearbook 1955—United Nations — Columbia University Press, 2960 Broadway, New York 27, N. Y. (paper), $6, (cloth), $7.50.

Successful Executive Action: A practical course in getting executive results — Edward C. Schleh—Prentice-Hall, Inc., 70 Fifth Avenue, New York 11, N. Y. (cloth), $10.

Tin and Its Uses — Articles on pewter foil for basis of handicraft and methods of producing pewter wares that can be hardened by heat-treatment—Quarterly journal of Tin Institute — Copies on request — Tin Research Institute, 492 West Sixth Avenue, Columbus 1, Ohio.

Union Strike Votes—Current Practice and Proposed Controls — Herbert S. Parnes — Industrial Relations Section, Department of Economics and Sociology, Princeton University, Princeton, N. J. (paper), $3.

Urban Mortgage Lending—Comparative Markets and Experience—J. E. Morton—Princeton University Press, Princeton, N. J. (cloth), $4.

Voluntary Support of America's Colleges and Universities: Survey of the Sources, Volume and Purposes of Gifts and Grants Received during the Fiscal Year 1954-1955—Council for Financial Aid to Education, Inc., 6 East 45th Street, New York 17, N. Y. (paper).

Bank and Insurance Stocks

By ARTHUR B. WALLACE

This Week—Insurance Stocks

The securities markets, on balance, have again in 1955 been good to the fire-casualty insurance companies. In a year in which underwriting results, while good, failed to do as well as in some recent years, these companies again rang up large gains in investments in their portfolios on top of the all-time high totals they had shown in 1954. These showings include both realized and unrealized gains in portfolio valuations, and of course do not include income from investments.

An anomalous aspect of the data is that despite the downward trend in high grade bond prices in a period when the country's banks were selling high grades in order to supply funds for the voracious loan market, insurance units that are essentially bond-investors showed excellent gains as well as the companies that have long been equity-minded.

Specifically, St. Paul Fire and Marine, which has upward of 85% of its assets assigned to fixed income securities (Governments, state and municipal bonds, corporate bonds and preferred stocks) reported a gain in the value of its investments (including any realized profits or losses) of $9,279,000 in 1955, compared with $14,069,000 in 1954. It will be argued that the gain included some of the new premium volume for the year; but this totaled only about one-quarter of the 1955 total gain, and some of it went into cash and agents' balances.

But the really large gains were made by companies committed to the equities lists. While the improvement in prices of high grade common stocks was impressive in 1955, results in 1954 were better, with the industrial average doing much better in that year than in 1955.

Consider such mark-ups of portfolio valuations for the two years as $120 millions for Continental Insurance (equal to $24 a share of the split stock); or $160 million in the case of Insurance Company of North America, equal to over $32 a share of the outstanding stock even after adjustment for the 20% stock dividend announced only recently, and as yet not approved by the stockholders. Hartford Fire, another company with some 46% of total admitted assets in fixed income media, showed about a portfolio betterment of over $102 million. There has never been a time in these companies' affairs when, in a two-year period, such gains in portfolio valuation took place.

To be sure, bear markets, when they develop, will neutralize a large proportion of these gains; but the philosophy of one of the investment officers of a large insurance company still holds: that in a cycle, each succeeding market high is, historically, a new high, and each low a new one. So over an extended period these companies attain their portfolio growth despite the fact that it would be impossible for them to liquidate their enormous holdings of equities.

How, for example, could Insurance Company of North America market its nearly a third of a million shares of Standard Oil of New Jersey? An additional point is that most insurance companies utilize only the better grade equities. It is this group that comes back best, with marginals trailing.

The accompanying tabulation gives each company's 1954 and 1955 gain in portfolio valuation, including realized losses or gains in the two years. As it makes for better comparability, the per-share figures have been added.

GAIN IN INVESTMENT VALUATIONS
(000 omitted)

	1954	Per Share	1955	Per Share
Aetna Casualty	17,662	19.62	11,583	12.87
Aetna Insurance	10,380	10.38	8,490	8.49
Agricultural Ins.	3,660	9.15	2,264	5.66
American Insurance	17,289	8.64	8,447	4.22
American Surety	2,357	7.85	1,068	3.56
Bankers & Shippers	1,851	12.34	922	6.15
Boston Insurance	9,328	9.33	5,375	5.37
Continental Casualty	16,274	8.13	11,367	5.68
Continental Insurance‡	72,574	14.55	47,546	9.51
Federal Insurance	12,362	4.58	7,908	2.92
Fidelity & Deposit	4,395	10.99	3,066	7.66
Fidelity Phenix‡	70,877	17.72	46,165	11.54
Fire Association	7,589	11.16	4,845	7.12
Fireman's Fund	24,696	8.23	12,314	4.10
Firemen's Insurance	28,359	14.18	13.328	6.66
Glens Falls Insurance	8,099	12.46	4,760	7.32
Great American Insur.	36,628	12.77	19,400	6.77
Hanover Fire	4,930	9.86	2,733	5.47
Hartford Fire	49,482	19.79	52,797	21.12
Home Insurance	59,015	14.75	31,507	7.88
Insurance Co. of No. Amer.	95,205	21.55	64,819	14.69
Massachusetts Bonding	2,327	4.65	1,168	2.34
National Fire*	9,594	19.19	4,711	9.42
National Union Fire	4,751	7.92	3,142	5.24
New Hampshire Fire	4,711	11.78	3,150	7.88
Northern Insurance	5,551	21.03	3,125	11.84
North River Ins.	7,108	8.88	3,194	3.99
Pacific Fire	2,734	13.67	1,406	7.03
Phoenix Insurance	20,631	20.63	13,112	13.11
Providence Washington	2,609	6.52	665	1.66
St. Paul Fire & Marine	14,069	4.39	9,279	2.90
Seaboard Surety	1,691	8.46	759	3.79
Security Insurance	2,422	8.07	369	1.23
Springfield Fire	9,357	13.37	5,883	8.40
United States Fid. & Gty.	16,442	8.03	8,118	3.96
United States Fire	10,549	5.27	5,503	2.75
Westchester Ins.	6,786	6.79	2,796	2.80

*Group data. ‡On split stock.

Continued from first page

As We See It

say, 20% from some base period, the fatherly government at Washington should see to it, if necessary, that the income of the farmer is increased by a like amount in the same period of time. This obviously, is a much broader concept than the earlier one, and has been put forward mainly in times of political stress, but, nonetheless, is still heard from time to time.

This account of the philosophy of farm subsidy is, of course, sketchy and is intended as illustrative rather than all embracing. It does, nonetheless, set forth clearly and fairly what it is that the politicians say they are trying to do or feel should be done for the farmer. Now let us see how such a notion squares with the statistics of the various lines of business as now regularly prepared and published, for example, by the Department of Commerce. The concept is, obviously, a static one so far as the relative growth or other changes in the various branches of the economy is concerned. It assumes that there is some period in the past which is "right" in these respects, and that any deviation from that period or that set of relationships is wrong or "unfair"—unfair to the farmer if the deviation is to his disadvantage.

Absurd on Its Face

Of course, to the observer who has taken the trouble to study the matter, the whole idea is absurd on its face. In point of fact it is a denial of that dynamic quality of private business which renders it able to adapt itself to changed and changing conditions and thus to serve the public well. It is interesting, though, to see from official figures how utterly unrealistic the notion is. Take, first, the concept as it relates to income. The national accounts as prepared and published by the Department of Commerce shows "income originating in" each major industry. The term is technically defined, but suffice it to say here that roughly it is the contribution of each of the industries to total national income.

Have the shares of each of these industries remained constant over the years? Of course not. The very suggestion is absurd. Take an example or two: In 1929 national income originating in manufacturing was $21.9 billion, or some 25% of the total; in 1933 the figure was $7.6 billion or about 19%; by 1941 it had grown to $33.0 billion, or 31%; and in 1954 (the latest date for which such a figure is available) it was $89.9 billion, or 30%. Or again, wholesale and retail trade contributed $13.4 billion or 15% in 1929; $5.5 billion or 14% in 1933; and $17.3 billion or 17% in 1941. By 1954 the figure was $52.0 billion or 17%. Once more, the railroads of the country "originated" $4.6 billion of income, or 5.2% in 1929; $1.9 billion or 4.8% in 1933; $3.8 billion or 3.6% in 1941; and $6.6 billion or 2.2% in 1954. Evidently agriculture, with its $8.3 billion or 9.5% in 1929; $3.7 billion or 9.2% in 1933; $8.5 billion or 8.1% in 1941; and $16.6 billion or 5.5% in 1954 is not the only branch of the economy which fared less well, relatively speaking, than some of the others.

If we study price changes, a similar set of changes is in evidence. Between 1929 and 1933 wholesale prices fell from 61.9 to 42.8 (1947-49 equal 100); from 1933 to 1941 they rose from 42.8 to 56.8; from 1941 to 1954 they moved up from 56.8 to 110.3. The changes were, respectively, —31%, +33%, +94%. Now turn to individual sets or groups of prices. Fuel, power and lighting materials declined 70.2 in 1929 to 56.1 in 1933, or 20%. They rose 15% from 1933 to 1941; they rose another 68% from 1941 to 1954. Rubber and products declined 32% from 1929 to 1933; they rose from 52% from 1933 to 1941; from 1941 to 1954 they rose 48%. The course of the prices of metal and metal products was, from 1929 to 1933, down 24%; from 1933 to 1941, up 26%, and from 1941 to 1954 up 100%. It would seem that on the basis of the farm philosophy of the politicians there ought to be programs to insure parity to a number of products that do not originate on the farms — an idea which all, we have no doubt, would recognize as nonsense.

Change Is Natural

Now in a dynamic economy such changes as these are the motivating forces responsible for the growth of this industry and the decline of that, and accordingly, the continued progress of industry as whole in its ability to meet the wants and needs of the times, however much they may change. That such factors have been at work during the past two or three decades is evident enough from the statistics. One convenient measure or indication of such change is to be found in the number of persons engaged in the various lines of business. Of course, mechanization and the like affect the number of people engaged in an industry, and mechanization may and often does proceed more rapidly in some than in other industries. Nonetheless, by and large, the number of people engaged in the various industries affords interesting evidence of change in their relative importance in the economy.

Here are some of the more interesting changes that occurred in the quarter century from 1929 to 1954: Agriculture from 9.2 million to 5.8 million, or from 20% of the total to 9.3%; mining from 1.0 million to .8 million, or from 2.2% of the total to 1.3%; contract construction from 2.3 million to 3.6 million, or from 5.0% to 5.7%; manufacturing from 10.6 million to 16.2 million, or from 23% to 26%; wholesale and retail trade from 7.8 million to 12.0 million, or from 17% to 19%; and transportation from 3.0 million to 2.8 million, or from 6.5% to 4.5%.

Had we not better begin all over again with our thinking about agriculture.

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Can the Distribution System Keep Up With Boom Prophets?

mortgage credit (recently loosened).

(e) High consumer inventories, particularly of durables, in a sense: demand borrowed from the future.

Under elements of strength, on the positive side are:

(a) The upsurge in private investment to be maintained, if not accelerated.

(b) The further accumulation of inventories, with stress on the **low inventory-sales ratios,** as we enter 1956.

(c) The pressures of population.

(d) The possibility of warranted tax relief.

(e) The rounds of wage increases which continue the inflationary spiral.

(f) The constant increase in productivity.

Finally, in the words of Mr. Sinclair, "the year 1956, as a whole, will yield the highest economic activity, the largest national output, and the greatest volume of industrial production this nation has ever known."

You can accept these predictions or not, as you choose. Most of the prophets are decidedly on the **boom** side.

* * *

Distribution's Productivity

Can the hardware wholesaler and the hardware retailer cash in on the expansion that has taken place and will continue to take place in the American economy?

Quite frankly, I don't know.

Much will depend upon his ability to put on wide lense glasses and to consider **objectively, impartially** and **personally** the changing pattern of distribution.

As good as you and I might think it has been (or is) the breath-taking pace of our economy has **not** been matched by the productivity of our distribution system.

We have doubled, tripled and in some cases quadrupled the productivity of our raw materials sources.

The combination of huge capital expenditures and improved technology have poured forth goods in unheard-of quantities and unprecedented manufacturing efficiency. The man-hour content per unit has become smaller and smaller. Automation isn't something around the corner. It's here; and has been for a long time. Without it, it would have been a physical impossibility for even 65 million workers (the largest labor force in our history) to have produced the millions of cars, appliances, television sets, furniture and other components of the American economy and the American standard of living.

But . . . **distribution** has not kept pace. Our distribution system is charged with moving these goods so that more of our people can enjoy more of our products. It is not a responsibility to be taken lightly.

Whether we like it or not, there will be a greater change in distribution within the next decade than there has been in production during the last.

It is **already** taking place.

For example, an estimated $800 million will be spent in 1956—**this** year—on the construction of nearly 3,000 new super markets. Equipment and fixtures will add another $290 to $330 million. This is 60% more supermarkets than were built last year.

Food store sales will reach $40 billion with two-thirds of the total going to the supermarket.

One of the reasons for the phenomenal increase in supermarket sales have been the number of items handled; approximately 5,000 today compared with 3,000 in 1946. For many of you in the hardware business this doesn't seem like many items, **but some of them are in your bailiwick.** A thought-provoking fact.

With the supermarkets, is developing the **shopping center.** People have automobiles. They need a place to park them. They are more than willing to carry their own. And, once parked, it's just like the farmer when he used to go to town in the so-called good old days. He took the buggy and old Dobbin to the livery stable and then proceeded to handle all of the family's shopping needs; even to a few beers for himself, if he was so inclined.

So, today we have shopping centers, and will have more shopping centers, and more, and more. There will be fewer frills. More emphasis on unadorned value.

New Filene's Branch

One of the biggest department stores in America, Filene's of Boston, recently opened a suburban branch in Needham, a Boston suburb. But that of itself wouldn't be news, though it is symptomatic of the trend. However, this department store branch isn't a branch at all in the usual sense of the word. **It is a combination of supermarket, discount house, and bargain basement.** There are no fancy department store services, no wrapping, no charge accounts, no delivery.

Already it would appear to be a phenomenal success. It might well be a turning point in U. S. department store history. Carson, Pirie and Scott of Chicago are conducting similar experiments.

Discount Houses

The words "discount house" sends shudders down the back of the so-called legitimate retailer. But those shudders ought to have the same effect as a charge of electricity applied to the proper place in the seat of the pants, for not only are discount houses here to stay, they have every right to stay. They are performing their function of distribution **with less money added as a cost of distribution** and are making it possible for more people to have more things for less money.

Of course, you know that the New York and New Jersey area abounds with them; as do most other places where population is concentrated.

Not long ago, I went into one of the 14 stores of a firm known as the "Two Guys from Harrison." I could have bought almost anything our family wanted or needed, from clothing to toys, to records, to appliances, to hardware, to building materials. To get it, I had only to wheel out a cart, as in a grocery market, pick out what I wanted from completely stocked shelves, ask questions from a few but extremely intelligent sales people, check out and go home. This firm grosses over $40 million annually.

My car could be gassed up while I shopped and if I was hungry, without reparking, I could have visited a fine restaurant and had an excellent meal for a reasonable price. The value added by distribution for this store averages about 19%.

Stephen Masters, a New York discount operator, averages $40 per customer, sells $700 worth of merchandise per square foot, compared with $76 per square foot for the average department store and rings up $100 worth of sales at a total cost of $11.20, while it costs the department or specialty store $32.90 to sell $100 worth of goods.

There are more than 10,000 discount houses operating in the United States, according to a recent issue of Harvard Business Review; and they account for between $8 and $10 billion worth of retail sales.

There would be no point in going on and on. The cost of getting goods from producer to consumer must be lowered and those of us in distribution must be awake to the full implications of our changing world.

First of all, it is not necessary to view this situation with alarm. Perhaps, the first and most important mental hurdle to cross is that of the dollar sign and the percentage point.

The percentage point must be replaced by the dollar sign in our thinking and in the actions that result from that thinking.

This applies with equal force to all segments of the distribution chain; the factory, the distributor, the retailer.

Return Based on Investment

We must look upon the returns we get **in relationship to our investment,** rather than as a percentage of the sales dollar. A single dollar invested in stock that turns over every other week produces more profit at 1% than it would at 10% if the stock turned only twice a year.

We are going to have to sell on a mass scale, just as we manufacture on that scale.

That means that factories must invest more money in advertising, in packaging, in pre-store sales education. Decisions to purchase, even to the brand to be purchased, will more and more be made away from the store, not inside of it.

Wholesale distributors are going to have to shy away from unknown brands, to place their emphasis on **complete stocks** of merchandise that will **move** swiftly and certainly to the consumer. The old-fashioned want-book order taker will surely give way to a modern merchandiser; a sales promotion expert, versed in retail selling; the kind of a man who can help a retailer select goods on the basis of rapid saleability and then show him how and where to display them so that the public will be impelled to buy.

Packaging

In this distribution revolution, packaging will assume ever greater importance; just as it has in the grocery store and in the drug store. Not only will packages have the job of furthering the advertising message, but they must be utilitarian, must have a retail bite, a reason for the consumer to buy. Here are just a few samples of what I mean:

(1) Sears is now testing a new package for paint. It contains just enough for **one square foot** of wall area. The package is a polyethelene cellophane envelope. 18 colors are available.

(2) The blister, or skintight plastic housing is already a landslide trend in the card packaging of small hardware items. It is now going one step beyond and eliminating the card so that the purchaser can see the product from every angle.

(3) Bon Ami, a product known and used for 50 years, is using a new package with redi-punched holes. They are sealed with a tab of paper tape that peels off easily.

(4) The new aerosol package has stepped up sales for dozens of products you sell.

(5) Vending machines moved $1.7 billion worth of products last year.

America's 10 "hottest" products reveal the trends and drastic changes in distribution. They are: package mixes, the "instants," frozen foods, **processed** meats, automobiles, recreational products, casual clothes, detergents, children's products and appliances.

The magic word is packaging today is convenience. But this does not mean simply labor-saving devices for the housewife. More than ever, convenience begins with packaging designed to solve operational problems for the wholesaler and the retailer.

You, as a retailer, whether you like it or not, will inexorably be drawn face to face with facts. You should like it. For, significant and important and not to be overlooked, is the fact that retailing is not being supplanted, it is merely being changed.

Just as your customers are being changed; by an entirely new income pattern; with an estimated 14 million families in the $5,000 bracket or better; by the trend toward population concentration and suburban living and shopping; by 65 million jobs and factory take-home pay averaging $72 a week; by a gradual but increasing upgrading in the wants of the average individual.

The people who are buying goods today, and will buy more goods tomorrow, are the people who drive automobiles, shop in supermarkets, read advertising and hear it on television, want better things but have never had, and do not particularly want, the plush store treatment.

There will still be the Continental and Cadillac trade; mortgage hill isn't going out of business, but you are in for the surprise of your life if you think that the only folks who buy and carry are those who arrive in 10 year old jaloppies.

Whitehall Secs. Adds

(Special to THE FINANCIAL CHRONICLE)

BOSTON, Mass. — Leo Geremanis has been added to the staff of Whitehall Securities Corporation, 80 Federal Street.

Joseph L. Seybold

Joseph L. Seybold, Vice-President of Kalman & Company, Inc., Minneapolis, has passed away.

Plantation Pipe Line Debentures Offered

An underwriting group comprising 64 investment firms and headed by Morgan Stanley & Co. placed on the market yesterday (April 4) a new issue of $25,000,000 Plantation Pipe Line Co. 30-year 3½% sinking fund debentures. The debentures, due April 1, 1986, are priced at 100% and accrued interest to yield 3.50% to maturity.

The company will use the proceeds from the sale for the construction of a 327-mile 18-inch pipe line for refined petroleum products which will parallel its present main pipe lines from Baton Rouge, La., to Helena, Ala. Total cost of this line and incidental equipment is estimated at approximately $25,000,000. The company's present system extends across Louisiana, Mississippi, Alabama, Georgia and South Carolina and into North Carolina and Tennessee.

The present expansion program has been prompted by an increasing demand for petroleum products growing out of the industrial and economic development in the South.

Plantation is owned by Standard Oil Co. (New Jersey); Standard Oil Co. (Kentucky) and Shell Oil Co. which hold 48.83%, 27.13% and 24.04% respectively of the company's 127,500 outstanding shares of common stock. The company's customers include the three controlling stockholders and a number of other leading petroleum companies.

The sinking fund for the debentures provides for annual payments, beginning in 1960, calculated to retire more than 97% of the issue prior to maturity. They are redeemable at the option of the company at 103½% to and including April 1, 1961 and thereafter at prices decreasing to the principal amount, and are redeemable for the sinking fund at 100%.

During the five years 1951-1955 operating revenues of the company have increased from $12,172,847 to $26,232,478 and gross income before interest, income taxes and income deductions increased from $4,938,522 to $14,729,845 in the same period.

Joins Television Shares

(Special to THE FINANCIAL CHRONICLE)

CHICAGO, Ill.—John R. Jamieson is now with Television Shares Management Corporation, 135 South La Salle Street. He was formerly with McDougal & Co.

Joins Wm. R. Staats

(Special to THE FINANCIAL CHRONICLE)

SAN FRANCISCO, Calif.—Earl E. Hansen is now affiliated with William R. Staats & Co., 111 Sutter Street.

Joins A. M. Kidder

(Special to THE FINANCIAL CHRONICLE)

JACKSONVILLE, Fla. — Lawrence C. Richter is now associated with A. M. Kidder & Co., 122 West Forsyth Street.

Joins Hill Richards

(Special to THE FINANCIAL CHRONICLE)

LOS ANGELES, Calif. — John R. Wheeler has become associated with Hill Richards & Co., 621 South Spring Street, members of the Los Angeles Stock Exchange.

Butterfield Adds to Staff

(Special to THE FINANCIAL CHRONICLE)

JACKSON, Mich. — Albert B. Hammond is now with H. H. Butterfield & Co., City Bank Building.

Joins Federated Plans

(Special to THE FINANCIAL CHRONICLE)

WORCESTER, Mass.—Hormidas A. Bousquet is now with Federated Plans, Inc., 21 Elm Street.

Securities Now in Registration

★ INDICATES ADDITIONS SINCE PREVIOUS ISSUE
• ITEMS REVISED

Abundant Uranium, Inc., Grand Junction, Colo.
Feb. 23 (letter of notification) 3,000,000 shares of common stock (par one cent). **Price**—10 cents per share. **Proceeds**—For mining expenses. **Office**—319 Uranium Center, Grand Junction, Colo. **Underwriter**—Ralph M. Davis & Co., Grand Junction, Colo.

★ Addison-Wesley Publishing Co., Inc.
March 26 (letter of notification) 12,000 shares of class B common stock (no par) and 1,200 shares of class A common stock (no par). **Price**—$17.50 per share. **Proceeds**—For working capital and advances in connection with the company's new headquarters. **Office** — Cambridge 42, Mass. **Underwriter**—None.

★ Adirondack Uranium & Mineral Corp.
March 19 (letter of notification) 300,000 shares of class A stock (par 10 cents). **Price**—$1 per share. **Proceeds**—For prospecting and exploring costs and equipment. **Office**—115 Main Street, Whitesboro, N. Y. **Underwriter**—V. T. Smith Investments, Sherrill, N. Y.

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 Atkins Light. **Office** — 1755 Rand Tower, Minneapolis, Minn. **Underwriter**—Craig-Hallum, Inc., Minneapolis, Minn.

★ Allstate Properties, Inc.
March 29 (letter of notification) 150,000 shares of common stock (par $1). **Price**—$2 per share. **Proceeds**—For working capital. **Office** — 62 Third Avenue, Mineola, L. I., N. Y. **Underwriter**—Wagner & Co., New York.

• Alpha Beta Food Markets, Inc.
March 12 filed 100,000 shares of common stock (par $1). **Price**—$20 per share. **Proceeds**—For expansion program. **Office**—La Habra, Calif. **Underwriter**—Dean Witter & Co., San Francisco, Calif. **Offering** — Expected today (April 5).

American Frontier Corp., Memphis, Tenn.
Feb. 15 filed 175,000 shares of class A common stock (par $1). **Price** — $10 per share. **Proceeds** — Together with other funds, to purchase 1,000,000 shares of common stock (par $1) of American Frontier Life Insurance Co. **Underwriter**—None.

★ American Hoppi-Copters, Inc., Washington, D. C.
March 23 (letter of notification) 300,000 shares of common stock (par 50 cents). **Price**—$1 per share. **Proceeds**—For engineering and certification program and working capital. **Office**—Room 928 Bowen Bldg., 821 — 15th St., N. W., Washington, D. C. **Underwriter**—Greater Continental Co., Washington 7, D. C.

American Insurors' Development Co.
Feb. 10 filed 400,000 shares of common stock (par $1). **Price** — $2.50 per share. **Proceeds** — To expand service business. **Office** — Birmingham, Ala. **Underwriter** — Odess, Martin & Herzberg, Inc., Birmingham, Ala.

Anchor Casualty Co., St. Paul, Minn.
March 27 filed 20,000 shares of $1.75 cumulative convertible preferred stock (par $10) to be offered for subscription by common stockholders on the basis of two preferred shares for each 11 common shares held. **Price** —$40 per share. **Proceeds**—To enable company to write a larger volume of insurance premiums. **Underwriters**—Harold E. Wood & Co., St. Paul, Minn., and J. M. Dain & Co., Inc., Minneapolis, Minn.

★ Anderson-Prichard Oil Corp. (4/24)
April 4 filed 200,000 shares of cumulative preferred stock (par $50). **Price**—To be supplied by amendment. **Proceeds**—To retire short-term bank debt and for working capital. **Office**—Oklahoma City, Okla. **Underwriter** —Glore, Forgan & Co., Chicago and New York.

Arizona Public Finance Co., Phoenix, Ariz.
Sept. 16 filed 78,006,081 shares of common stock to be offered for subscription by holders of life insurance policies issued by Public Life Insurance Co. **Price**—20 cents per share. **Proceeds**—For working capital. **Underwriter**—None, sales to be directly by the company or by salesman of the insurance firm.

Associated Drugs, Inc., Bemidji, Minn.
Feb. 28 (letter of notification) $150,000 of 6% sinking fund debentures, due Feb. 1, 1966. **Price**—At par (in denominations of $1,000 each), plus accrued interest. **Proceeds**—To be used to modernize a store and for general corporate purposes. **Underwriter**—W. R. Olson Co., Fergus Falls, Minn.

★ Atlantic County Development Corp.
March 30 (letter of notification) 150,000 shares of common stock (par 10 cents). **Price**—$2 per share. **Proceeds** —For purchase of property, etc. **Office** — Brigantine, N. J. **Underwriter**—Pearson, Murphy & Co., Inc., New York.

Atlas Corp.
Feb. 28 filed 9,890,095 shares of common stock (par $1) to be issued pursuant to an agreement of merger with this corporation of Airfleets, Inc., Albuquerque Associated Oil Co., RKO Pictures Corp., San Diego Corp. and Wasatch Corp. on the following basis: Four shares for one of Atlas common; 2.4 shares for one share of Airfleets common; one share for each share of Albuquerque common; four shares for each 5.25 shares of RKO common; 2.4 shares for each share of San Diego common; 13 shares for each share of Wasatch cumulative preferred; and 1.3 shares for each share of Wasatch common. The registration statement also covers 1,250,000 shares of 5% cumulative preferred stock (par $20) which will become issuable upon and to the extent that shares of common stock are convertible into shares of preferred stock.

Atlas Investment Co., Las Vegas, Nev.
Jan. 9 filed 20,800 shares of class B common voting stock, of which 12,000 shares are to be offered for public sale at $50 per share and 8,800 shares are to be offered in exchange for preferred stock. **Proceeds**—For payment of bank loans, and for capital and surplus. **Underwriters**—Rex Laub and Max Laub, of Tremonton, Utah, and M. D. Close Mortgage & Loan Co. and Jack Hemingway Investment Co., of Las Vegas, Nev.

Atomic Chemical & Electronic Shares, Inc.
Feb. 17 filed 400,000 shares of capital stock (par $1). **Price**—To be supplied by amendment (expected at $10 per share). **Proceeds** — For investment. **Office**—Englewood, N. J. **Underwriter** — Lee Higginson Corp., New York.

★ Automatic Cafeterias, Inc.
April 2 (letter of notification) $50,000 of five year 8% debenture bonds, series A, due Jan. 1, 1961. **Price**—At principal amount. **Proceeds**—To develop a new area in western Pennsylvania. **Office** — 1431 Ferry Avenue, Camden, N. J. **Underwriter**—None.

• B. S. F. Co., Birdsboro, Pa. (4/6)
Dec. 30 filed 92,636 shares of capital stock (par $1) to be offered for subscription by stockholders of record April 5 on the basis of one new share for each two shares held (with an oversubscription privilege); rights to expire on April 20. **Price**—$11 per share. **Proceeds**—For investment. **Business**—A registered investment company. **Underwriter**—None.

Big Horn Mountain Gold & Uranium Co.
Feb. 23 (letter of notification) 9,300,000 shares of common stock (par one cent). **Price**—Three cents per share. **Proceeds**—To be used for exploratory work on mining mineral properties. **Office**—1424 Pearl Street, Boulder, Colo. **Underwriter**—Lamey & Co., Boulder, Colo.

Big Ridge Uranium Corp., Reno, Nev.
Oct. 19 (letter of notification) 9,000,000 shares of common stock (par one cent). **Price** — Three cents per share. **Proceeds**—For exploration and development costs. **Office** —206 North Virginia St., Reno, Nev. **Underwriter**—Mid America Securities, Inc., Salt Lake City, Utah.

Big Ute Uranium Corp., Overton, Nev.
Oct. 28 (letter of notification) 3,000,000 shares of common stock. **Price**—At par (10 cents per share). **Proceeds** —For mining expenses. **Underwriter**—James E. Reed Co., Inc., Reno, Nev.

Blue Lizard Mines, Inc.
Jan. 17 filed $900,000 of 8% convertible subordinated debentures due 1976. **Price**—100% of principal amount. **Proceeds**—To make additional cash payment on purchase contracted and for mining expenses. **Office**—Salt Lake City, Utah. **Underwriter**—None.

★ Blue Ridge Mutual Fund, Inc.
March 29 filed (by amendment) 400,000 additional shares of common stock (par $1). **Price**—At market. **Proceeds** —For investment. **Office**—New York, N. Y.

★ Bond Investment Trust of America
March 29 filed (by amendment) 100,000 additional shares of capital stock (par $1). **Price**—At market. **Proceeds**—For investment. **Office**—Boston, Mass.

Bonus Uranium, Inc., Denver, Colo.
Oct. 28 (letter of notification) 3,000,000 shares of capital stock (par one cent). **Price**—10 cents per share. **Proceeds**—For mining expenses. **Office**—1154 Bannock St., Denver, Colo. **Underwriter** — Mid-America Securities, Inc., Salt Lake City, Utah.

★ Broad Street Investing Corp., New York
March 30 filed (by amendment) 1,200,000 additional shares of capital stock (par $1). **Price** — At market. **Proceeds**—For investment.

B-Thrifty, Inc., Miami, Fla.
Nov. 23 filed 37,000 shares of class A common stock (par $25). **Price**—$38 per share. **Proceeds**—To open additional retail stores. **Business** — Supermarket concern. **Office**—5301 Northwest 37th Ave., Miami, Fla. **Underwriter**—None. Statement effective March 7.

★ Burton Picture Productions, Inc.
March 26 (letter of notification) 187,738 shares of common stock (par 10 cents). **Price**—$1 per share. **Proceeds** —For production of two full length pictures. **Office**—246 Fifth Avenue, New York 1, N. Y. **Underwriter**—None.

★ C. L. C. Auto Metal, Inc.
March 16 (letter of notification) 300,000 shares of common stock (par 10 cents). **Price**—$1 per share. **Proceeds** —For purchase of additional vehicles. **Business**—Rents and leases automobiles and trucks. **Office**—479 Hempstead Turnpike, Elmont, L. I., N. Y. **Underwriter** — Philip Gordon & Co., Inc., New York.

Canadian Delhi Petroleum Ltd.
Feb. 28 filed 698,585 shares of capital stock (par 10 cents) being offered for subscription by stockholders of record March 5, 1956, at the rate of one new share for each five shares held (with an oversubscription privilege; rights to expire April 6. **Price**—$5 per share (U. S. dollars). **Proceeds** — For advances to Canadian Delhi Oil Ltd., a wholly-owned subsidiary, who will use the funds to repay bank loans of $1,350,000, and for general corporate purposes. **Underwriters**—Lehman Brothers and Allen & Co., both of New York.

• Ceco Steel Products Corp. (4/10-11)
March 20 filed 210,000 shares of capital stock (par $10), of which 26,679 shares are to be sold for account of the company and 183,321 shares for account of certain selling stockholders. **Price**—Expected around $22 per share. **Proceeds**—For working capital. **Underwriter** — Hornblower & Weeks, New York.

★ Central Illinois Electric & Gas Co.
April 2 filed 40,000 shares of common stock (par $10) to be offered for subscription by eligible employees of Company.

• Central Illinois Light Co.
March 15 filed 100,000 shares of common stock (no par) being offered for subscription by common stockholders of record April 3 at the rate of one new share for each 10 shares held; rights to expire at 3:30 p.m. (CST) on April 19. Employees of company may subscribe up to 5 p.m. (CST) on April 16 for unsubscribed shares, if any. **Price**—$51.50 per share. **Proceeds**—For construction program. **Underwriter** — Union Securities Corp., New York.

★ Central Vermont Public Service Corp.
March 28 (letter of notification) an undetermined number of shares of common stock (par $6) to be offered to employees. **Price**—Not to exceed an aggregate of $50,000. **Office**—121 West St., Rutland, Vt. **Proceeds**—To pay for stock purchased in market. **Underwriter**—None.

Chance (A. B.) Co., Centralia, Mo.
March 16 filed 85,968 shares of common stock (par $5), of which 50,000 shares are to be offered to the public and the remaining 35,968 shares are to be offered in exchange for Porcelain Products, Inc. common stock at rate of four shares of Chance stock for each Porcelain share (exchange offer to remain open up to and including May 9, 1956). **Price** — To be supplied by amendment. **Proceeds** — To retire obligations incurred in acquiring 9,132 shares of Porcelain stock; and for working capital and general corporate purposes. **Underwriter** — Stifel, Nicolaus & Co., Inc., St. Louis, Mo. **Offering**—Expected today (April 5).

Coastal Chemical Corp., Yazoo, Miss.
March 22 filed 399,986 shares of class A common stock. **Price**—At par ($25 per share). **Proceeds**—Together with bank loans, to be used to construct and operate a fertilizer plant. **Underwriter**—None.

Colohoma Uranium, Inc.
Nov. 9 filed 2,500,000 shares of common stock (par one cent). **Price**—40 cents per share. **Proceeds**—For exploration and development expenses and for general corporate purposes. **Office**—Montrose, Colo. **Underwriters**—General Investing Corp., New York; and Shaiman & Co., Denver, Colo. **Offering**—Date indefinite.

Columbia Gas System, Inc. (4/10)
March 14 filed $40,000,000 of 25-year debentures, series F, due 1981. **Proceeds**—To repay bank loans and for new construction. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Morgan Stanley & Co. **Bids**—To be received by company at 120 East 41st St., New York 17, N. Y., up to noon (EST) on April 10.

★ Columbia General Investment Corp.
March 29 filed 100,000 shares of common stock (par $1) to be offered for subscription by stockholders only. **Price** —A maximum of $4.50 per share. **Proceeds**—To make additional investments, including stock of Columbia General Life Insurance Co. **Office** — Houston, Tex. **Underwriter**—None.

★ Commonwealth, Inc., Portland, Ore.
March 23 (letter of notification) 5,912 shares of 6% cumulative preferred stock to be offered to shareholders for a period of 30 days and then to others. **Price**—At par ($50 per share). **Proceeds**—For working capital. **Office** —Equitable Bldg., 421 S. W. 6th Ave., Portland 4, Ore. **Underwriter**—None.

★ Commonwealth Life Insurance Co., Tulsa, Okla.
March 28 filed 70,000 shares of common stock. **Price**—To be supplied by amendment. **Proceeds**—For working capital, etc. **Underwriter**—To be named.

Consolidated Cement Corp. (4/18)
March 28 filed 150,000 shares of common stock (par $1). **Price**—To be supplied by amendment. **Proceeds**—To reduce bank loans and for expansion program. **Underwriters**—Merrill Lynch, Pierce, Fenner & Beane, New York.

Container Corp. of America
March 9 filed 115,276 shares of common stock (par $10) to be offered in exchange for common stock of The Mengel Co. at the rate of one Container share for each two Mengel shares. The offer is to become effective when Container's holdings of Mengel stock has been increased to at least 90% of the Mengel stock outstanding.

★ **Continental American Fund, Inc., Jersey City, N. J.**
March 30 filed 300,000 shares of capital stock (par $1). **Price**—At net asset value plus a premium of 5% of the offering price. **Proceeds**—For investment. **Underwriter**—Continental American Management Co., Inc., Jersey City, N. J.

★ **Continental Equity Securities Corp.**
March 28 filed 40,000 shares of class A common stock (par $5) and 80,000 shares of class B common stock (par 50 cents). **Price**—Of class A stock, $12.50 per share, and of class B stock, 50 cents per share. **Proceeds**—To increase capital and surplus. **Office**—Alexandria, La. **Underwriter**—None.

Copper Corp., Phoenix, Ariz.
Jan. 27 (letter of notification) 1,200,000 shares of common stock. **Price**—At par (25 cents per share). **Proceeds**—For expenses incident to mining operations. **Address**—P. O. Box 175, Phoenix, Ariz. **Underwriter**—Keim & Co., Denver, Colo.

Crater Lake Mining & Milling Co., Inc.
March 8 (letter of notification) 575,000 shares of common stock. **Price**—50 cents per share. **Proceeds**—For mining expenses. **Office** — 1902 East San Rafael, Colorado Springs, Colo. **Underwriter** — Skyline Securities, Inc., Denver, Colo.

Cuba (Republic of)
Nov. 21 filed $2,000,000 of 4% Veterans, Courts and Public Works bonds due 1983. **Price**—To be supplied by amendment. **Proceeds** — To Romenpower Electra Construction Co. **Underwriter**—Allen & Co., New York.

★ **Dasco Mines Corp., Yuma, Ariz.**
March 28 (letter of notification) 50,000 shares of capital stock. **Price**—At par ($1 per share). **Proceeds**—For construction of a flotation mill. **Office**—67 W. Second St., Yuma, Ariz. **Underwriter**—None.

Dennis Run Corp., Oil City, Pa.
Nov. 28 (letter of notification) 46,000 shares of common stock (par $1). **Price**—$6.50 per share. **Proceeds**—To pay bank loans and debts; and for working capital. **Office**—40 National Transit Bldg., Oil City, Pa. **Underwriter**—Grover O'Neill & Co., New York.

● **Dixie Aluminum Corp., Rome, Georgia**
March 23 (letter of notification) 2,890 shares of common stock (par $1). **Price**—$3.50 per share. **Proceeds**—To Julius B. Dodds, Sr. of Rome Bank & Trust Co., Rome, Ga. **Office**—102 North Hanks St., Rome, Ga. **Underwriter**—Scott, Horner & Mason, Inc., Lynchburg, Va. No public offer planned.

Doctors Oil Corp., Carrollton, Tex.
Feb. 23 filed 500,000 shares of common stock (par 10 cents). **Price** — $1 per share. **Proceeds** — For working capital, to be devoted mainly to acquiring, exploring, developing and operating oil and gas properties; and to pay off $13,590.80 liabilities. **Underwriter** — James C. McKeever & Associates, Oklahoma City, Okla.

★ **Dodge & Cox Fund, San Francisco, Calif.**
April 2 filed (by amendment) 21,068 additional shares of beneficial interest in the Fund (par $1). **Price**—At market. **Proceeds**—For investment.

★ **Douglas Corp., Fort Collins, Colo.**
March 26 (letter of notification) 2,997,800 shares of common stock (par one cent). **Price** — 10 cents per share. **Proceeds**—For mining expenses. **Office**—155 North College Ave., Fort Collins, Colo. **Underwriter** — Columbia Securities Co., Denver 2, Colo.

★ **Duke Power Co. (5/7)**
March 30 filed $30,000,000 first and refunding mortgage bonds due 1986. **Proceeds**—For payment of short-term borrowings and for construction expenditures. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; The First Boston Corp.; Morgan Stanley & Co.; Stone & Webster Securities Corp. **Bids**—Tentatively expected to be received on May 7.

★ **Duke Power Co. (5/7)**
March 30 filed 367,478 shares of common stock (no par) to be offered for subscription by common stockholders of record May 3, 1956 at the rate of one new share for each 25 shares held (with an oversubscription privilege); rights to expire on May 21, 1956. **Price**—$25 per share. **Proceeds**—For construction program. **Office**—Charlotte, N. C. **Underwriter**—None.

Eagle Fire Insurance Co.
Feb. 1 (letter of notification) 72,565 shares of common stock (par $1.25) being offered for subscription by stockholders on the basis of one share for each five shares held as of Feb. 27; rights to expire on April 27. **Price**—$3.60 per share. **Proceeds**—For working capital. **Office**—26 Journal Square, Jersey City 6, N. J. **Underwriter**—None.

★ **Edo Corp., College Point, L. I., N. Y. (4/23-27)**
April 2 filed 160,000 shares of class A stock (par $1). **Price** — To be supplied by amendment. **Proceeds** — To finance expanded production, to reduce indebtedness and for general corporate purposes. **Underwriter** — Paine, Webber, Jackson & Curtis, Boston and New York.

El Paso Electric Co. (4/6)
March 15 filed 56,025 shares of common stock (no par) to be offered for subscription by common stockholders of record April 4, 1956, at the rate of one new share for each 15 shares held (with an oversubscription privilege); rights to expire on April 25. **Price**—To be supplied by amendment. **Proceeds** — Together with approximately $2,000,000 which the company expects to obtain in May, 1956, from sale of 20,000 shares of a new series of preferred stock, for construction program. **Dealer-Manager**—Stone & Webster Securities Corp., New York.

★ **Electronic Engineering Co. of California**
March 19 (letter of notification) 30,000 shares of common stock (par $1) to be offered as follows: 17,500 shares to employees at $7.65 per share and 12,500 shares to the public at $9 per share. **Proceeds**—For construction of a new building, repayment of loan and general corporate purposes. **Office** — 180 So. Alvarado St., Los Angeles, Calif. **Underwriter**—None.

★ **Elfun Trusts, New York**
March 28 filed 200,000 trustees certificates. **Price** — At market. **Proceeds**—For investment.

★ **Equity Fund, Inc., Seattle, Wash.**
March 28 filed 300,000 shares of common stock. **Price**—At market. **Proceeds**—For investment.

★ **Ferris Records, Inc.**
March 27 (letter of notification) 500,000 shares of class B common stock (par 10 cents) to be offered as a bonus on the basis of one share for each five records bought from company at 55 cents each. **Office**—1650 Broadway, New York. **Underwriter**—None.

First Lewis Corp.
March 1 (letter of notification) 60,000 shares of 7% preferred stock. **Price**—At par ($5 per share). **Proceeds**—

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NEW ISSUE CALENDAR

April 6 (Friday)
B. S. F. Co. — Common
(Offering to stockholders—no underwriting) $1,018,996
El Paso Electric Co. — Common
(Offering to stockholders—Dealer-Manager to be Stone & Webster Securities Corp.) 56,025 shares

April 9 (Monday)
Sierra Prefabricators, Inc. — Common
(S. D. Fuller & Co.) $299,000
Wells Fargo Bank — Common
(Offering to stockholders—to be underwritten by Dean Witter & Co.; Blyth & Co., Inc.; and The First Boston Corp.) 100,000 shares
Wilson (Russell) Industries, Inc. — Common
(J. J. Holland Securities Co., Inc. and Daggett Securities, Inc.) $300,000

April 10 (Tuesday)
Ceco Steel Products Corp. — Common
(Hornblower & Weeks) 210,000 shares
Columbia Gas System, Inc. — Debentures
(Bids noon EST) $40,000,000
Kansas City Power & Light Co. — Preferred
(Blyth & Co., Inc. and The First Boston Corp.) $12,000,000
Kentucky Utilities Co. — Bonds
(Bids 10 a.m. CST) $10,000,000
Van Norman Industries, Inc. — Debentures
(Kidder, Peabody & Co.) $2,000,000

April 11 (Wednesday)
Westcoast Transmission Co., Ltd. — Debs. & Com.
(Eastman, Dillon & Co.) $20,500,000 debetnures and 615,000 shares of stock

April 12 (Thursday)
Chicago, Rock Island & Pacific RR. — Equip. Trust Ctfs.
(Bids noon CST) $2,880,000
Montrose Chemical Co. — Common
(Van Alstyne, Noel & Co.) $5,348,880
Seaboard & Western Airlines, Inc. — Common
(Union Securities Corp.) 180,000 shares

April 16 (Monday)
Texize Chemicals, Inc. — Debentures
(To be offered first to stockholders—underwritten by Edgar M. Norris and Alester G. Furnam Co.) $742,800

April 17 (Tuesday)
Fort Worth National Bank — Common
(Offering to stockholders—to be underwritten by Dallas Union Securities Co. and First Southwest Co.) $3,375,000
Helene Curtis Industries, Inc. — Class A Common
(H. M. Byllesby & Co. Inc.) 375,000 shares
Oswego Falls Corp. — Debentures
(Offering to stockholders—to be underwritten by Hornblower & Weeks) $5,001,100
Pulaski Veneer & Furniture Corp. — Common
(Scott, Horner & Mason, Inc. and Galleher & Co., Inc.) $977,500
Schield Bantam Co. — Common
(Granbery, Marache & Co.) 200,000 shares
Southern California Edison Co. — Bonds
(Bids 8 a.m. PST) $40,000,000

April 18 (Wednesday)
Consolidated Cement Corp. — Common
(Merrill Lynch, Pierce, Fenner & Beane) 150,000 shares
Hanover Shoe, Inc. — Common
(Drexel & Co.) 150,000 shares
New England Electric System — Common
(Offering to stockholders—Bids 11 a.m. EST) 834,976 shares
Orangeburg Mfg. Co. — Common
(Smith, Barney & Co.) 80,000 shares

April 19 (Thursday)
Nationwide Corp. — Class A Common
(Lehman Brothers and J. C. Bradford & Co.) $15,200,000
Portland Gas & Coke Co. — Bonds
(Bids noon EST) $16,500,000

April 20 (Friday)
General Telephone Corp. — Debentures
(Offering to stockholders—to be underwritten by Paine, Webber, Jackson & Curtis; Stone & Webster Securities Corp.; and Mitchum, Jones & Templeton) $53,000,000

April 23 (Monday)
Edo Corp. — Class A
(Paine, Webber, Jackson & Curtis) 160,000 shares
Olympic Radio & Television, Inc. — Debentures
(Bache & Co. and First California Co.) $1,400,000

April 24 (Tuesday)
Anderson-Prichard Oil Corp. — Preferred
(Glore, Forgan & Co.) $10,000,000
Wisconsin Electric Power Co. — Bonds
(Bids to be invited) $30,000,000

April 25 (Wednesday)
Wisconsin Electric Power Co. — Common
(Offering to stockholders—no underwriting) 463,641 shares

April 26 (Thursday)
General American Transportation Corp. — Debens.
(Offering to stockholders—to be underwritten by Kuhn, Loeb & Co.) $25,000,000
Long Island Lighting Co. — Preferred
(Blyth & Co., Inc.; The First Boston Corp.; and W. C. Langley & Co.) $12,000,000

May 1 (Tuesday)
California Oregon Power Co. — Bonds
(Bids to be invited) $16,000,000
El Paso Electric Co. — Preferred
(Bids 11 a.m. EST) $2,000,000
General Motors Corp. — Common
(Morgan Stanley & Co.) 1,278,833 shares
Simca — Common
(Offering to stockholders—no underwriting) 1,455,713 French shares

May 7 (Monday)
Duke Power Co. — Bonds
(Bids to be invited) $30,000,000
Duke Power Co. — Common
(Offering to stockholders—no underwriter) 367,478 shares

May 8 (Tuesday)
National Fuel Gas Co. — Common
(Offering to stockholders—no underwriting) 447,979 shares
Niagara Mohawk Power Corp. — Preferred
(Bids may be invited) $20,000,000

May 9 (Wednesday)
Niagara Mohawk Power Corp. — Bonds
(Bids to be invited) $30,000,000

May 15 (Tuesday)
Pennsylvania Electric Co. — Bonds
(Bids to be invited) $25,000,000
Pennsylvania Electric Co. — Preferred
(Bids to be invited) $9,000,000

May 16 (Wednesday)
Northern Illinois Gas Co. — Bonds
(Bids to be invited) $15,000,000

May 23 (Wednesday)
Southern California Gas Co. — Bonds
(Bids to be invited) $40,000,000

June 1 (Friday)
Erie RR. — Equip. Trust Ctfs.
(Bids to be invited) $9,750,000

June 5 (Tuesday)
Commonwealth Edison Co. — Bonds
(Bids to be invited) $35,000,000 to $50,000,000

July 11 (Wednesday)
Florida Power Corp. — Bonds
(Bids to be invited) $20,000,000

July 25 (Wednesday)
Consolidated Natural Gas Co. — Debentures
(Bids to be invited) $30,000,000

September 11 (Tuesday)
Carolina Power & Light Co. — Bonds
(Bids to be invited) $15,000,000

September 25 (Tuesday)
Virginia Electric & Power Co. — Bonds
(Bids to be invited) $20,000,000

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

October 2 (Tuesday)
Columbia Gas System, Inc. — Debentures
(Bids to be invited) $30,000,000

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For working capital and general corporate purposes. **Business** — General brokerage business. **Office** — 165 Broadway, New York, N. Y. **Underwriter**—Basic Industries Corp., 31 State St., Boston, Mass.

Florida Sun Life Insurance Co.
March 16 filed 32,000 shares of common stock (par $1). **Price**—$10 per share. **Proceeds**—To expand company's business. **Office**—Fort Lauderdale, Fla. **Underwriter**—None. Offering will be made through James C. Dean, President of company.

● Florida Telephone Corp.
March 15 filed 77,350 shares of common stock (par $10) being offered for subscription by common stockholders at the rate of one share for each four shares held as of April 3; rights to expire on April 23. Of any unsubscribed stock, up to 3,000 shares are to be offered for subscription by employees of company. **Price**—$16 per share. **Proceeds** — For construction program. **Underwriters** — Kidder, Peabody & Co. and Merrill Lynch, Pierce, Fenner & Beane, both of New York.

Fort Pitt Packaging International, Inc.
June 30 filed 300,000 shares of common stock (par 10¢), of which 250,000 shares of for account of company and 50,000 shares of five selling stockholders. **Price**—$3 per share. **Proceeds**—For working capital; for exploitation of "Totosave" system; and for marketing of "Tropic Ray" infra-red space heater. **Office** — Pittsburgh, Pa. **Underwriter**—Barrett Herrick & Co., Inc., New York

Gas Hills Mining and Oil, Inc.
Jan. 4 (letter of notification) 1,200,000 shares of common stock (par five cents). **Price** — 25 cents per share **Proceeds**—For expenses incident to mining operations **Office**—Kemmerer, Wyo. **Underwriter**—Philip Gordon & Co., Inc., New York 6, N. Y.

★ General Telephone Corp. (4/20)
March 29 filed $53,000,000 of convertible debentures due May 1, 1971 to be offered for subscription by common stockholders of record April 18, 1956, on the basis of $100 of debentures for each 23 shares of common stock held; rights to expire on May 7, 1956. **Price**—100% of principal amount. **Proceeds**—To purchase securities of subsidiaries and for general corporate purposes. **Underwriters**—Paine, Webber, Jackson & Curtis and Stone & Webster Securities Corp., both of New York; and Mitchum, Jones & Templeton, Los Angeles, Calif.

● General Uranium Corp. (N. J.), New York
Jan. 18 filed 400,000 shares of common stock (par 10 cents). **Price**—$1 per share. **Proceeds**—For plant facilities, survey of property and underground development. **Underwriter**—None. Maurice Schack, Middletown, N. Y., is President. Statement effective March 11.

★ Gibbs & Hill, Inc. (4/16)
March 27 (letter of notification) 5,000 shares of common stock (par $5) to be offered for subscription by selected officers, employees and stockholders. **Price** — $30.02 per share. **Proceeds**—For repurchase or redemption of 6% cumulative preferred stock. **Office**—Pennsylvania Station, New York 1, N. Y. **Underwriter**—None.

Glen Alsace Water Co., Reading, Pa.
March 13 (letter of notification) $200,000 of 4½% first mortgage bonds, series A. **Price**—At par. **Proceeds**—To acquire assets of a water company. **Office**—536 North 25th St., Pennside, Reading, Pa. **Underwriter**—Blair & Co., Inc., Philadelphia 2, Pa.

Golden Dawn Uranium Corp., Buena Vista, Colo.
Dec. 27 (letter of notification) 3,000,000 shares of capital stock (par five cents). **Price**—10 cents per share. **Proceeds** — For mining expenses. **Underwriter** — Bel-Air Securities Co., Provo, Utah.

Good Luck Glove Co., Carbondale, Ill.
Jan. 30 filed $550,000 of 6% 10-year convertible subordinated debentures due April 1, 1966. **Price**—100% of principal amount. **Proceeds**—To repurchase stock of company held by C. T. Houghten. **Underwriter**—Edward D. Jones & Co., St. Louis, Mo.

Guaranty Income Life Insurance Co.
Dec. 30 (letter of notification) 24,000 shares of capital stock (par $5) to be offered first to stockholders; then policyholders and the public. **Price**—$10 per share. **Proceeds**—For working capital. **Address**—P. O. Box 2231, Baton Rouge, La. **Underwriter**—None.

Hanover Shoe, Inc., Hanover, Pa. (4/18)
March 23 filed 150,000 shares of common stock (par $1). **Price**—To be supplied by amendment. **Proceeds**—To selling stockholders. **Underwriter**—Drexel & Co., Philadelphia, Pa.

Hard Rock Mining Co., Pittsburgh, Pa.
Feb. 20 (letter of notification) 1,000,000 shares of common stock (par one cent). **Price**—Five cents per share. **Proceeds**—To purchase machinery and equipment and for working capital. **Office** — 377 McKee Place, Pittsburgh, Pa. **Underwriter**—Graham & Co., Pittsburgh, Pa.

● Hawaiian Telephone Co., Honolulu, Hawaii
Feb. 27 filed 266,693 shares of common stock (par $10) of which 241,693 shares are being offered for subscription by common stockholders of record March 1, 1956, at the rate of one new share for each five shares held (with an oversubscription privilege); rights to expire on April 9. The other 25,000 shares are being offered to employees. **Price**—$14 per share. **Proceeds**—For payment of bank loans and construction program. **Underwriter**—None. Statement effective March 20.

● Helene Curtis Industries, Inc. (4/17)
March 16 filed 375,000 shares of class A common stock (par $1). **Price**—Expected at $10 per share. **Proceeds**—To certain selling stockholders. **Underwriter**—H. M. Byllesby & Co., Inc., Chicago, Ill.

Helio Aircraft Corp., Canton, Mass.
Dec. 29 filed 150,000 shares of common stock (par $1). **Price**—To be supplied by amendment. **Proceeds**—For improvements, research, development and working capital. **Office**—Metropolitan Airport, Canton (Norwood P. O.), Mass. **Underwriter**—To be supplied by amendment.

★ Henry Hudson Hotel Corp.
March 21 (letter of notification) $250,000 of 5% convertible debentures due April 1, 1961 to be offered for subscription at rate of one $50 unit to each common or/and preferred stockholder of record March 18, 1956, regardless of the number of shares held; rights to expire on April 18. **Price**—At 100% of principal amount. **Proceeds**—Together with other funds, for improvements, etc. **Office**—353 West 57th Street, New York, N. Y. **Underwriter**—None.

★ Hill & Hill 1956 Oil Exploration Capital Fund
March 13 filed $450,000 of participations in this Fund to be offered for public sale in minimum units of $15,000. **Proceeds**—For payment of various property and exploratory well costs and expenses. **Business**—George P. Hill and Houston Hill are engaged in exploration for and production of oil and gas as a joint venture. **Office**—Fort Worth, Tex. **Underwriters** — William D. McCabe and E. S. Emerson, South Texas Bldg., San Antonio, Tex.

Hometrust Corp., Inc., Montgomery, Ala.
Jan. 5 filed 125,000 shares of common stock (par $1). **Price**—$5 per share. **Proceeds** — To expand operations of subsidiary and increase investment therein. **Underwriter**—None.

Honey Dew Food Markets, Inc.
March 12 (letter of notification) 200,000 shares of common stock (par 10 cents). **Price**—$1.50 per share. **Proceeds**—To open or acquire additional super markets and for working capital. **Office**—811 Grange Road, Teaneck, N. J. **Underwriter**—Brown, Barton & Engel, Newark, N. J.

Hydro-Loc, Inc., Seattle, Wash.
Oct. 25 (letter of notification) 1,674 shares of capital stock. **Price**—At par ($100 per share). **Proceeds**—For working capital, etc. **Office**—603 Central Bldg., Seattle 4, Wash. **Underwriter**—Pacific Brokerage Co. of Seattle, Wash.

Idaho-Alta Metals Corp.
March 7 (letter of notification) 120,000 shares of common stock (par 10 cents). **Price**—$1.50 per share. **Proceeds**—For exploration and development expenses. **Underwriter** — Fenner Corp. (formerly Fenner-Streitman & Co.), New York.

Ideal-Aerosmith, Inc., Hawthorne, Calif.
Dec. 16 (letter of notification) 150,000 shares of capital stock (par $1). **Price** — $2 per share. **Proceeds** — For equipment, machinery, inventory, etc. **Office**—12909 So. Cerise Ave., Hawthorne, Calif. **Underwriter**—Samuel B. Franklin & Co., Los Angeles, Calif.

★ Independent Telephone Corp.
March 16 (letter of notification) 10,605 shares of common stock (par $1) to be offered in exchange for the 2,400 shares of common stock of Allegany Telephone Co., Inc., the 590 shares of common stock of Dryden Telephone Corp. and the 80 shares of common stock of Sanborn Telephone Co., Inc., not now owned. **Office**—6-8 South Street, Dryden, N. Y. **Underwriter**—None.

Industrial Minerals Development Corp.
March 7 (letter of notification) 1,000,000 shares of common stock. **Price**—Five cents per share. **Proceeds**—For development and working capital. **Office**—Moab, Utah. **Underwriter**—I. J. Schenin Co., New York.

Insulated Circuits, Inc., Belleville, N. J.
Nov. 10 filed 100,000 shares of 6% convertible preferred stock (cumulative if and to the extent earned). **Price**—At par ($5 per share). **Proceeds**—For general corporate purposes. **Underwriter** — Alexander Watt & Co., Inc., New York.

International Atomic Devices Corp.
Feb. 21 (letter of notification) 59,900 shares of common stock (par $2). **Price** — $5 per share. **Proceeds** — For working capital and general corporate purposes. **Business**—Manufacture of Educational Atomic Kits. **Office**—18 North Willow St., Trenton 8, N. J. **Underwriter**—Louis R. Dreyling & Co., Jamesburg, N. J.

International Basic Metals, Inc.
Jan. 27 (letter of notification) 1,000,000 shares of common stock (par 10 cents). **Price** — 25 cents per share. **Proceeds**—For mining expenses. **Office**—155 West South Temple St., Salt Lake City, Utah. **Underwriter**—Melvin G. Flegal & Co., Salt Lake City, Utah.

International Metals Corp.
Oct. 4 filed 400,000 shares of common stock (par 10 cents). **Price**—$1 per share. **Proceeds**—To finance exploration and development of mining properties of Recursos Mineros Mexicanos, S. A., Mexican subsidiary, and to discharge note. **Office** — Houston, Tex. **Underwriter**—Gearhart & Otis, Inc., New York.

International Plastic Industries Corp.
Oct. 12 (letter of notification) 150,000 shares of common stock (par 10 cents). **Price**—$2 per share. **Proceeds**—For advances to Arliss Co., Inc. for purchase of equipment, etc. **Office** — 369-375 DeKalb Ave., Brooklyn 5 N. Y. **Underwriter**—Kamen & Co., New York.

"Isras" Israel-Rassco Investment Co., Ltd.
Sept. 28 filed 9,000 ordinary shares. **Price**—At par (100 Israel pounds each, or about $55 in U. S. funds), payable in State of Israel Independence Issue Bonds only. **Office**—Tel Aviv, Israel. **Underwriter** — Rassco Israel Corp. New York.

★ Jamaica Water Supply Co.
April 3 filed $3,000,000 of first mortgage bonds, series F, due 1981, and 28,000 shares of common stock (no par). **Price**—To be supplied by amendment. **Proceeds**—To repay short-term bank loans incurred to finance construction, and to defray part of the cost of future construction. **Underwriter**—Blyth & Co., Inc., New York.

Jurassic Minerals, Inc., Cortez, Colo.
Aug. 26 (letter of notification) 2,855,000 shares of non-assessable common stock (par one cent). **Price**—10 cents per share. **Proceeds**—For expenses incident to mining activities. **Office** — 326 West Montezuma St., Cortez, Colo. **Underwriter** — Bay Securities Corp., New York, New York.

Kansas City Power & Light Co. (4/10)
March 21 filed 120,000 shares of cumulative preferred stock (par $100). **Price**—To be supplied by amendment. **Proceeds**—To retire short term bank loans. **Underwriters**—Blyth & Co., Inc. and The First Boston Corp., both of New York.

Kassel Base Metals, Inc.
Feb. 6 (letter of notification) 120,000 shares of capital stock (par 10 cents), of which 20,000 shares are being sold by Burt Hamilton Co. and 100,000 shares by Kassel company. **Price**—$2.25 per share. **Proceeds**—For mining expenses. **Office**—1019 Adolphus Tower B.dg., Dallas, Texas. **Underwriter**—First Western Corp., Denver, Colorado.

Kentucky Utilities Co. (4/10)
March 12 filed $10,000,000 of first mortgage bonds, series G, due April 1, 1986. **Proceeds** — For construction program. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Blyth & Co., Inc.; Lee Higginson Corp.; Equitable Securities Corp.; Kidder, Peabody & Co. and White, Weld & Co. (jointly); Union Securities Corp. and Merrill Lynch, Pierce, Fenner & Beane (jointly); Baxter, Williams & Co.; Kuhn, Loeb & Co. **Bids**—To be received up to 10 a.m. (CST) on April 10.

Lawyers Mortgage & Title Co.
Jan. 11 (letter of notification) 60,412 shares of common stock (par 65 cents) to be offered first to stockholders. Maxwell M. Powell (Vice-President) and Rudolph J. Welti (a director) will purchase up to a total of 10,000 shares each of any unsubscribed shares. **Price**—$1.50 per share. **Proceeds** — For working capital. **Office** — 115 Broadway, New York, N. Y. **Underwriter**—None.

Lester Engineering Co., Cleveland, Ohio
Feb. 24 (letter of notification) 37,500 shares of common stock (par $1) to be offered for subscription by common stockholders of record March 1, 1956 on the basis of one new share for each 4¼ shares held. Of the unsubscribed portion, up to 7,500 shares are to be offered to employees. **Price**—$8 per share. **Proceeds** — For general corporate purposes. **Office**—2711 Church Ave., Cleveland, Ohio. **Underwriter**—None.

★ Lewisohn Copper Corp., Tucson, Ariz.
March 30 filed 100,000 shares of common stock (par 10 cents). **Price**—To be supplied by amendment. **Proceeds**—For exploration and evaluation of leasehold properties, improvements, equipment and for general corporate purposes. **Underwriter**—George F. Breen, New York.

Lost Canyon Uranium & Oil Co.
Oct. 6 (letter of notification) 3,000,000 shares of non-assessable capital stock (par one cent). **Price**—10 cents per share. **Proceeds**—For expenses incident to mining operations. **Office** — Simms Bldg., Albuquerque, N. M. **Underwriter**—Mid-America Securities Inc. of Utah, Salt Lake City, Utah.

Manati Sugar Co.
March 5 filed $2,184,300 of 6% collaterial trust bonds due 1965 being offered in exchange for presently outstanding 4% bonds maturing Feb. 1, 1957 on a par-for-par basis. Unexchanged bonds may be sold by company at approximately the principal amount thereof plus interest. The offer will expire on April 27. **Proceeds**—To retire old bonds.

Manufacturers Cutter Corp.
Oct. 18 (letter of notification) 300,000 shares of class A common stock. **Price**—At par ($1 per share). **Proceeds**—To repay loans, and for new equipment and working capital. **Business**—Cutting tools. **Office**—275 Jefferson St., Newark, N. J. **Underwriter**—Paul C. Ferguson & Co., same city.

Manville Oil & Uranium Co., Inc., Douglas, Wyo.
Feb. 21 (letter of notification) 300,000 shares of common stock (par 10 cents). **Price**—50 cents per share. **Proceeds**—For mining expenses. **Office**—808 East Center St., Douglas, Wyo. **Underwriter**—Colorado Investment Co., Denver, Colo.

Mayfair Markets, Los Angeles, Calif.
March 8 (letter of notification) 5,000 shares of $3 cumulative preferred stock (par $50) and 5,000 shares of common stock (par $1) to be offered in units of one share of preferred and one share of common stock. **Price**—$60 per unit. **Proceeds**—For working capital. **Office**—4383 Bandini Blvd., Los Angeles, Calif. **Underwriter**—None.

Medicine Bow Uranium Co., Inc.
March 14 (letter of notification) 2,500,000 shares of capital stock. **Price**—At par (five cents per share). **Proceeds**—For mining expenses. **Office**—345 South State, Salt Lake City, Utah. **Underwriter**—Davis-Boyack Co., Salt Lake City, Utah.

★ Mesa Oil & Gas Ventures, Inc.
March 29 (letter of notification) 900,000 shares of common stock (par one cent). **Price** — 15 cents per share. **Proceeds**—For expenses incident to oil and gas properties. **Office**—421 Glenwood Ave., Grand Junction, Colo. **Underwriter**—Columbia Securities Co., Denver, Colo.

Midland General Hospital, Inc., Bronx, N. Y.
Jan. 12 filed 24,120 shares of common stock (no par) and 30,000 shares of $6 dividend preferred stock (no par). The company does not intend presently to sell more stock than is required to raise, at most, $2,700,000.

Price — $100 per share. **Proceeds** — For construction, working capital, reserve, etc. **Underwriter**—None.

★ Miller Chemical & Fertilizer Corp.
March 30 (letter of notification) 500 shares of 5% preferred stock. **Price**—At par ($100 per share). **Proceeds**—For working capital. **Office**—2226 N. Howard St., Baltimore 18, Md. **Underwriter**—None.

Mineral Projects-Venture C, Ltd., Madison, N. J.
Feb. 7 filed $4,000,000 of participations in capital as limited partnership interests in the venture to be sold in minimum units of $25,000. **Proceeds**—For expenses incidental to oil exploration program. **Underwriter**—Mineral Projects Co., Ltd., on "best efforts basis."

★ Mohawk Business Machines Corp.
March 30 (letter of notification) 167,000 shares of common stock (par 10 cents). **Price**—75 cents per share. **Proceeds**—To pay accounts payable and for working capital. **Office**—944 Halsey Street, Brooklyn 33, N. Y. **Underwriter**—None.

● Montrose Chemical Co. (4/12-19)
March 15 filed 594,320 shares of common stock (par $1). **Price**—$9 per share. **Proceeds**—To selling stockholders. **Underwriter** — Van Alstyne, Noel & Co., New York.

Mormon Trail Mining Corp., Salt Lake City, Utah
Feb. 9 (letter of notification) 3,000,000 shares of capital stock (par one cent). **Price**—10 cents per share. **Proceeds**—For mining expenses. **Office**—223 Phillips Petroleum Bldg., Salt Lake City, Utah. **Underwriter**—Frontier Investment, Inc., Las Vegas, Nev.

★ Mountain Top Mining & Milling Co., Denver, Colo.
March 20 (letter of notification) 6,000,000 shares of common stock (par one cent). **Price**—Five cents per share. **Proceeds**—For mining expenses. **Office**—406 C. A. Johnson Bldg., Denver, Colo. **Underwriter**—Columbia Securities Co., Denver 2, Colo.

★ Mutual Investors Corp. of New York
March 21 (letter of notification) 295,000 shares of common stock (par 10 cents). **Price**—$1 per share. **Proceeds**—For working capital. **Business**—To purchase and resell mortgages and properties. **Office**—550 Fifth Ave., New York, N. Y. **Underwriter**—Stuart Securities Corp., New York.

● National Fuel Gas Co. (5/8)
March 28 filed 447,979 shares of common stock (par $10) to be offered for subscription by common stockholders of record May 8, 1956, on the basis of one new share for each 10 shares held (with an oversubscription privilege); rights to expire on May 25. **Price**—To be supplied by amendment. **Proceeds**—To be used to purchase common stock, or for loans to the operating subsidiaries; and for other corporate purposes. **Underwriter**—None.

★ National Investors Corp., New York
March 30 filed (by amendment) 1,500,000 additional shares of capital stock (par $1). **Price**—At market. **Proceeds**—For investment.

National Lithium Corp., Denver, Colo.
Dec. 27 (letter of notification) 300,000 shares of common stock (par one cent). **Price**—$1 per share. **Proceeds**—For mining expenses. **Office** — 556 Denver Club Bldg., Denver, Colo. **Underwriter** — Investment Service Co., same city.

National Metallizing Corp.
March 5 (letter of notification) 24,000 shares of Class A stock (par $1) and 40,000 shares of Class B stock (par $1) to be offered for subscription by Class A and Class B stockholders of record Feb. 1, 1956 on a 1-for-4 basis. **Price**—$2 per share. **Proceeds**—For vacuum metallizing, conditioning, slitting and inspection machinery. **Office**—1145-19th St., N. W., Washington, D. C. **Underwriter**—None.

National Old Line Insurance Co.
Nov. 15 filed 50,000 shares of class A common stock (par $2) and 50,000 shares of class B common stock (par $2). **Price**—To be supplied by amendment. **Proceeds** — To selling stockholders. **Office** — Little Rock, Ark. **Underwriter**—Equitable Securities Corp., Nashville, Tenn., and New York, N. Y. **Offering**—Indefinitely postponed.

★ Nationwide Corp., Columbus, Ohio (4/19)
March 29 filed 800,000 shares of class A common stock (par $5). **Price**—To be supplied by amendment (expected at around $19 per share). **Proceeds**—For investments. **Business**—To hold interests in other companies, engaged in the field of insurance. **Underwriters**—Lehman Brothers, New York, and J. C. Bradford & Co., Nashville, Tenn.

New England Electric System (4/18)
March 19 filed 834,976 shares of common stock (par $1 to be offered for subscription by common stockholders of record on or about April 18, 1956, on the basis of one new share for each 12 shares held. **Proceeds**—To further construction plans of subsidiaries, either through loans to the subsidiaries or purchases of additional shares of their capital stock; any balance to be used for general corporate purposes of company. **Underwriter** — To be determined by competitive bidding. Probable bidders: Blyth & Co., Inc., Lehman Bros., and Bear, Stearns & Co. (jointly); Carl M. Loeb, Rhoades & Co., Ladenburg, Thalmann & Co., and Wertheim & Co. (jointly); Merrill Lynch, Pierce, Fenner & Beane, Kidder, Peabody & Co. and White, Weld & Co. (jointly). **Bids**—Expected to be received up to 11 a.m. (EST) on April 18 at 441 Stuart St., Boston 16, Mass.

★ New York Capital Fund of Canada, Ltd.
March 29 filed 100,000 common shares. **Price**—At market. **Proceeds**—For investment. **Office**—Toronto, Canada.

Nicholson (W. H.) & Co., Wilkes-Barre, Pa.
Jan. 16 filed 20,000 shares of common stock (par $5). **Price**—$25 per share. **Proceeds** — For working capital. **Underwriter**—None. A. E. Nicholson Jr. of Kingston, Pa. is President.

★ Norris Dispensers, Inc., Minneapolis, Minn.
March 26 (letter of notification) 28,900 shares of capital stock (par $1). **Price**—$8.75 per share. **Proceeds**—For purchase of a new plant in Arkansas. **Office**—2720 Lyndale Ave., South, Minneapolis, Minn. **Underwriters**—Paine, Webber, Jackson & Curtis and Piper, Jaffray & Hopwood, both of Minneapolis, Minn., and Kalman & Co., Inc., St. Paul, Minn.

North Star Uranium, Inc., Spokane, Wash.
March 15 (letter of notification) 1,500,000 shares of common stock (par 10 cents). **Price**—15 cents per share. **Proceeds**—For mining expenses. **Office**—W. 408 Indiana Avenue, Spokane, Wash. **Underwriter**—Pennaluna & Co., Spokane, Wash.

Oak Mineral & Oil Corp., Farmington, N. M.
Nov. 8 (letter of notification) 2,000,000 shares of common stock (par five cents). **Price**—15 cents per share. **Proceeds**—For exploration and development and other general corporate purposes. **Underwriter**—Philip Gordon & Co., New York.

★ Old National Insurance Co., Houston, Tex.
March 29 filed 48,108 shares of capital stock (no par) to be offered for subscription by stockholders on the basis of one new share for each nine shares held (with an oversubscription privilege). **Price** — To be supplied by amendment. **Proceeds** — To purchase life insurance in force and assets from other life insurance companies. **Subscription Agent** — Old Southern Trust Co., Houston, Tex. **Underwriter**—None.

★ Olympic Radio & Television, Inc. (4/23-27)
March 28 filed $1,400,000 of convertible subordinated debentures due 1966. **Price**—To be supplied by amendment. **Proceeds**—To retire a $750,000 note and for working capital. **Office**—Long Island City, N. Y. **Underwriters**—Bache & Co., New York; and First California Co., San Francisco, Calif.

Orangeburg Mfg. Co., Orangeburg, N. Y. (4/18)
March 28 filed 80,000 shares of common stock (par $5), of which 61,740 shares are for the company's account and 18,260 shares for a selling stockholder. **Price**—To be supplied by amendment. **Proceeds**—For expansion program. **Underwriter**—Smith, Barney & Co., New York.

● Oswego Falls Corp., Fulton, N. Y. (4/17)
March 27 filed $5,001,100 of subordinate debentures due April 1, 1976 convertible to and including April 1, 1966, to be offered for subscription by common stockholders of record about April 16, 1956 on the basis of $100 of debentures for each 13 shares of common stock held; rights to expire on April 30. **Price**—To be supplied by amendment. **Proceeds**—For expansion and equipment and $1,700,000 to redeem outstanding 4½% cumulative preferred stock. **Underwriter** — Hornblower & Weeks, New York.

Paria Uranium & Oil Corp.
Oct. 17 (letter of notification) 3,000,000 shares of common stock (par five cents). **Price**—10 cents per share. **Proceeds** — For mining expenses. **Office** — Newhouse Bldg., Salt Lake City, Utah. **Underwriter** — Western States Investment Co., Tulsa, Okla.

● Peabody Coal Co., Chicago, Ill.
Feb. 27 filed 210,823 shares of common stock being offered for subscription by stockholders of record Jan. 30, 1956 on the basis of nine additional shares of common stock for each 100 common shares held and nine new shares of common stock for each 40 shares of preferred stock held. This offer will not be made to holders of the 6,492,164 shares of common stock issued for the acquisition of the Sinclair properties under an offer of June 28, 1955. The warrants will expire on Dec. 31, 1957. **Price**—At par ($5 per share). **Proceeds**—For working capital and general corporate purposes. **Underwriter**—None. Statement effective March 27.

★ Petroleum Equipment Service & Maintenance Co.
March 23 (letter of notification) 35,000 shares of class B common stock (par 50 cents). **Price**—$3.25 per share. **Proceeds**—For inventory, equipment and working capital. **Office**—Allentown, Pa. **Underwriter** — Osborne & Thurlow, New York, N. Y., for 20,000 shares.

Pinellas Industries, Inc., St. Petersburg, Fla.
Feb. 16 (letter of notification) 8,000 shares of class A common stock (par $1). **Price**—At the market (maximum $6). **Proceeds**—For working capital. **Office**—34th St. & 22nd Ave., North, St. Petersburg, Fla. **Underwriter**—Eisele & King, Libaire, Stout & Co., New York.

★ Pioneer Telephone Co., Waconia, Minn.
March 27 (letter of notification) 3,000 shares of 5% cumulative preferred stock, series E. **Price**—At par ($100 per share). **Proceeds**—For additions and improvements. **Office**—Waconia, Minn. **Underwriters**—M. H. Bishop & Co., and Johnson-McKendrick & Co., both of Minneapolis, Minn.

Pipelife Corp., Tulsa, Okla.
Nov. 29 filed 115,000 shares of common stock (par $1). **Price**—$4 per share. **Proceeds**—To pay current accounts and notes payable; for research and development; and general corporate purposes. **Underwriter** — North American Securities Co., Tulsa, Okla.

★ Pitney-Bowes, Inc., Stamford, Conn.
March 30 filed 48,299 shares of common stock (par $2) to be offered to employees under the company's Employees' Stock Purchase Plan, which has been in effect since December 1929. **Business**—Manufactures postage meters.

Portland Gas & Coke Co. (4/19)
March 23 filed $16,500,000 of first mortgage bonds due 1976. **Proceeds**—To retire outstanding $10,000,000 3⅛% bonds due 1976 at 103.08% and $3,150,000 3⅞% bonds due 1974 at 103.00%; and for construction program. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; The First Boston Corp.; White, Weld & Co.; Lehman Brothers and Blyth & Co., Inc. (jointly). **Bids**—Tentatively expected to be received up to noon (EST) on April 19.

★ Prudential Federal Uranium Corp.
March 21 (letter of notification) 6,000,000 shares of common stock (par two cents). **Price**—Five cents per share. **Proceeds**—For mining expenses. **Underwriter**—Skyline Securities, Inc., Denver 2, Colo.

★ Pulaski Veneer & Furniture Corp. (4/17)
March 28 filed 170,000 shares of common stock (par $5). **Price**—$5.75 per share. **Proceeds** — To repay bank loans and for machinery and equipment and working capital. **Office** — Pulaski, Va. **Underwriters** — Scott, Horner & Mason, Inc., Lynchburg, Va., and Galleher & Co., Inc., Richmond, Va.

Quo Vadis Mines, Inc., Las Vegas, Nev.
March 8 (letter of notification) 300,000 shares of common stock (par 10 cents). **Price**—$1 per share. **Proceeds**—For mining expenses. **Office**—Viener-Jones Bldg., 230 S. 5th St., Las Vegas, Nev. **Underwriter** — First Jersey Securities Corp., Newark, N. J.

R. and P. Minerals, Inc., Reno, Nev.
Feb. 14 (letter of notification) 500,000 shares of common stock. **Price**—At par (10 cents per share). **Proceeds**—For mining expenses. **Office**—573 Mill St., Reno, Nev. **Underwriter**—Utility Investments, Inc., Reno, Nev.

Rapp (Fred P.), Inc., St. Louis, Mo.
March 2 filed 150,000 shares of 5½% cumulative preferred stock (par $10). **Price**—To be supplied by amendment. **Proceeds**—To repay bank loans incurred by company to redeem and cancel all of the issued and outstanding shares of 4% and 7% preferred stock; and for expansion program. **Underwriter**—Edward D. Jones & Co., St. Louis, Mo.

Redlands Oil Co., Ltd.
Jan. 23 filed $1,000,000 of partnership interests to be offered in minimum amounts of $25,000. **Proceeds**—To acquire leases for drilling for oil and gas and for development costs. **Underwriter** — Name to be supplied by amendment.

Regan Bros. Co., Minneapolis, Minn.
Feb. 17 filed $500,000 of 6% sinking fund first mortgage bonds due 1976. **Price**—100% of principal amount. **Proceeds**—To purchase 36,128 shares of capital stock at a price of $10 per share from stockholders retiring from the company, and for working capital. **Business**—Manufactures and sells at wholesale bread products. **Underwriter**—M. H. Bishop & Co., Minneapolis, Minn.

★ Reis (Robert) & Co.
April 2 (letter of notification) 1,000 shares of $1.25 prior preference stock (par $10) and 30,000 shares of common stock (par $1). **Price**—About $9½ per share for preferred and about $1.12½ per share for common stock. **Proceeds**—To a selling stockholder. **Underwriter**—None. Sales to be made through Lehman Brothers, New York.

Reno Hacienda, Inc., Inglewood, Calif.
Dec. 19 filed 4,000,000 shares of common stock. **Price**—At par ($1 per share). **Proceeds**—To purchase real property, for construction of buildings and other facilities and for general corporate purposes. **Underwriter**—Wilson & Bayley Investment Co.

Reynolds Mining & Development Corp.
Nov. 22 filed 1,500,000 shares of common stock (par one cent). **Price**—50 cents per share. **Proceeds**—For working capital and mining expenses. **Office** — Moab, Utah. **Underwriter** — The Matthew Corp., Washington, D. C.

★ Rittenhouse Fund, Philadelphia, Pa.
March 30 filed (by amendment) $826,800 additional participating units in the Fund.

★ Rochdale Cooperative, Inc., Washington, D. C.
March 28 (letter of notification) 10,000 shares of class C common stock and 10,000 shares of preferred stock. **Price**—At par ($10 per share). **Proceeds** — For payment on mortgage, equipment and on bank loan and for working capital. **Office**—26th and Virginia Ave., N. W., Washington, D. C. **Underwriter**—None.

★ Roger & Wray's Auto Stores, Inc.
March 30 (letter of notification) 400 shares of common stock (no par) and 1,000 shares of preferred stock (par $50). **Price**—Of common, $20 per share; and of preferred, $50 per share. **Office**—3843 West 25th St., Cleveland, Ohio. **Underwriter**—None.

Rowland Products, Inc., Kensington, Conn.
March 5 (letter of notification) 11,912 shares of common stock (par $12.50) being offered for subscription by stockholders of record March 1 on the basis of one new share of stock for each three shares held; rights to expire on April 12. **Price**—$25 per share. **Proceeds**—For construction and equipment of a new building and for working capital. **Office**—Fairview Place, Kensington, Conn. **Underwriter**—None.

★ Russell Gulch Uranium Co., Inc.
March 22 (letter of notification) 150,000 shares of common stock. **Price**—At par ($1 per share). **Proceeds**—For mining expenses. **Address**—P. O. Box 365, Central City, Colo. **Underwriter**—None.

St. Regis Paper Co.
Feb. 21 filed 540,000 shares of common stock (par $5) being offered in exchange for outstanding common stock of Rhinelander Paper Co. on a share-for-share basis. The offer will be declared effective if 90% of Rhinelander common stock is deposited for exchange; and may be declared effective if a lesser amount, but not less than 80% of said shares, are so deposited. This offer will expire on April 16. **Dealer-Managers**—White, Weld & Co., New York, and A. G. Becker & Co., Inc.

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Sayre & Fisher Brick Co.
Sept. 30 filed 325,000 shares of capital stock (par $1). **Price**—To be supplied by amendment. **Proceeds** — For prepayment of outstanding 5½% sinking fund bonds due 1970; balance for general corporate purposes, including additions and improvements and working capital. **Underwriter** — Barrett Herrick & Co., Inc., New York City.

Schield Bantam Co., Waverly, Iowa (4/17)
March 26 filed 219,000 shares of common stock (par $5), of which 200,000 shares are to be offered publicly and 19,000 shares to certain employees of company. **Price**—To public, to be supplied by amendment; and to employees, $5 per share. **Proceeds** — To six selling stockholders. **Business**—Produces power cranes and excavators, including various types of mountings. **Underwriter**—Granbery, Marache & Co., New York.

★ **Scholz Homes, Inc., Toledo, Ohio**
March 28 filed 160,000 shares of common stock (par $1). **Price** — To be supplied by amendment. **Proceeds** — For capital expenditures and for other corporate purposes. **Underwriter**—Straus, Blosser & McDowell, Chicago, Ill.

Schwartz Carbonic Co., El Paso, Texas
Feb. 27 (letter of notification) 30,700 shares of common stock to be offered for subscription by stockholders on basis of 0.6158 new share for each common share held. **Price**—$7.50 per share. **Proceeds**—For expenses incident to manufacturing and sales of carbon dioxide. **Office**—1600 East Eleventh St., El Paso, Tex. **Underwriter**—None.

Seaboard & Western Airlines, Inc. (4/12)
March 23 filed an estimated maximum of 180,000 shares of common stock (par $1). **Price**—To be supplied by amendment. **Proceeds**—To complete purchase of aircraft and complement of spares and for working capital. **Underwriter**—Union Securities Corp., New York.

Shangrila Uranium Corp.
Dec. 30 (letter of notification) 300,000 shares of common stock. **Price**—At par ($1 per share). **Proceeds**—For mining expenses. **Underwriter**—Western States Investment Co., Tulsa, Okla.

Sierra Prefabricators, Inc. (Calif.) (4/9)
March 12 (letter of notification) 149,500 shares of capital stock (par $1). **Price**—$2 per share. **Proceeds**—For working capital and general corporate purposes. **Underwriter**—S. D. Fuller & Co., New York.

★ **Simca, Paris, France (5/1)**
March 29 filed (1) such number of American shares as may be issued (on a basis of two American shares for each underlying capital share) in respect of 1,455,713 capital shares of Simca and (2) the 1,455,713 capital shares. These securities are being offered to the holders of presently outstanding capital shares, including holders of American shares representing capital shares, at the rate of one additional capital share for each capital share (or one additional American share for each American share) held on April 30, 1956, together with certain additional subscription privileges. The subscription price will be 5,500 francs (approximately $15.71) per capital share and approximately $7.86 per American share. Subscription rights of holders of capital shares will expire at the close of business in Paris on June 6, 1956, whereas warrants evidencing subscription rights of holders of American shares will expire on May 31, 1956. The subscription is to be handled by a group of French subscription agents. **Proceeds**—To finance a program of expansion and improvement. **Business**—Simca is engaged in the production and sale of passenger automobiles, trucks, tractors and other products in France. **Depositary**—For American shares: City Bank Farmers Trust Co., New York.

Skiatron Electronics & Television Corp.
March 16 filed 470,000 shares of common stock (par 10 cents). **Price** — At the market. **Proceeds** — To selling stockholders. **Underwriter**—None.

Southern California Edison Co. (4/17)
March 19 filed $40,000,000 of first and refunding mortgage bonds, series G, due 1981. **Proceeds**—To retire bank loans and for construction program. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Blyth & Co., Inc.; The First Boston Corp. and Dean Witter & Co. (jointly); Kuhn, Loeb & Co. **Bids**—Expected to be received up to 8 a.m. (PST) on April 17.

★ **Southwest Arkansas Telephone Cooperative, Inc.**
March 23 (letter of notification) 150,000 shares of capital stock. **Price**—At par ($1 per share). **Proceeds**—For expansion. **Office** — Texarkana, Ark. **Underwriter**—None.

Southwestern Oklahoma Oil Co., Inc.
Feb. 27 (letter of notification) 15,001 shares of common stock (par 10 cents) to be offered for subscription by stockholders. **Price**—$10 per share. **Proceeds**—For expenses incident to development of oil and gas properties. **Office**—801 Washington Bldg., Washington, D. C. **Underwriter**—None.

Spurr Mining Corp.
Nov. 9 (letter of notification) 300,000 shares of common stock. **Price**—$1 per share. **Proceeds**—For mining expenses. **Underwriter**—Cavalier Securities Co., Washington, D. C.

★ **Standard Oil Co. (Ohio)**
April 3 filed interests in the company's investment plan which are to be offered to eligible employees of the company and its subsidiary.

Strategic Metals, Inc., Tungstonia, Nevada
Jan. 4 (letter of notification) 1,200,000 shares of common stock. **Price**—25 cents per share. **Proceeds**—For expenses incident to mining operations. **Underwriter**—R. Reynolds & Co., Salt Lake City, Utah.

● **Stubnitz Greene Corp., Adrian, Mich.**
March 29 filed $1,000,000 of 5½% sinking fund subordinated debentures due 1966 (with warrants to purchase 60,000 shares of common stock) and 100,000 shares of 60-cent cumulative preferred stock (par $5) to be offered for subscription by common stockholders in units of $250 of debentures (with warrants attached to purchase 15 shares of common stock at $8 per share) and 25 shares of preferred stock for each 100 shares of common stock presently held. **Price**—$418.75 per unit. **Proceeds**—For expansion and working capital. **Office**—404 Logan Street, Adrian, Mich. **Underwriter**—Golkin & Co., New York. **Offering**—Expected momentarily.

Suburban Land Developers, Inc., Spokane, Wash.
Feb. 2 (letter of notification) 920 shares of 6% cumulative non-voting preferred stock ($100 per share) and 2,160 shares of common stock (par $10). **Price**—Of preferred, $100 per share; and of common, $15 per share. **Proceeds**—For improvements and working capital. **Office**—909 West Sprague Ave., Spokane, Wash. **Underwriter**—W. T. Anderson & Co., Inc., Spokane, Wash.

Summit Springs Uranium Corp., Rapid City, S. D.
Oct. 3 (letter of notification) 1,200,000 shares of common stock (par 10 cents). **Price**—25 cents per share. **Proceeds**—For expenses incident to mining operations. **Office**—Harney Hotel, Rapid City, S. D. **Underwriter**—Morris Brickley, same address.

Superior Uranium Co., Denver, Colo.
Nov. 9 (letter of notification) 29,600,000 shares of common stock. **Price**—At par (one cent per share). **Proceeds**—For mining operations. **Office**—608 California Bldg., Denver, Colo. **Underwriter**—Securities, Inc., P. O. Box 127, Arvada, Colo.

Target Uranium Corp., Spokane, Wash.
March 1 (letter of notification) 1,000,000 shares of common stock (par five cents). **Price**—20 cents per share. **Proceeds**—For mining expenses. **Office** — 422 Paulsen Bldg., Spokane, Wash. **Underwriters**—Percy Dale Lanphere and Kenneth Miller Howser, both of Spokane, Wash.

Taylor Petroleum Corp., Norman, Okla.
Feb. 1 filed 200,000 shares of common stock (par $1). **Price**—To be supplied by amendment. **Proceeds**—For working capital, drilling and completion of additional wells, possible acquisition of interests in additional oil and gas leases and exploration for oil and gas. **Underwriter**—Hayden, Stone & Co., New York.

Tele-Broadcasters, Inc., New York
Jan. 11 (letter of notification) 200,000 shares of common stock (par five cents). **Price**—$1.50 per share. **Proceeds**—For conversion of station "WARE" to full-time broadcasting; to buy a fourth radio station; and for general corporate purposes. **Underwriter**—Joseph Mandell Co., 48 Hudson Ave., Waldwick, N. J.

Texas Eastern Transmission Corp.
Nov. 30 filed 200,000 shares of cumulative preferred stock (par $100). **Price**—To be supplied by amendment. **Proceeds**—Toward redemption of presently outstanding 190,000 shares of 5.50% first preferred stock. **Underwriter**—Dillon, Read & Co., Inc., New York. **Offering**—Temporarily postponed.

Texize Chemicals, Inc., Greenville, S. C. (4/16)
March 19 filed $742,800 of 5% subordinated convertible debentures due April 1, 1971, to be offered for subscription by common stockholders of record about April 16 on the basis of $100 of debentures for each seven shares of common stock held; rights to expire about April 30. **Price**—$98.50 per $100 debenture, plus accrued interest, to stockholders; and at par to public. **Proceeds** — For capital expenditures and working capital. **Underwriters**—Edgar M. Norris and Alester G. Furman Co., both of Greenville, S. C., and seven other firms.

Tex-Star Oil & Gas Corp., Dallas, Texas
Jan. 20 (letter of notification) 99,990 shares of common stock (par $1). **Price** — $3 per share. **Proceeds**—For working capital and general corporate purposes. **Office**—Meadows Building, Dallas, Texas. **Underwriter** — Thomas F. Neblett, Los Angeles, Calif.

★ **Thermactor Corp.**
March 20 (letter of notification) $68,550 of five year 5% convertible notes due April 15, 1961, to be offered for subscription by stockholders. **Price**—At par (in units of $50 each). **Proceeds**—For inventories and working capital. **Office**—Suite 2,400, 14 Wall Street, New York 5, N. Y. **Underwriter**—None.

★ **Togor Publications, Inc., New York**
March 16 (letter of notification) 299,700 shares of common stock (par 10 cents). **Price**—$1 per share. **Proceeds**—For working capital and general corporate purposes. **Office**—381 Fourth Ave., New York, N. Y. **Underwriter**—Federal Investment Co., Washington, D. C.

● **Tomrock Copper Mines Ltd., Toronto, Canada**
Feb. 9 filed 200,000 shares of common stock (par $1) to be offered publicly to residents of the United States. **Price** — 50 cents per share. **Proceeds** — For exploration and development costs. **Underwriter**—Harold W. Lara, 241 Sanford St., Rochester, N. Y. Statement effective March 27.

TranSouth Life Insurance Co., Columbia, S. C.
Feb. 21 filed 941,250 shares of class A non-voting common stock (par $1) and 10,270 shares of class B voting common stock (par $1) of which 100,000 class A and all of the class B shares are to be reserved on exercise of options to be granted to employees and directors of the company. Class A shares are to be offered in units of four shares each, and at $8 per unit, under a condition that each purchaser donate one share out of every four shares purchased to TranSouth Educational Foundation, Inc. **Proceeds**—To finance its business as a life insurance company. **Underwriter**—None. J. R. Hoile is President-Treasurer; and G. F. Kennedy is Secretary.

★ **Transportation Vendors, Inc.**
March 23 (letter of notification) 299,750 shares of common stock (par five cents). **Price**—$1 per share. **Proceeds** — To pay indebtedness, and for expansion and working capital. **Business**—Vending machines. **Office**—60 Park Place, Newark, N. J. **Underwriter** — Midland Securities, Inc., New York, N. Y.

Tunacraft, Inc., Kansas City, Mo.
Jan. 17 (letter of notification) $250,000 of 6% 12-year registered subordinated sinking fund debenture notes due Jan. 1, 1968. **Price**—At par. **Proceeds**—To reduce outstanding secured obligations. **Underwriter**—McDonald, Evans & Co., Kansas City, Mo.

Underwriters Factors Corp.
Dec. 7 (letter of notification) 29,500 shares of 6⅞% participating convertible preferred stock (par $10) and 2,950 shares of common stock (par one cent) to be offered in units of 10 shares of preferred stock and one share of common stock. **Price** — $100.01 per unit. **Proceeds** — To increase working capital. **Office** — 51 Vesey St., New York, N. Y. **Underwriter**—New York and American Securities Co., 90 Wall St., New York, N. Y.

Union of Texas Oil Co., Houston, Texas
Jan. 19 (letter of notification) 240,000 shares of common stock (par 10 cents). **Price**—$1.25 per share. **Proceeds**—For expenses incident to oil production. **Office** — San Jacinto Building, Houston, Tex. **Underwriter**—Mickle & Co., Houston, Texas.

U. S. Automatic Machinery & Chemical Corp.
Nov. 4 (letter of notification) 300,000 shares of class A common stock (par 10 cents). **Price**—$1 per share. **Proceeds** — For general corporate purposes. **Office**—8620 Montgomery Ave., Philadelphia, Pa. **Underwriter**—Columbia Securities Corp., 135 Broadway, New York.

● **United States Envelope Co.**
March 16 filed 123,046 shares of common stock (par $10) being offered for subscription by common stockholders of record April 4, 1956, at the rate of one new share for each four shares held; rights to expire on April 17. **Price**—$20.25 per share. **Proceeds**—To repay bank loans; for purchase of new equipment and working capital. **Dealer-Manager**—Hayden, Stone & Co., New York.

★ **U. S. Fiberglass Industrial Plastics, Inc.**
March 19 (letter of notification) 150,000 shares of convertible preferred stock (par $1) and 30,000 shares of common stock (par 10 cents) to be offered in units of five shares of preferred stock and one share of common stock first to stockholders of record March 1, 1956. **Price**—To stockholders, $9 per unit; and to public, $10 per unit. **Proceeds**—For capital improvements and general corporate purposes. **Office**—Norwood, N. J. **Underwriter**—General Investing Corp., New York.

Urania, Inc., Las Vegas, Nev.
Jan. 20 (letter of notification) 50,000 shares of capital stock. **Price**—At par ($1 per share). **Proceeds**—For expenses incident to mining operations. **Office**—1802 South Main St., Las Vegas, Nev. **Underwriter**—Fenner-Streitman & Co., New York City.

Uranium Exploration Co., Salt Lake City, Utah
Feb. 13 (letter of notification) 77,875 shares of common stock (par 25 cents). **Price**—$1 per share. **Proceeds**—For mining expenses. **Office**—538 East 21st South St., Salt Lake City, Utah. **Underwriter** — Pioneer Investments, Salt Lake City, Utah.

★ **Uranium Exploration, Inc., Minot, N. Dak.**
March 21 (letter of notification 400,000 shares of common stock. **Price**—10 cents per share. **Proceeds**—For mining expenses. **Underwriter**—None.

★ **Uranium & Strategic Minerals, Inc., Salida, Colo.**
March 18 (letter of notification) 800,000 shares of common stock (par 10 cents). **Price**—25 cents per share. **Proceeds**—For mining expenses. **Address**—P. O. Box 743, Salida, Colo. **Underwriter**—None.

Utah Gas Service Co., Salt Lake City, Utah
March 12 (letter of notification) $300,000 of 5½% debentures in denominations of $1,000 each). **Price**—At 100% plus accrued interest. **Proceeds** — Together with other funds, to finance the construction of natural gas systems and transmission lines. **Office**—1007 Walker Bank Bldg., Salt Lake City, Utah. **Underwriter**—The First Trust Co. of Lincoln, Lincoln, Neb.

Utco Uranium Corp., Denver, Colo.
Jan. 30 (letter of notification) 200,000 shares of common stock, which are covered by an option held by the underwriter. **Price**—10 cents per share. **Proceeds**—For mining expenses. **Office**—310 First National Bank Bldg., Denver, Colo. **Underwriter** — Amos C. Sudler & Co., same city.

★ **Value Line Fund, Inc.**
March 29 filed (by amendment) 600,000 additional shares of capital stock (par $1). **Price**—At market. **Proceeds**—For investment. **Office**—New York, N. Y.

★ **Value Line Income Fund, Inc.**
March 29 filed (by amendment) 7,500,000 additional shares of capital stock (par $1). **Price**—At market. **Proceeds**—For investment. **Office**—New York, N. Y.

Vance Industries, Inc., Evanston, Ill.
Jan. 24 (letter of notification) 7,000 shares of common stock (par one cent). **Price**—$7 per share. **Proceeds**—To selling stockholders. **Office** — 2108 Jackson Ave., Evanston, Ill. **Underwriter**—Arthur M. Krensky & Co., Inc., Chicago, Ill.

Van Norman Industries, Inc. (4/10)
March 16 filed $2,000,000 of convertible subordinated debentures due 1976. **Price**—To be supplied by amendment. **Proceeds**—Together with $3,000,000 to be received from private sale of a 4¼% 15-year sinking fund note, to be used to pay off present outstanding $1,470,000 note and $2,350,000 of bank loans; and for working cap-

ital and other corporate purposes. **Underwriter**—Kidder, Peabody & Co., New York.

★ **Vendo Co., Kansas City, Mo.**
March 23 (letter of notification) 22,935 shares of common stock (par $2.50) to be offered to certain salaried and hourly paid employees on a stock option plan. **Price**—$12 per share. **Proceeds**—For business expansion, development of new equipment for automatic vending of new products. **Office**—7400 East 12th St., Kansas City 3, Mo. **Underwriter**—None.

● **Wagon Box Uranium Corp., Provo, Utah**
Nov. 21 filed 2,000,000 shares of common stock (par five cents). **Price**—25 cents per share. **Proceeds**—To explore and acquire claims, for purchase of equipment and for working capital and other corporate purposes. **Underwriter**—H. P. Investment Co., Provo, Utah and Honolulu, Hawaii. Statement withdrawn March 2.

★ **Wall Street Investing Corp., New York**
March 29 filed (by amendment) 500,000 additional shares of capital stock (par $1). **Price**—At market. **Proceeds**—For investment.

Ward Industries Corp.
March 9 (letter of notification) 12,000 shares of $1.25 cumulative preferred stock, series A (par $25) and 1,500 shares of common stock (par $1) being offered in exchange for 5% cumulative preferred stock (par $100) of The Prosperity Co. on the basis of four Ward preferred shares, one-half share of Ward common stock and $1.05 in cash for each Prosperity preferred share. This offer, which is limited to acceptance by 3,000 Prosperity preferred shares, is alternative to the right to receive instead $100 per Prosperity preferred share.

West Jersey Title & Guaranty 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 a period of 30 days in exchange for outstanding preferred stock on a 2-for-1 basis; any shares remaining will be offered to common stockholders. **Price**—$25 per share. **Office**—Third and Market Sts., Camden, N. J. **Underwriter**—None.

● **Westcoast Transmission Co., Ltd. (4/11)**
Jan. 26 filed $20,500,000 (U.S.) 32-year subordinate debentures, due Feb. 1, 1988, and 615,000 shares of capital stock (no par) to be offered in units of $100 of debentures and three shares of stock. **Price**—To be supplied by amendment. **Proceeds**—Together with funds to be received from insurance companies and banks and from sale of an additional 3,271,000 shares of stock to Westcoast Investment Co., to be used to construct a pipe-line system. **Office**—Calgary, Alta., Canada. **Underwriter**—Eastman, Dillon & Co., New York.

★ **Western Empire Petroleum Co., Ogden, Utah**
March 23 (letter of notification) 1,000,000 shares of common stock (par 10 cents). **Price**—7½ cents per share. **Proceeds**—To reduce obligations and purchase royalty interests. **Office**—812 David Eccles Bldg., Ogden, Utah. **Underwriter**—None.

Western Securities Corp. of New Mexico
Feb. 13 (letter of notification) 50,000 shares of common stock. **Price**—At par ($1 per share). **Proceeds**—To start a dealer or brokerage business. **Office**—921 Sims Bldg., Albuquerque, N. M. **Underwriter**—None.

Western Utilities Corp., San Francisco, Calif.
March 23 (letter of notification) 15,171 shares of common stock (par $1). **Price**—$5.50 per share. **Proceeds**—To West Coast Telephone Co., the selling stockholder. **Underwriter**—Central Republic Co., Inc., Chicago, Ill.

White Sage Uranium Corp.
Feb. 13 (letter of notification) 15,000,000 shares of capital stock. **Price**—At par (one cent per share). **Proceeds**—For mining expenses. **Office**—547 East 21st South St., Salt Lake City, Utah. **Underwriter**—Empire Securities Corp., Salt Lake City, Utah.

Williamson Co., Cincinnati, Ohio
Feb. 20 (letter of notification) 20,666 shares of class B common stock (par $1) to be offered for subscription by class B common stockholders on a 1-for-7 basis. **Price**—$6.84 per share. **Proceeds**—For working capital. **Office**—3500 Maison Road, Cincinnati, Ohio. **Underwriter**—None.

★ **Wilmington Country Club, Inc., Wilmington, Del.**
April 2 filed $1,500,000 of non-interest bearing debentures, due 1991, to be offered to the members of the Club. **Price**—At par ($1,000 per debentures). **Proceeds**—For construction of a golf house and other improvements. **Underwriter**—None.

● **Wilson (Russell) Industries, Inc. (4/9-13)**
March 13 (letter of notification) 3,000,000 shares of common stock. **Price**—At par (10 cents per share). **Proceeds**—To repay bank loans, for drilling well and working capital. **Office**—Winnsboro, Texas. **Underwriters**—J. J. Holland Securities Co., Inc., New York, N. Y., and Daggett Securities, Inc., Newark, N. J.

★ **Wisconsin Electric Power Co. (4/24)**
March 30 filed $30,000,000 first mortgage bonds due April 15, 1986. **Proceeds**—To repay bank loans and for construction program. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Kuhn, Loeb & Co. and American Securities Corp. (jointly); Lehman Brothers and Salomon Bros. & Hutzler (jointly); Merrill Lynch, Pierce, Fenner & Beane and Equitable Securities Corp. (jointly); Glore, Forgan & Co.; The First Boston Corp.; Union Securities Corp. and Harriman Ripley & Co. Inc. (jointly). **Bids**—Expected to be received on April 24.

★ **Wisconsin Electric Power Co. (4/25)**
March 30 filed 463,641 shares of common stock (par $10) to be offered for subscription by common stockholders of record about April 25 on the basis of one new share for each 10 shares held (with an oversubscription privilege); rights to expire about May 15. Unsubscribed shares will be offered to employees. **Price**—To be supplied by amendment. **Proceeds** — For construction program. **Underwriter**—None.

Woodstock Uranium Corp., Carson City, Nev.
Nov. 21 (letter of notification) 3,000,000 shares of common stock. **Price**—At par (10 cents per share). **Proceeds**—For mining expenses. **Office**—Virginia Truckee Bldg., Carson City, Nev. **Underwriter**—Cayias, Larson, Glaser, Emery, Inc., Salt Lake City, Utah.

Wycotah Oil & Uranium, Inc., Denver, Colo.
Nov. 10 filed 1,500,125 shares of common stock (par one cent) to be offered only to the owners of percentages of working interests in certain oil and gas leases and to the owners of certain uranium properties, and in exchange for such working interests and properties. **Price**—Shares to be valued at an arbitrary price of $4 per share. **Proceeds**—To acquire properties. **Underwriter**—None.

Prospective Offerings

Air-Vue Products Corp., Miami, Fla.
Feb. 20 it was reported early registration is expected of 150,000 shares of common stock. **Price**—Around $4.25 per share. **Proceeds** — For expansion program. **Underwriter**—Arthur M. Krensky & Co., Inc., Chicago, Ill.

American Shopping Centers, Inc.
Jan. 23 it was announced company will soon offer publicly some new securities in the approximate amount of $6,000,000. **Proceeds**—To acquire shopping centers. **Office**—Minneapolis, Minn. **Underwriter**—Carl M. Loeb, Rhoades & Co., New York.

American Telephone & Telegraph Co.
March 21 the directors authorized a new issue of debentures (non-convertible) amounting to $250,000,000. **Proceeds**—For additions and improvements to Bell System telephone service. **Underwriter** — To be determined by competitive bidding. Probable bidders: The First Boston Corp. and Halsey, Stuart & Co. Inc. (jointly); Morgan Stanley & Co. **Bids**—Expected to be received sometime after the middle of June.

★ **Arizona Public Service Co.**
March 23 it was announced company plans to spend during the next five years an estimated $94,000,000 for new construction. Of this amount, $41,000,000 is expected to come from within the company, and the balance from outside sources. No new equity financing is planned for 1956. About $16,000,000 is expected to be spent this year. Bond financing is expected to be done privately through Blyth & Co., Inc. and The First Boston Corp.

● **Baltimore & Ohio RR.**
March 22 ICC authorized company to issue up to $54,710,000 of convertible 4½% debentures, series A, due Feb. 1, 2010, which it proposes to offer in exchange to holders of its outstanding convertible 4½% income bonds on a par-for-par basis.

Blackstone Valley Gas & Electric Co.
Feb. 27 it was reported company plans to issue some preferred stock during 1956. **Proceeds**—To reduce bank loans. **Underwriter**—To be determined by competitive bidding. Probable bidders: W. C. Langley & Co.; Estabrook & Co. and Stone & Webster Securities Corp. (jointly); Salomon Bros. & Hutzler; Kidder, Peabody & Co.; Harriman Ripley & Co. Inc.

Bon Ami Co., New York
March 9 it was announced company plans to offer to common A and common B stockholders the right to subscribe for 10,000 shares of common A stock (now held in treasury) on basis of one share of common A stock for each 29 shares of common A and/or common B stock held. The stockholders on March 21 will vote on approving this proposal and also on changing the par value of the shares from no par for both issues to $2 per share for the common A stock and $1 for the common B stock. **Underwriter**—Dominick & Dominick and Smith, Barney & Co. (formerly Charles D. Barney & Co.) handled secondary offering of common B stock in 1926.

Boston Edison Co.
March 19 it was reported company plans to offer $18,000,000 of preferred stock. **Proceeds**—For construction program. **Underwriter**—If by competitive bidding, bidders may include Lehman Brothers; The First Boston Corp.

★ **Bryn Mawr Trust Co., Bryn Mawr, Pa.**
March 27, the Bank offered to its stockholders of record March 23 the right to subscribe on or before April 26, 1956 for 18,400 additional shares of capital stock (par $5) on the basis of one new share for each five shares held. **Price**—$30 per share. **Proceeds**—To increase capital and surplus. **Underwriter**—Laird, Bissell & Meeds, Wilmington, Del.

California Electric Power Co.
March 19 it was reported company plans to issue and sell some additional securities in June or July. **Proceeds**—To retire bank loans and for new construction. Probable bidders for bonds may include: Halsey, Stuart & Co. Inc.; Shields & Co.; Merrill Lynch, Pierce, Fenner & Beane and Kidder, Peabody & Co. (jointly); Blyth & Co. Inc.; The First Boston Corp. and Salomon Bros. & Hutzler (jointly); Lehman Brothers; White, Weld & Co. Previous common stock financing was underwritten by Blyth & Co., Inc. and The First Boston Corp.

● **California Oregon Power Co. (5/1)**
March 30, the California Public Utility Commission authorized company to issue and sell $16,000,000 of first mortgage bonds. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Blyth & Co., Inc. and The First Boston Corp. (jointly); Lehman Brothers; White, Weld & Co.; Merrill Lynch, Pierce, Fenner & Beane and Kidder, Peabody & Co. (jointly).

★ **California Oregon Power Co.**
March 30 it was announced California P. U. Commission has authorized company to issue and sell 70,000 shares of new preferred stock (par $100). **Proceeds**—To reduce bank loans and for new construction. **Underwriters**—May be Blyth & Co., Inc. and The First Boston Corp.

Carolina Power & Light Co. (9/11)
March 22 it was announced company plans to issue and sell $15,000,000 of first mortgage bonds due 1986. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co Inc.; Kuhn, Loeb & Co. and A. C. Allyn & Co. Inc. (jointly); W. C. Langley & Co. and The First Boston Corp. (jointly); Equitable Securities Corp.; Blyth & Co., Inc.; Kidder, Peabody & Co. and Merrill Lynch, Pierce, Fenner & Beane (jointly). **Bids**—Scheduled for Sept. 11.

★ **Chicago, Rock Island & Pacific RR. (4/12)**
Bids will be received up to noon (CST) on April 12 for the purchase from the company of $2,880,000 equipment trust certificates, series Q, due semi-annually from Nov. 1, 1956 to May 1, 1968, inclusive. Probable bidders: Halsey, Stuart & Co. Inc.; Salomon Bros. & Hutzler.

Coastal Transmission Corp., Houston, Texas
Feb. 29 it was announced an application has been filed with the FPC for construction of a 565.7 mile pipeline system to cost $68,251,000. **Underwriters**—May be Lehman Brothers and Allen & Co., both of New York.

Columbia Gas System, Inc. (10/2)
Feb. 15 it was announced company may issue and sell $30,000,000 of debentures. **Underwriter** — To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Morgan Stanley & Co. **Bids**—Expected to be received on Oct. 2.

Commercial Credit Corp.
March 12 it was reported company plans early registration of about $25,000,000 of junior subordinated debentures. **Underwriter** — Kidder, Peabody & Co. and The First Boston Corp., both of New York.

Commonwealth Edison Co. (6/5)
Jan. 24 it was announced that company may issue between $35,000,000 to $50,000,000 of bonds. **Proceeds**—For construction program. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Glore, Forgan & Co. and Blyth & Co., Inc. (jointly); The First Boston Corp.

★ **Connecticut National Bank, Bridgeport, Conn.**
April 4 the Bank offered to its stockholders of record April 3, 1956, the right to subscribe on or before April 20 for 209,000 additional shares of common stock. **Price**—$15 per share. **Proceeds**—For working capital. **Underwriters**—Smith, Ramsey & Co., Inc.; Hincks Bros. & Co. Inc.; Chas. W. Scranton & Co.; A. M. Kidder & Co.; G. H. Walker & Co.; and T. L. Watson & Co.

Connecticut Power Co.
March 1 it was reported company plans to issue and sell $5,200,000 of new preferred stock and offer to common stockholders 71,132 additional shares of common stock on a 1-for-10 basis. **Proceeds** — To reduce bank loans. **Underwriters**—Putnam & Co.; Chas. W. Scranton & Co. **Offering**—Expected in June.

Consolidated Natural Gas Co. (7/25)
March 15 it was announced company plans to issue and sell $30,000,000 of debentures due 1981. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Morgan Stanley & Co. and The First Boston Corp (jointly); White, Weld & Co. and Paine, Webber, Jackson & Curtis (jointly). **Bids**—Expected to be received on July 25.

Consolidated Water Co.
Jan. 16, Frank A. O'Neill, President, announced that the company sometime between now and the summer of 1956, will probably do some additional financing. **Proceeds**—For expansion. **Underwriters**—The Milwaukee Co.; Harley Haydon & Co., Inc.; and Indianapolis Bond & Share Corp. underwrote class A common stock offering made last August.

Crane Co., Chicago, Ill.
F. F. Elliott, President, on March 18 stated in part: "To meet the cost of present proposed capital expenditures, it appears that some additional financing may be necessary." **Underwriters**—Morgan Stanley & Co. and Clark, Dodge & Co.

Cribben & Sexton Co.
Feb. 27 it was reported stockholders will vote March 6 on approving a proposal to increase the authorized common stock from 250,000 shares to 750,000 shares, the additional shares probably to be issued in connection with future financing. **Underwriter**—May be Hornblower & Weeks, New York.

Delaware Power & Light Co.
Sept. 28 it was announced that the company expects to undertake some common stock financing, probably first to common stockholders. **Proceeds**—For construction program. **Underwriter**—To be determined by competitive bidding. Probable bidders: W. C. Langley & Co. and Union Securities Corp. (jointly); Kidder, Peabody & Co. and Merrill Lynch, Pierce, Fenner & Beane (jointly); Carl M. Loeb, Rhoades & Co.; Blyth & Co., Inc. and The First Boston Corp. (jointly); White, Weld & Co. and Shields & Co. (jointly); Lehman Brothers. **Offering**—Expected in June or July.

Detroit Edison Co.
Feb. 20, Walker L. Cisler, President stated that "tentative plans are that about $60,000,000 will be obtained from investors in 1956. Internal funds and bank borrowings will probably provide for the remainder of the $95,000,000 necessary this year to carry forward the company's program of expansion of facilities." Financing may be in form of 15-year debentures to common stock-

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holders. **Underwriters**—None. **Offering**—Tentatively expected in June.

Dolly Madison International Foods Ltd.
Nov. 15 it was announced that Foremost Dairies, Inc. intends at a future date to give its stockholders the right to purchase its Dolly Madison stock. **Underwriter**—Allen & Co., New York.

Du Mont Broadcasting Corp.
Aug. 10 it was announced that corporation, following issuance on Dec. 2 to stockholders of Allen B. Du Mont Laboratories, Inc. of 944,422 shares of common stock as a dividend, contemplates that additional shares will be offered to its stockholders. This offering will be underwritten. Kuhn, Loeb & Co. and Van Alstyne, Noel & Co. handled Du Mont Laboratories class A stock financing some years ago. Stockholders of Laboratories on Oct. 10 approved formation of Broadcasting firm.

El Paso Electric Co. (5/1)
Feb. 16 it was reported company plans to issue and sell 20,000 shares of cumulative preferred stock (no par). **Underwriter**—To be determined by competitive bidding. Probable bidders: Merrill Lynch, Pierce, Fenner & Beane; Salomon Bros. & Hutzler; Stone & Webster Securities Corp.; Blair & Co. Incorporated; Equitable Securities Corp.; Union Securities Corp.; Kidder, Peabody & Co., White, Weld & Co., and Shields & Co. (jointly). **Bids**—Expected to be received up to 11 a.m. (EST) on May 1. **Registration**—Tentatively expected April 10.

★ Erie RR. (6/1)
Bids are expected to be received by the company on or about June 1 for the purchase from it of approximately $9,750,000 equipment trust certificates. Probable bidders: Halsey, Stuart & Co. Inc.; Salomon Bros & Hutzler.

First Pennsylvania Banking & Trust Co.
March 27 it was announced Bank plans to offer to its stockholders 202,800 additional shares of capital stock (par $10) on the basis of one new share for each 10 shares held. **Price**—To be established later. **Proceeds**—To increase capital and surplus. **Underwriters**—Drexel & Co., Philadelphia, Pa., and Merrill Lynch, Pierce, Fenner & Beane and Smith, Barney & Co., both of New York City. **Meeting**—Stockholders will vote May 28 on increasing authorized capital stock from 2,028,000 shares to 2,230,800 shares.

Flo-Mix Fertilizers Corp., Houma, La.
Dec. 12 it was reported early registration is expected of 159,000 shares of common stock. **Price** — Probably $5 per share. **Underwriters**—Fairman, Harris & Co., Inc., and Straus, Blosser & McDowell, both of Chicago, Ill.

Florida Power Corp. (7/11)
Feb. 20 it was announced company plans to issue and sell $20,000,000 of first mortgage bonds. **Underwriters**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Kidder, Peabody & Co. and Merrill Lynch, Pierce, Fenner & Beane (jointly); Lehman Brothers and Blyth & Co., Inc. (jointly); Glore, Forgan & Co.; The First Boston Corp. **Bids**—Expected July 11. **Registration**—Planned for June 14.

★ Fort Worth National Bank (4/17)
March 30 it was announced stockholders will vote April 17 on approving an offering to stockholders of 150,000 additional shares of common stock (par $10) on the basis of one new share for each 4⅔ shares held. **Price**—$22.50 per share. **Proceeds**—To increase capital and surplus. **Office**—Fort Worth, Texas. **Underwriters**—Dallas Union Securities Co. and First Southwest Co., both of Dallas, Tex.

★ General Acceptance Corp.
April 2 it was reported company plans to issue and sell $15,000,000 of debentures due in 1966, $10,000,000 of capital debentures due in 1971 and about $3,500,000 of common stock. **Underwriter**—Paine, Webber, Jackson & Curtis, Boston and New York. **Registration**—Expected late in April.

General American Transportation Corp. (4/26)
March 5 the directors voted to issue up to $25,000,000 of convertible subordinated debentures, which are to be offered for subscription by common stockholders on the basis of $100 of debentures for each 10 shares of common stock held as of April 25; rights to expire on May 9. **Price**—To be announced later. **Proceeds**—For general corporate purposes. **Underwriter** — Kuhn, Loeb & Co., New York. **Meeting**—Stockholders to vote April 24 on approving proposed debenture issue. **Registration**—Scheduled for April 6.

★ General Electric Co.
April 2, John D. Lockton, Treasurer, announced that the company plans to issue and sell in the late Spring $300,000,000 of straight sinking fund debentures. **Proceeds**—To retire bank loans and for capital expenditures and working capital. **Underwriters** — Morgan Stanley & Co. and Goldman, Sachs & Co., both of New York.

★ General Motors Corp. (5/1)
April 3 it was announced registration will be made next week of 1,278,833 shares of common stock. **Proceeds**—To Alfred P. Sloan Foundation, Inc., which will retain 949,937 shares of General Motors common stock among its investments. **Underwriter** — Morgan Stanley & Co., New York.

★ General Public Utilities Corp.
April 2, A. F. Tegen, President, said that the company plans this year to issue and sell $28,500,000 of new bonds and $14,000,000 of new preferred stock. It is also possible that a new issue of common stock will be offered for subscription by common stockholders before April, 1957. **Proceeds**—To repay bank loans, etc., and for construction program.

General Tire & Rubber Co.
Feb. 24 stockholders approved a proposal to increase authorized common stock to 2,500,000 from 1,750,000 shares and the authorized preference stock to 1,000,000 from 350,000 shares; also a proposal that any issue of debentures may include a privilege to convert into common stock and permit the company to issue warrants to purchase common stock, provided the total that may be outstanding at any one time does not exceed 600,000 shares. [The company expects to issue 23,000 additional preference shares—5,000 for acquiring stock and property and 18,000 for cash. Having completed long-term borrowing negotiations of $30,000,000 from insurance companies, the company expects to sell not more than $15,000,000 in debentures.] **Underwriter**—Kidder, Peabody & Co., New York.

★ Giannini (G. M.) & Co., Inc., Pasadena, Calif.
March 31 it was reported company plans to issue and sell about $1,000,000 of convertible preferred stock. **Proceeds**—For working capital. **Underwriters**—G. H. Walker & Co., St. Louis, Mo., and Hill, Richards & Co., Los Angeles, Calif.

Hawaiian Electric Co., Ltd.
March 5 it was announced stockholders were to vote March 20 on issuance of 70,000 shs. of com. stk. as a 10% stock dividend; and on sale of 100,000 additional common shares and $5,000,000 of preferred stock. **Proceeds**—For construction program. **Underwriter**—For common stock, none; and for preferred stock, Dillon, Read & Co., New York.

Houston Texas Gas & Oil Corp., Houston, Texas
Feb. 29 it was announced an application has been filed with the FPC for permission to construct a 961 mile pipeline system to cost $105,836,000. **Underwriters**—May be Blyth & Co., Inc., San Francisco, Calif.; and Scharff & Jones, Inc., New Orleans, La.

Illinois Power Co.
March 1 it was reported company may issue about $25,000,000 of debt securities. **Proceeds**—To repay bank loans and for new construction. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; The First Boston Corp.; White, Weld & Co. and Merrill Lynch, Pierce, Fenner & Beane (jointly); Harriman, Ripley & Co. Inc. and Glore, Forgan & Co. (jointly); Union Securities Corp.

Indianapolis Power & Light Co.
March 21 it was announced company has applied to the Indiana P. S. Commission for authority to issue and sell $10,000,000 of first mortgage bonds. **Proceeds**—For construction program. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Union Securities Corp.; Blyth & Co., Inc.; Lehman Brothers, Goldman, Sachs & Co. and The First Boston Corp. (jointly); W. C. Langley & Co., White, Weld & Co. and Shields & Co. (jointly); Kuhn, Loeb & Co.; Equitable Securities Corp.; Hemphill, Noyes & Co. and Drexel & Co. (jointly). **Bids**—Expected in June.

Inter-County Telephone & Telegraph Co. of Ft. Myers, Fla.
Jan. 16 it was reported company is considering to offer publicly an issue of common stock. **Underwriter**—Central Republic Co., Inc., Chicago, Ill.

Jersey Central Power & Light Co.
Feb. 6 it was reported company may in May or June 1956, issue and sell $9,000,000 first mortgage bonds. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Lehman Brothers; White, Weld & Co.; Kidder, Peabody & Co.; Union Securities Corp., Salomon Bros. & Hutzler and Merrill Lynch, Pierce, Fenner & Beane (jointly); Blair & Co. Incorporated.

Johns-Manville Corp.
March 9, Leslie M. Cassidy, Chairman, said the corporation is studying possibilities for expansion that could require financing, adding that the management had no definite plan for the issuance of additional stock other than those required for the two-for-one split but "the situation could change."

★ Kaiser Aluminum & Chemical Co.
March 26 it was reported company plans to issue and sell about $30,000,000 of equity securities early in May. Stockholders will vote April 30 on approving a new issue of 750,000 shares of preferred stock. **Proceeds**—Together with proceeds from private sale of $120,000,000 bonds, will be used for expansion program. **Underwriters**—The First Boston Corp., New York, and Dean Witter & Co., San Francisco, Calif.

★ Kaiser Steel Corp.
March 30 it was reported that company is studying financing plans for its new major expansion program to involve approximately $113,000,000. Terms have not yet been agreed upon. **Underwriter**—The First Boston Corp., New York.

Kansas Power & Light Co.
March 21 it was reported company may soon offer additional common stock to common stockholders on a 1-for-10 basis. **Underwriter**—The First Boston Corp., New York.

Kay Lab., Inc., San Diego, Calif.
March 26 it was reported company plans to sell between $900,000 and $1,000,000 common stock early in May. **Underwriter**—Shearson, Hammill & Co., New York and Los Angeles. **Registration**—Expected in April.

Kern Mutual Telephone Co., Taft, Calif.
March 12 it was reported company plans to issue and sell 12,000 shares of preferred stock (par $25). **Proceeds**—To redeem outstanding 6% preferred stock, to repay bank loans and for improvements, etc. **Underwriter**—Central Republic Co., Inc., Chicago, Ill.

Kimberly-Clark Corp., Neenah, Wis.
Nov. 22 it was announced that the company plans further financing, the nature and extent of which has not yet been determined, except it is not the present intention to sell additional common stock. **Proceeds**—To be used to pay for further expansion, estimated to cost an additional $37,000,000. **Underwriter**—Blyth & Co., Inc., New York.

Lone Star Steel Co.
Jan. 24, E. B. Germany, President, announced that the company plans the private and public sale of new securities during the first half of the current year. **Proceeds**—To retire indebtedness of company held by the RFC and the Treasury Department. **Underwriters**—Probably Dallas Rupe & Son; Estabrook & Co.; and Straus & Blosser.

Long Island Lighting Co. (4/26)
Feb. 29 company announced that it plans to issue and sell $12,000,000 of preferred stock following approval by the New York P. S. Commission and clearance by the Securities and Exchange Commission. **Underwriters**—Blyth & Co., Inc.; The First Boston Corp.; and W. C. Langley & Co.

Maine Bonding & Casualty Co.
Feb. 4 it was announced that the company plans to offer to its common stockholders on a 3-for-7 basis an additional 30,000 shares of common stock (par $10). **Underwriter**—To be selected. **Meeting**—Stockholders on Feb. 17 approved an increase in the authorized common stock from 50,000 shares to 100,000 shares. Of the increased stock, 20,000 shares are to be issued as a 40% stock dividend on March 1 to stockholders of record Feb. 17.

Metropolitan Edison Co.
Feb. 6 it was reported that company is considering the sale of additional first mortgage bonds later this year. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; White, Weld & Co.; Blyth & Co., Inc.; Kidder, Peabody & Co. and Drexel & Co. (jointly); The First Boston Corp.

National Steel Corp.
March 12 the company announced that it is estimated that total construction expenditures planned to start in the current year and to be completed in mid-1959 will amount to a minimum of $200,000,000. **Underwriters**—Kuhn, Loeb & Co.; Harriman Ripley & Co. Inc.; and The First Boston Corp.

Natural Gas Pipe Line Co. of America
Feb. 20 it was reported company plans to issue and sell late this Spring $35,000,000 of first mortgage bonds due 1976. **Underwriter**—If determined by competitive bidding, the following may bid: Halsey, Stuart & Co. Inc.; White, Weld & Co.; Lehman Brothers and Union Securities Corp. (jointly).

New England Electric System
Jan. 3 it was announced company plans to merge its subsidiaries, Essex County Electric Co., Lowell Electric Light Corp., Lawrence Electric Co., Haverhill Electric Co. and Amesbury Electric Light Co., into one company during 1956. This would be followed by a $20,000,000 first mortgage bond issue by the resultant company, the name of which has not as yet been determined. **Underwriter** — May be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Kuhn, Loeb & Co., Salomon Bros. & Hutzler, Union Securities Corp. and Wood, Struthers & Co. (jointly); Lehman Brothers; The First Boston Corp.; Equitable Securities Corp.; Merrill Lynch, Pierce, Fenner & Beane, Kidder, Peabody & Co. and White, Weld & Co. (jointly).

New England Power Co.
Jan. 3 it was announced company plans to issue and sell $10,000,000 of first mortgage bonds during October of 1956. **Underwriters**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Kuhn, Loeb & Co., Salomon Bros. & Hutzler, Union Securities Corp. and Wood, Struthers & Co. (jointly); Lehman Brothers; The First Boston Corp.; Equitable Securities Corp.; Merrill Lynch, Pierce, Fenner & Beane, Kidder, Peabody & Co. and White, Weld & Co. (jointly).

● New England Trust Co., Boston, Mass.
April 2, the company offered to its stockholders of record March 30 the right to subscribe for 40,000 additional shares of capital stock (par $10) on a 1-for-5 basis; rights to expire on April 17. **Price**—$35.50 per share. **Proceeds**—For working capital. **Underwriters**—F. S. Moseley & Co. and Kidder, Peabody & Co.

Niagara Mohawk Power Co. (5/8)
March 19 it was reported company plans to issue and sell 200,000 shares of preferred stock (par $100). **Underwriter** — To be determined by competitive bidding. Probable bidders: Morgan Stanley & Co.; The First Boston Corp. Last preferred stock issue was underwritten by Harriman Ripley & Co. Inc. **Bids**—Expected on May 8.

Niagara Mohawk Power Corp. (5/9)
March 14 it was reported company is considering issuance and sale of $30,000,000 general mortgage bonds. **Proceeds** — For construction program which may cost approximately $62,000,000 this year. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Kuhn, Loeb & Co. and Union Securities Corp. (jointly); Morgan Stanley & Co.; The First Boston Corp. **Bids**—Expected about May 9.

Northern Illinois Gas Co. (5/16)
March 21 it was announced company plans to issue and sell $15,000,000 of first mortgage bonds due 1981. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Glore, Forgan & Co.; The First Boston Corp.; Blyth & Co., Inc. **Bids**—Expected about May 16. **Registration**—Planned for mid-April.

Northern Indiana Public Service Co.
rch 13 it was reported company plans to spend about ,000,000 for new construction in 1956 and 1957 ($29,- ,000 in 1956 and $23,000,000 in 1957). Of the total out $30,000,000 will be obtained from new financing, type of which has not yet been determined. **Under- iter**—For any preferred stock, Central Republic Co. ., Blyth & Co., Inc., and Merrill Lynch, Pierce, Fen- r & Beane (jointly). Bonds may be placed privately.

Northern Natural Gas Co.
rch 12 it was reported company plans to finance its 56 construction program (costing about $40,000,000) ough issuance of debt securities and treasury funds. **derwriter**—Probably Blyth & Co., Inc.

Northern States Power Co. (Minn.)
n. 19 it was announced company plans to issue and sell er this year $20,000,000 of first mortgage bonds due 86. **Proceeds**—For construction program. **Underwriter** To be determined by competitive bidding. Probable dders: Halsey Stuart & Co. Inc.; Blyth & Co., Inc. and e First Boston Corp. (jointly); Merrill Lynch, Pierce, nner & Beane, Kidder, Peabody & Co. and White, eld & Co. (jointly); Equitable Securities Corp. and ion Securities Corp. (jointly); Smith, Barney & Co.; hman Brothers and Riter & Co. (jointly); and Glore, rgan & Co.

Offshore Gathering Corp., Houston, Texas
ov. 18 David C. Bintliff, President, announced com- ny has filed an application with the Federal Power mmission for a certificate of necessity to build a 4-mile submarine gas pipeline off-shore the coast of uisiana from the Sabine River to the Gulf Coast of e State of Mississippi. It is estimated that this gather- g system will cost approximately $150,000,000. Type financing has not yet been determined, but tentative ans call for private sale of first mortgage bonds and blic offer of about $40,000,000 of securities (probably otes, convertible into preferred stock at maturity, and mmon stock). **Underwriter**—Salomon Bros. & Hutzler ew York.

Pacific Northwest Pipeline Corp.
arch 20 C. R. Williams, President, announced that out 280,000 shares of common stock (par $1) are to be ld in connection with subscription contracts which ere entered into at the time of the original financing April of 1955. **Price**—$10 per share. **Proceeds**—To- ther with funds from private sale of $35,000,000 addi- nal first mortgage bonds, and $10,000,000 of 5.6% terim notes and borrowings from banks, will be used construction program. **Underwriters**—White, Weld & o.; Kidder, Peabody & Co.; The Dominion Securities orp.; and Union Securities Corp. **Registration** — Ex- ected soon.

Pennsylvania Electric Co. (5/15)
arch 15 it was reported company plans to issue and sell out $25,000,000 of first mortgage bonds. **Proceeds** - To repay bank loans and for new construction **nderwriter**—To be determined by competitive bidding robable bidders: Halsey, Stuart & Co. Inc.; The First oston Corp.; Kuhn, Loeb & Co.; Kidder, Peabody & o.; Equitable Securities Corp.; Harriman Ripley & Co **ids**—Expected to be received on May 15.

Pennsylvania Electric Co. (5/15)
arch 15 it was reported company proposes issuance and le of $9,000,000 of preferred stock early next year **roceeds**—For construction program. **Underwriter**—To e determined by competitive bidding. Probable bid- ers: Kuhn, Loeb & Co.; W. C. Langley & Co. and Glore, Forgan & Co. (jointly); Kidder, Peabody & Co.; The First Boston Corp.; Smith, Barney & Co.; Harriman Ripley & Co. Inc. **Bids**—Expected to be received on May 15.

Public Service Co. of New Hampshire
Feb. 25, it was reported company plans to issue and sell $8,000,000 of first mortgage bonds. **Proceeds** — To pay cost, in part, of construction program. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co., Inc.; Kidder, Peabody & Co. and Blyth & Co. Inc. (jointly); Equitable Securities Corp.; White, Weld & Co.; The First Boston Corp. and Coffin & Burr, Inc. (jointly); Lehman Brothers. **Bids** — Expected sometime in June.

Puget Sound Power & Light Co.
Feb. 15 the company announced that it estimates that its construction program for the years 1956-1959 will amount to $87,000,000, including $20,000,000 budgeted for 1956. This large expansion, the company says, can be financed wholly by debt and from internal sources. **Underwriter**—If determined by competitive bidding, may include Halsey, Stuart & Co. Inc.; The First Boston Corp.

Reading & Bates Offshore Drilling Co.
March 29 it was reported early registration is expected of about 160,000 shares of common stock. **Underwriter** —Hulme, Applegate & Humphrey, Inc., Pittsburgh, Pa.

Rochester Gas & Electric Corp.
March 21 it was announced stockholders will vote May 16 on approving a proposal to increase the authorized preferred stock by 100,000 shares. **Underwriter** — The First Boston Corp.

Savannah Electric & Power Co.
March 19 it was reported company plans to issue and sell $4,500,000 of first mortgage bonds. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; White, Weld & Co. and Kidder, Peabody & Co. (jointly); The First Boston Corp.; Blair & Co. Incorporated. **Bids**—Expected before mid-year.

Sierra Pacific Power Co.
Feb. 16 it was reported company is planning to offer 78,220 additional shares of common stock to its common stockholders on a 1-for-8 basis and 80,500 shares of new cumulative preferred stock (par $50) first in exchange for outstanding 6% preferred stock (which is callable at 115). **Underwriters**—May be Stone & Webster Securities Corp. and Dean Witter & Co. if exemption from competitive bidding is obtained.

★ South Carolina Electric & Gas Co.
March 9, S. C. McMeekin, President, announced that it is expected that $10,000,000 of new money will be required in connection with the company's 1956 construction program. The company proposes to obtain a part of its new money requirements from the sale of $5,000,000 of preferred stock and the balance from the private sale of $5,000,000 principal amount of bonds. **Underwriter**—Kidder, Peabody & Co., New York.

Southern California Gas Co. (5/23)
Jan. 30 it was reported company plans to issue and sell $40,000,000 of first mortgage bonds. **Proceeds** — For reduction of bank loans and construction program. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Blyth & Co., Inc.; Lehman Brothers, White, Weld & Co. and Union Securities Corp. (jointly). **Bids**—Expected to be received on May 23.

Southern Counties Gas Co. of California
Jan. 30 it was reported company may in the Fall offer $15,000,000 of first mortgage bonds. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Blyth & Co., Inc.; The First Boston Corp.; White, Weld & Co.; Merrill Lynch, Pierce, Fenner & Beane.

Southern Nevada Power Co.
Nov. 7 it was announced company plans to sell in 1956 approximately $10,000,000 of new securities (probably $7,000,000 first mortgage bonds and $3,000,000 preferred and common stocks). **Proceeds**—For construction program. **Underwriters**—For stocks: Hornblower & Weeks, New York; Wiliam R. Staats & Co., Los Angeles, Calif.; and First California Co., San Francisco, Calif. **Bonds** may be placed privately.

Spencer Telefilm Corp., Beaumont, Texas
Jan. 16 it was announced company plans to offer publicly to Texas residents 75,000 shares of capital stock. **Price**—$1.50 per share. **Business**—To produce, sell and distribute syndicated films for television. **Underwriter**—Porter-Stacy Co., Houston, Tex.

Tampa Electric Co. (10/1)
Feb. 18 it was reported company may issue and sell around Oct. 1, $10,000,000 of first mortgage bonds. **Proceeds**—For construction program. **Underwriter**—To be determined at competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Stone & Webster Securities Corp.; Goldman, Sachs & Co.; Kidder, Peabody & Co.

Tennessee Gas Transmission Co.
Jan. 28 it was reported company may later this year sell $50,000,000 of bonds. **Underwriters**—Stone & Webster Securities Corp., White, Weld & Co. and Halsey, Stuart & Co. Inc.

★ UM & M T-V Corp.
April 2 it was reported company may offer an issue of up to $7,000,000 of debentures. **Underwriter**—Hirsch & Co., New York.

Union Electric Co. of Missouri
Feb. 15 it was reported company may offer in May $35,000,000 of first mortgage and collateral trust bonds. **Proceeds** — To repay bank loans and for construction program. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Lehman Brothers and Bear, Stearns & Co. (jointly); Blyth & Co., Inc. and Union Securities Corp. (jointly); The First Boston Corp.; White, Weld & Co. and Shields & Co. (jointly).

Virginia Electric & Power Co. (9/25)
Feb. 6 it was announced company plans to issue and sell $20,000,000 of first and refunding mortgage bonds. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Kuhn, Loeb & Co., American Securities Corp. and Wertheim & Co. (jointly); Salomon Bros. & Hutzler; Stone & Webster Securities Corp.; White, Weld & Co.; Union Securities Corp. **Bids**—To be opened on Sept. 25.

Wells Fargo Bank, San Francisco, Calif. (4/9)
March 8 it was announced Bank plans to offer to its stockholders 100,000 additional shares of capital stock (par $20) on a 1-for-4½ basis. **Price**—To be determined by directors on April 5. **Proceeds**—To increase capital and surplus. **Underwriters**—Dean Witter & Co., Blyth & Co., Inc. and The First Boston Corp.

★ White Eagle International Oil Co.
April 2 it was reported company plans to register a common stock offering. **Underwriter**—Paine, Webber, Jackson & Curtis, Boston and New York.

NSTA Notes

SECURITY TRADERS ASSOCIATION OF NEW YORK

Security Traders Association of New York, Inc. (STANY) Bowling League standing as of March 29, 1956 are as follows:

Team	Points
Bradley (Capt.), C. Murphy, Voccolli, Picon, Hunter	34
Serlen (Capt.), Gold, Krumholz, Wechsler, Gersten	32½
Leinhardt (Capt.), Bies, Pollock, Kuehner, Fredericks	32
Kaiser (Capt.), Kullman, Werkmeister, O'Connor, Strauss	31
Barker (Capt.), Bernberg, H. Murphy, Whiting, McGovan	30
Growney (Capt.), Define, Alexander, Montanye, Weseman	29
Krisam (Capt.), Farrell, Clemence, Gronick, Flanagan	27
Donado (Capt.), Brown, Rappa, Shaw, Demaye	27
Meyer (Capt.), Corby, A. Frankel, Swenson, Dawson Smith	24½
Leone (Capt.), Gavin, Fitzpatrick, Valentine, Greenberg	23½
Topol (Capt.), Eiger, Nieman, Weissman, Forbes	23
Manson (Capt.), Jacobs, Barrett, Siegel, Yunker	16½

5 Point Club
Jack Manson
Charlie Kaiser
Hank Serlen

200 Point Club
Cy Murphy ---------- 211

2 With Mutual Fund Assoc.

(Special to The Financial Chronicle)

SAN FRANCISCO, Calif.—John . Belding and George H. Steel re now with Mutual Fund Assoiates Incorporated, 506 Montgomery Street.

With Bateman, Eichler

(Special to The Financial Chronicle)

LOS ANGELES, Calif.—Ray G. Woods has been added to the staff of Bateman, Eichler & Co., 453 South Spring Street, members of the Los Angeles Stock Exchange.

Hits Administration's Monetary Policies

Highest money in circulation and deposits in all banks on record is reported to have occurred under present Administration. Greater expansion, on the whole, is found in: public debt monetization, gold earmarking, lower gold ratio to currency and reserves volume extended via the float to Federal Reserve members. The use of contradictory reasons by Treasury and Federal Reserve in arriving at policy agreement is also reported.

"The present Administration in Washington has built an unprecedented record of unsoundness in the monetary field," reports Walter E. Spahr, Executive Vice-President of the Economists' National Committee on Money Policy, "by bringing the ratio of our gold to non-gold money and deposits to a level below that for 1933 and by pursuing a type of money management which has caused record expansions in the volume of money and deposits and the earmarking of gold for foreign account."

Commenting on the lower ratio of gold to currency, Dr. Spahr indicates that, "the ratio of our gold stock to non-gold money and deposits has been brought to the lowest level (9.12%) that has been reached since 1933 when the average for the year was 9.6%. The ratio was 10.4% in January, 1953, when the present Administration took over.

"Gold under earmark for foreign account reached a record level of $6,941,300,000 on Dec. 31, 1955.

"The gold stock of our nation has been lower under the present Administration than during various periods of the preceding Administrations, for example, during most of the months of 1952. From January, 1953, to Feb. 8, 1956, our gold stock has ranged from a high of $23,088,000,000 to a low of $21,669,000,000. On Sept. 21, 1949, it stood at $24,691,000,000.

Other records and near records of the present Administration are said to include total volume of money in circulation which reached the highest level on record on Dec. 28, 1955—$31,415,000,000. Continuing, Dr. Spahr points out that, "total deposits in all banks other than Federal Reserve banks reached a record level of $211,860,000,000 as of Nov. 30, 1955.

"The volume of reserves extended to members of the Federal Reserve clearing and collection system against uncollected checks and drafts reached $1,875,000,000 on Dec. 28, 1955, the highest level ever attained with one exception, Dec. 19, 1951. Such a procedure is not authorized by the Federal Reserve Act.

"The Federal Reserve authorities have continued to give 90% of the earnings of the Federal Reserve banks to the Treasury in violation of the provisions of the Federal Reserve Act.

"Monetization of the Federal debt by the Federal Reserve banks reached a higher level under the present Administration than under the Administrations of 1933-1952.

"Treasury and Federal Reserve officials urged Congress to continue the irredeemable currency of the Administrations of 1933-1952, because, said a Treasury official, the economic situation is not good enough to justify a redeemable currency, and because, said a Federal Reserve official, the economic situation is not bad enough to justify such a currency."

3 With Shelley, Roberts

(Special to The Financial Chronicle)

BEVERLY HILLS, Calif.—Robert E. Bernhard, Dale B. Fleischmann and Leonard S. Goldgleid have been added to the staff of Shelley, Roberts & Co., 9486 Santa Monica Boulevard.

With Eastman, Dillon

PHILADELPHIA, Pa. — Eastman, Dillon & Co., 225 South 15th Street, members of the New York Stock Exchange, announce that Richard W. Newton is now associated with them as a registered representative.

Mutual Funds

By ROBERT R. RICH

How does an investor select growth stocks for the future? To achieve favorable future results, one must select the right growth stocks and make the purchases at the right time.

For example, in 1946 it appeared obvious to many investors that the airline industry had a great and growing future. As a result, investor interest was substantial in the equities of the leading American airlines. The opinion as to the future of this growth industry held by many investors was correct in the sense that the airlines grew rapidly, both in sales and earnings. But, according to Standard and Poor's index of air transport stocks, which includes leading airlines, such stocks showed only modest gains from their 1946 highs to the end of the period as shown in the table. Indeed, some of the airlines showed declines over the period of more than 60%.

In contrast, the aircraft stocks which were not enthusiastically regarded as growth stock by the average investor at their high point in 1946 have since proven to be a substantially more profitable group. The Standard and Poor index of aircraft manufacture stocks showed a 358% rise from the 1946 highs to their 1955 close, with some stocks in this category notably Boeing and Douglas Aircraft making spectacular gains.

To make profits in growth stocks requires careful selection and timing as well as thorough knowledge of a particular industry. To select growth stocks properly is a job for a full-time market expert or an experienced investment management organization.

Future Income

Current income is usually comparatively low from most growth stocks, and this is often the reason why investors neglect this rewarding type of investment. (Rewarding, of course, when carefully selected at the right time.)

Future income from growth stocks, assuming the companies plow back a high percentage of earnings on a profitable basis in a growing dynamic industry, is often greater than that obtained from the other types of stocks.

Although growth stocks generally yield less at time of purchase, than other types of stocks, after a number of years the income from well-selected growth stocks frequently surpasses the income from the others.

Based on this conviction, many investors buy growth stocks for *greater future income*.—From April issue of Calvin Bullock's "Bulletin."

$500,000,000 Assets

Wellington Fund's net assets have crossed the half-billion dollar figure to advance this 27-year-old Fund further into the ranks of America's largest financial institutions. This milestone in assets has resulted principally from record-breaking new investments on the part of ever-increasing numbers of shareholders that now exceed 164,000 individuals and institutions living in every state and 36 foreign countries.

Financial Industrial Fund, Inc. net assets increased during the recent quarterly period to a level exceeding that reported at the end of any previous quarter. The total net assets of $49.4 million reported at Feb. 29, 1956, represented an increase of $15.8 million over the $33.6 million net asset value on Feb. 28, 1955.

As of the recent date, FIF held investments in 96 companies spread throughout 19 major industry divisions and concentrated in such growth industries as chemicals, 16.7% of total assets; industrial and business equipment, 12.1%; oil and natural gas, 11.2% and electronics and electrical equipment, 8.4%.

The 81st quarterly report of Financial Industrial Fund, Inc., covering the period ending Feb. 29, 1956, reveals that FIF shares represent an interest in four of the nation's five companies most active in atomic development. In addition, 37 other companies included in FIF's investment holdings, are engaged in some phase of atomic energy development.

It is of investment significance that these 42 companies are expanding their atomic activities as a special phase of their normal industrial development. While such participation is yielding little immediate return, the research projects of today are laying the foundation for future commercial applications of the atom.

Dorsey Richardson To Appear on NBC-TV's "Today"

Dorsey Richardson, representing the National Association of Investment Companies, will appear as a guest on Dave Garroway's "Today" show over NBC-TV, Friday morning, April 6.


Dorsey Richardson

Mr. Richardson, a vice-president of Lehman Corporation, will use visual aids in discussing the $9 billion investment company business. A year ago, as chairman of the Association's Executive Committee, Mr. Richardson testified on behalf of the industry before the U. S. Senate Banking and Currency Committee during its study of the stock market.

In his Friday morning appearance (7:15 and 8:15 in all time zones) Mr. Richardson will explain how investment companies function. He will also trace their remarkable growth during the last decade and demonstrate how they have made investing possible for hundreds of thousands of shareholders who might not otherwise have benefitted directly in the country's economic growth through ownership of American industry.

Portfolio Changes In First Quarter by Selected American

In the first quarter of 1956 Selected American Shares, Inc. added stocks of these companies to its portfolio: National Gypsum, Ohio Oil and Royal Dutch 10,000 shares each; American Broadcasting-Paramount 8000 shares; Chesapeake & Ohio 4000; Dow Chemical 3000; Amerada and Gulf Oil 2000 each; Continental Oil 1000. Large purchases (1500 or more shares) in stocks previously owned were: Youngstown Sheet & Tube 10,000 shares; Ingersoll Rand 7000; International Harvester, International Telephone & Telegraph, Phillips Petroleum, St. Regis Paper and Texas Company 5000 shares each; United Air Lines 4500; Allis-Chalmers, Colgate-Palmolive and U. S. Plywood 4000 each; Mead Corp. 3700; West Penn Electric 3200; Eastern Air Lines and Standard Oil of Indiana 3000 each; Sunbeam 2700; International Paper, Kansas City Southern, Lone Star Cement and Union Carbide & Carbon 2000 each; International Nickel and Kennecott 1500 each.

Companies eliminated from the portfolio were: American Radiator, Champion Paper, Chrysler, Corning Glass, Deere, El Paso Natural Gas, Libbey-Owens-Ford, McGraw Electric, National Dairy, Searle and Zenith. Sales of 1500 or more shares included: Bendix Aviation 4600 shares; Bethlehem Steel 9500; C.I.T. and Republic Natural Gas 3500 shares each; North American Aviation and National Lead 3000 each; duPont 4700; Kimberly Clark 6700; and General Motors 8700.

Edward P. Rubin, president of Selected American Shares, reports that holders of over 73% of the outstanding shares were represented at the annual meeting on April 3 and re-elected directors Robert S. Adler, David Copland, Mathew Keck, John K. Langum, Anan Raymond, Edward P. Rubin and P. P. Stathas.

First Quarter Sales Of National Largest Ever Recorded

Sales of the National Securities Series of mutual investment funds in the first three months of 1956 rose to $17,923,830, the largest volume recorded for any quarter in the history of the funds and an increase of 18.2% from the first quarter of last year, according to E. Waln Hare, Vice-President of National Securities & Research Corporation which sponsors and manages the Series.

Mr. Hare also reported that net assets at the end of March set a record high at $284,400,973 compared with $232,991,639 a year earlier.

Keystone Has New Investment Policy

The semi-annual report of Keystone Income Preferred Stock Fund K-1 notified shareholders that as of March 20 the Fund's field of investment, previously confined to preferred stocks, would be enlarged to include bonds and common stocks which appeared to be attractive income values. Nearly 97% of the outstanding shares voted were in favor of this change in fundamental policy.

The Trustee also announced that its current plan was to move gradually toward an invested position of 25% in discount bonds, 50% in income preferred stocks, and 25% in investment grade common stocks. These proportions will be subject to change from time to time.

A 100% stock distribution will also be declared on all K-1 shares outstanding on April 30, 1956.

Nation-Wide Assets Top $27 Million

Total net assets of Nation-Wide Securities Company, Inc., a balanced mutual fund managed by Calvin Bullock, were $27,038,303, as of Feb. 28, 1956, according to the letter accompanying the company's 94th consecutive quarterly dividend, now being sent to shareholders. The dividend, payable April 2, amounted to 15 cents per share, derived from net investment income. Total payments per share during 1955 were 67 cents from net investment income, and 68 cents from net securities profits.

The stated investment policy of Nation-Wide Securities provides that at least 33⅓% of the company's assets must at all times be invested in cash, bonds, or preferred stocks. The proportion of securities held for appreciation is adjusted from time to time with changing levels of common stock prices. At the end of February about 41% of the assets were in bonds and preferred stock, while common stock holdings amounted to 55% of assets. The largest investments were in public utilities.

Incorporated Investors Board Re-elected

Stockholders at the 30th annual meeting of Incorporated Investors re-elected to the board of directors George D. Aldrich, William A. Barron, Jr., William H. Chatfield, Charles P. Curtis, Charles Devens, Raymond Emerson, Francis W. Hatch, James H. Lowell, Amory Parker, William A. Parker.

Confidence in continuance of the upward trend of American business was expressed by Chairman William A. Parker, who revealed that in the past three months Incorporated Investors has taken a substantial position in coal stocks.

Stating that conditions which had long depressed coal companes had radically changed, he predicted that growing demand will make for increased tonnage and profits for well managed units in the coal industry.

In response to a stockholder's question whether consideration had been given to a stock split, the Chairman replied that this possibility had been discussed by the directors, but no action had as yet been taken. He pointed out that four years ago, in March, 1952, the stock had been split 3-for-1, adding that since that time net asset value per share has almost doubled.

Diversified Growth's Portfolio Changes

Diversified Growth Stock Fund, Inc., in a message to shareholders, recently reported that a number of changes have been made in the Fund's investments since the end of the fiscal year Dec. 31, 1955.

Common stocks added to the Fund's investments since that time include Boeing Airplane Co., Connecticut General Life Insurance Co., Consolidated Cement Co., and Emhart Manufacturing Co. During the same period, the common stocks of Admiral Corp. and Kerr-McGee Oil Industries, Inc. were eliminated.

Among changes in existing holdings, investments in Hooker Electrochemical Co., Monsanto Chemical Co., and Trane Co. were increased, while those in the Haloid Co., Minneapolis-Honeywell Regulator Co., and Olin-Mathieson Chemical Corp. were reduced.

Atomic Development Fund Ups Dividend

The Board of Directors of the Atomic Development Mutual Fund, Inc., Washington D. C., doubled the dividend and authorized payment of dividends on a quarterly basis to replace present semi-annual payments in action taken on April 2.

The Board authorized a 16-cent dividend for the six-month period ended on Dec. 31, 1955, as well as an 8-cent dividend for the quarter ended on March 31, 1956. Both dividends are payable from investment income on April 30 to stockholders of record April 16, 1956.

The 16-cent payment compared to an 8-cent dividend for the six months ended on Dec. 31, 1954, and a 4-cent payment for the first six months of the Fund's operation, ending June 30, 1954.

At the same time, Newton I. Steers, Jr., President, noted an increase in net realized capital gains for the six months ended on Dec. 31, 1956, to 16 cents per share. Net realized capital gains for the first 18 months of the Fund's operation (through June 30, 1955) totaled 6½ cents per share and was issued as a dividend last September.

Payments will be made in the future from investment income in February, May, August, and November, with the next such payment scheduled in August. Dividends from net realized capital gains will continue on an annual basis, with payment to be made following the close of the fiscal year on June 30, Steers said.

Continued from page 9

Steel Industry's Plight in Meeting Future Capacity

year by 1965, as compared with an all-time peak of 8,000,000 in 1955 and 10,000,000-unit years will not be unusual. By 1965 we may expect a steel consumption of 20,000,000 tons for the automotive industry in an average year. Population movement and income increase are two of the reasons for this substantial increase.

The outlook for many other industries—and they are practically all in the same direction—could be detailed if I had time, but these three are good examples.

It is on information such as this that Republic plans its expansion programs and makes its decisions on where and which products to expand.

This is by no means a new procedure with us. We have followed it for years. We build new or modernize existing facilities to keep us abreast of the enlarged or changing demands, in part on the information such studies reveal.

Steel facilities by and large have a long life. We have blast furnaces, for instance, that approach the half-century mark, but by rebuilding them and increasing their capacity, they are still efficient, profitable units.

However, a good part of Republic's basic facilities are in their youth when we consider their ultimate life and usefulness.

Here are a few figures that are interesting. More than 39% of our blast furnace capacity has been built since Jan. 1, 1940. On that date our annual blast furnace capacity was 4,412,800 tons. Today it is 7,276,000 tons.

When our present expansion program is completed, nearly 35% of our steelmaking capacity will have been built since Jan. 1, 1940. Eighty per cent of our capacity is modern; i.e., 200-ton capacity furnaces or over. Tonnage increased during this period will be from approximately 7,800,000 tons a year to slightly over 12,000,000.

The same story applies to coke making. Again going back to Jan. 1, 1940, the last 15 years have seen new ovens built which produce nearly 40% of our requirements.

Raw material reserves have also been increased until today we have a half-century supply.

But Republic is not only modern in its basic steel facilities.

During recent years we have added a 48-inch strip mill and pipe mills in Youngstown; electrolytic facilities, a galvanizing line and a cold mill in the Warren district; stainless steel finishing mills in Massillon, Ohio; 98-inch hot and cold mills in Cleveland; a seamless tube mill and wire products equipment in Chicago, and a large diameter pipe mill in Gadsden, Alabama, where extensive facilities for producing flat-rolled steel are now under construction.

But new furnaces and mills are only part of the story. We have plans completed for a large research laboratory out of which will come new products, improved processes and new uses for steel. We are deep in research in connection with atomic energy. We want to know how the steel industry can utilize nuclear power and what kind of steel will be needed to build atomic energy plants.

Our research has resulted in many developments which have improved both the quality and the quantity of our output. Top pressure blowing, together with new ores, has increased our blast furnace production. Electronic thickness gauge on the rolling mills insures more uniform strip and sheet steel. By means of electronics we weigh ladles of steel giving us larger yields. Tracer isotopes are being used to further research in steel metallurgy. Through non-destructive testing we can detect flaws in our products without destroying them. The work which has been done in improving low-grade ores has been a tremendous benefit in increasing our raw materials supplies.

In addition, work is constantly being carried on in connection with new products or the improvement of present products.

For instance, intensive research on paints and other coatings has enabled us to produce superior consumer products. The stainless steel window used in the Socony-Mobil Building in New York is the product of our laboratories. Methods are being developed for coating steel pipe with plastic, thereby increasing the life of the pipe.

Yes, research is important to Republic. In no other way can we hope to maintain our position and look forward to profitable operations.

And back of all this is an organization of men and women. Without skilled, intelligent people the finest equipment would have little value. Operating the company is a management which is organized in depth with a younger man trained to step into every responsible position as may be required.

So much about Republic.

Steel Growth Since 1946

Now let me review the growth in the nation's steel capacity since 1946. Immediately after World War II there was a decline of about 4,000,000 tons in capacity as obsolete and high-cost facilities were retired. A modest expansion began in 1947. By Jan. 1, 1950, over 8,000,000 tons of new capacity had been added, giving the industry an annual capacity in excess of 99,000 tons or about 9% over 1946. This growth was subsequently greatly accelerated by the military needs of the Korean War and by the high level of consumer spending in the early 1950's. 1954 saw the completion of ten years' expansion which, frankly, most of us in steel management hoped would take care of the economy for five or six years at least. By mid-1955, however, though the industry was approaching a capacity of 128,000,000 tons, we knew we were wrong. More steel expansion was needed.

Future Growth

The net result of this ten years of expansion was to add 36,500,000 tons of new steelmaking capacity, an increase of 40%. During those same ten years population increased 25,000,000 or only 18%. Not only was population increasing, but the per capita use of steel was continuing its upward trend. At the turn of the century the per capita steel requirements were only about 300 pounds. In 1955 (a record year) this had risen to 1,437 pounds and will reach 1,500 pounds by 1965.

In addition we are faced with an astounding population growth backed up by the high degree of business confidence which now prevails. This results in continual pressure from steel consumers and makes plans for further large scale steel expansion essential.

In the face of these conditions steel-makers have programed a 15,000,000-ton increase in capacity during the next three years. This averages out at 5,000,000 tons per year, an astounding rate when compared with an average of 3,500,000 tons per year during the past decade. We probably won't continue to expand at the rate of 5,000,000 tons a year, but economists indicate that there will not be too great a reduction from that figure.

To achieve this growth will require the investment of no less than $1 billion per year. Even in the steel business, which is used to dealing in nine and ten figures, this is big money. But the inadequacy of depreciation allowances under present tax policies makes it impossible even to replace obsolete facilities without huge sums of new capital. This is a subject which simply must be given more attention by our government and by our economic planners.

The five-year accelerated amortization now no longer available which was used widely to promote the expansions of the last few years was one way of helping to finance additional capacity. Any method of permitting more rapid depreciation on new facilities will help bring about cash flow, which will be a major help in meeting the tremendous cash needs for this capacity. The industry, however, does need to get its cost and selling price ratios in a position to match those of many other industries.

Cost-Price Ratio

Let me tell you something of the problems we face if we are to maintain a cost-selling price ratio that will yield a return on our stock which will encourage a broader participation on the part of big investment and trust funds in steel securities.

In the case of Republic, we have a book value of about $33 per ton of installed capacity.

The expansion which I have already mentioned will represent an investment of $85 per ton. This low price is due to our ability to expand present plants and utilize many facilities which are already a part of those plants.

But our ability to expand in this way has almost reached the vanishing point. Our next major expansion will, at present prices, cost in the neighborhood of $200 a ton. In these expansions we will be able to use existing facilities to a relatively minor degree.

After that our expansion costs—and this is again based on current prices—will be over $300 a ton. So we have a jump ahead of us from $85 a ton to an eventual $300 a ton or more.

But that is only part of the story. Since July 1, cost of our basic raw materials has gone up substantially. Iron ore, for example, has gone up 75 cents a ton, or 7.4%, and lake carrier freight charges on the ore have gone up 6%; scrap has risen from $29.20 a ton to $53.57 a ton, or 83.5%.

Finally, on March 7, last, railroad freight rates rose 7%. That sounds small but represents millions of dollars a year in increased costs.

I could continue in this vein for a considerable time but you are familiar with the general story.

Now you may say that our situation is not peculiar, that all business has faced this problem of increased costs and their relation to selling prices.

And that is true, but there is one factor about steel which separates it from other industry.

Steel, at the end of World War II, in relation to prices of other basic commodities, was grossly under-priced. That situation went back to the depression years and continued throughout the war when steel prices were minutely controlled.

So the industry entered the post-war era of rising costs with selling prices well below the general price level.

And ever since we have been trying to catch up with past price deficiencies, and at the same time take care of current increases.

Steel is a highly competitive industry, consisting of more than 80 steel producers. We watch each other like the proverbial hawk. If I can help it, no other company is going to enjoy advantages not enjoyed by Republic.

Higher Prices

Because the industry is so competitive, no company can raise its prices beyond the industry level or it will lose customers over night. To sell below the industry level would be plain foolish because other companies would meet the new price and any advantage you may have had would be gone. We must create an earning base which will both encourage investment in more steel stocks at a price which will provide much of the capital and also which will provide earnings which will justify huge borrowing. This means higher steel prices. I don't know how much or when but our industry dares not fail in its responsibility to the people of this country to provide an ample supply of this basic material for our whole economy.

During the past several months the industry has made some minor price adjustments but the fact remains that we have a big job at the same time in expanding and keeping our returns on a basis that justifies the expansion.

Our company and our industry has just completed the most satisfactory year in our history and I am sure we are developing a splendid first quarter—yet what do you gentlemen who study the market situation of the country advise your clients? Do you not say in effect: Buy chemicals, buy motors, buy cement, buy oils, because the price-earnings ratios of most of these industries are on a much more satisfactory basis than steel?

Much of our present better earning record is the result of nine months of a capacity operating rate. We can't expect to base our prices on 100% of capacity and stay financially healthy because our history has been one of ups and downs. To be realistic and to be prepared for both economic fluctuations and the dreaded emergency of war—and we must be prepared basically for either or both—requires a proper price-cost ratio at 70% operating rate where our industry has been so much of the time in the past.

This is an educational job. Once our customers, our industry, and our investors understand this, I am convinced that we will have a price on our securities which will make possible the expansion of some 3 to 5 million tons a year which has been widely estimated as the requirement of the country over the next decade. And to these estimates I subscribe.

It is my belief that most of our customers understand this situation and are more interested in having a proper and adequate steel supply available than they are in resisting a 5 or 10% increase in steel prices which insures a continuing steel supply. It wasn't too long ago that some steel customers were paying, I am told, as much as $100 a ton premium to get additional steel. It is my hope that our industry will be farsighted and bold enough to carry out the expansions which, in my judgment, are necessary if steel is to keep up both with increased population and the increase in per capita demand for steel.

I am very proud of our industry and of the great part it has played in winning two world wars and advancing the standard of living in the country.

It hurts my pride to see the price-earnings ratio of steel stocks where it is and to realize that the investment world does not put the same kind of price tag on our earnings as it does on other industries.

Yes, there are busy years ahead for the steel industry. But that doesn't frighten us. I've spent nearly 45 years in steel and I have yet to see a situation arise that wasn't met and met efficiently and promptly.

Indications of Current Business Activity

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

		Latest Week	Previous Week	Month Ago	Year Ago
AMERICAN IRON AND STEEL INSTITUTE:					
Indicated steel operations (percent of capacity)	April 9	§99.1	*99.6	100.0	95.3
Equivalent to—					
Steel ingots and castings (net tons)	April 9	§2,439,000	*2,452,000	2,462,000	2,300,000
AMERICAN PETROLEUM INSTITUTE:					
Crude oil and condensate output—daily average (bbls. of 42 gallons each)	Mar. 23	7,163,265	7,153,400	7,183,350	6,862,600
Crude runs to stills—daily average (bbls.)	Mar. 23	¶7,970,000	7,986,000	8,084,000	7,334,000
Gasoline output (bbls.)	Mar. 23	25,788,000	26,056,000	26,389,000	23,990,000
Kerosene output (bbls.)	Mar. 23	2,533,000	2,510,000	2,555,000	2,273,000
Distillate fuel oil output (bbls.)	Mar. 23	12,321,000	12,910,000	13,829,000	11,831,000
Residual fuel oil output (bbls.)	Mar. 23	8,626,000	9,042,000	8,828,000	8,154,000
Stocks at refineries, bulk terminals, in transit, in pipe lines—					
Finished and unfinished gasoline (bbls.) at	Mar. 23	196,801,000	195,941,000	193,988,000	184,157,000
Kerosene (bbls.) at	Mar. 23	17,710,000	17,959,000	18,684,000	18,890,000
Distillate fuel oil (bbls.) at	Mar. 23	65,912,000	*67,386,000	74,330,000	62,657,000
Residual fuel oil (bbls.) at	Mar. 23	34,047,000	35,038,000	37,102,000	46,050,000
ASSOCIATION OF AMERICAN RAILROADS:					
Revenue freight loaded (number of cars)	Mar. 24	697,248	685,985	687,018	634,628
Revenue freight received from connections (no. of cars)	Mar. 24	660,741	660,958	680,884	594,339
CIVIL ENGINEERING CONSTRUCTION — ENGINEERING NEWS-RECORD:					
Total U. S. construction	Mar. 29	$459,450,000	$501,318,000	$355,716,000	$335,750,000
Private construction	Mar. 29	245,184,000	392,864,000	256,368,000	245,535,000
Public construction	Mar. 29	214,266,000	108,454,000	99,348,000	90,215,000
State and municipal	Mar. 29	158,874,000	94,646,000	80,260,000	71,840,000
Federal	Mar. 29	55,392,000	13,808,000	19,088,000	18,375,000
COAL OUTPUT (U. S. BUREAU OF MINES):					
Bituminous coal and lignite (tons)	Mar. 24	9,900,000	9,230,000	9,970,000	7,910,000
Pennsylvania anthracite (tons)	Mar. 24	496,000	430,000	572,000	396,000
DEPARTMENT STORE SALES INDEX—FEDERAL RESERVE SYSTEM—1947-49 AVERAGE = 100	Mar. 24	112	*105	97	103
EDISON ELECTRIC INSTITUTE:					
Electric output (in 000 kwh.)	Mar. 31	10,922,000	11,134,000	11,199,000	9,804,000
FAILURES (COMMERCIAL AND INDUSTRIAL) — DUN & BRADSTREET, INC.	Mar. 29	263	208	293	237
IRON AGE COMPOSITE PRICES:					
Finished steel (per lb.)	Mar. 27	5.179c	*5.179c	5.174c	4.797c
Pig iron (per gross ton)	Mar. 27	$59.71	$59.09	$59.09	$56.59
Scrap steel (per gross ton)	Mar. 27	$52.50	$50.17	$47.83	$37.00
METAL PRICES (E. & M. J. QUOTATIONS):					
Electrolytic copper—					
Domestic refinery at	Mar. 28	46.275c	46.475c	46.175c	32.700c
Export refinery at	Mar. 28	47.825c	48.050c	47.875c	38.300c
Straits tin (New York) at	Mar. 28	100.375c	100.625c	102.500c	91.375c
Lead (New York) at	Mar. 28	16.000c	16.000c	16.000c	15.000c
Lead (St. Louis) at	Mar. 28	15.800c	15.800c	15.800c	14.800c
Zinc (East St. Louis) at	Mar. 28	13.500c	13.500c	13.500c	11.500c
MOODY'S BOND PRICES DAILY AVERAGES:					
U. S. Government Bonds	April 3	92.86	94.27	95.62	96.67
Average corporate	April 3	106.74	107.09	108.16	109.42
Aaa	April 3	110.34	110.70	111.81	112.93
Aa	April 3	108.70	109.06	110.15	110.88
A	April 3	106.56	107.09	108.16	109.79
Baa	April 3	101.97	102.13	102.80	104.48
Railroad Group	April 3	105.69	106.04	106.56	107.62
Public Utilities Group	April 3	107.27	107.80	108.52	110.15
Industrials Group	April 3	107.27	107.62	109.42	110.52
MOODY'S BOND YIELD DAILY AVERAGES:					
U. S. Government Bonds	April 3	3.06	2.94	2.83	2.75
Average corporate	April 3	3.35	3.33	3.27	3.20
Aaa	April 3	3.15	3.13	3.07	3.01
Aa	April 3	3.24	3.22	3.16	3.12
A	April 3	3.36	3.33	3.27	3.18
Baa	April 3	3.63	3.62	3.58	3.48
Railroad Group	April 3	3.41	3.39	3.36	3.30
Public Utilities Group	April 3	3.32	3.29	3.25	3.16
Industrials Group	April 3	3.32	3.30	3.20	3.14
MOODY'S COMMODITY INDEX	April 3	416.8	415.4	404.9	402.7
NATIONAL PAPERBOARD ASSOCIATION:					
Orders received (tons)	Mar. 24	271,210	265,047	248,753	242,594
Production (tons)	Mar. 24	285,966	281,572	291,984	267,445
Percentage of activity	Mar. 24	98	99	100	95
Unfilled orders (tons) at end of period	Mar. 24	554,885	570,946	499,696	451,822
OIL, PAINT AND DRUG REPORTER PRICE INDEX—1949 AVERAGE = 100	Mar. 30	107.97	107.57	107.07	107.07
STOCK TRANSACTIONS FOR ODD-LOT ACCOUNT OF ODD-LOT DEALERS AND SPECIALISTS ON N. Y. STOCK EXCHANGE — SECURITIES EXCHANGE COMMISSION:					
Odd-lot sales by dealers (customers' purchases)—†					
Number of shares	Mar. 10	1,453,569	1,608,764	1,439,920	1,564,520
Dollar value	Mar. 10	$75,979,537	$81,105,948	$70,735,609	$82,682,149
Odd-lot purchases by dealers (customers' sales)—					
Number of orders—Customers' total sales	Mar. 10	1,296,296	1,280,112	1,195,972	1,701,240
Customers' short sales	Mar. 10	6,527	9,390	6,396	6,804
Customers' other sales	Mar. 10	1,289,769	1,270,722	1,189,876	1,694,436
Dollar value	Mar. 10	$64,306,337	$64,556,694	$66,075,471	$88,023,370
Round-lot sales by dealers—					
Number of shares—Total sales	Mar. 10	346,990	313,770	322,320	574,580
Short sales	Mar. 10				
Other sales	Mar. 10	346,990	313,770	322,320	574,580
Round-lot purchases by dealers—					
Number of shares	Mar. 10	536,470	612,360	522,180	397,150
TOTAL ROUND-LOT STOCK SALES ON THE N. Y. STOCK EXCHANGE AND ROUND-LOT STOCK TRANSACTIONS FOR ACCOUNT OF MEMBERS (SHARES):					
Total round-lot sales—					
Short sales	Mar. 10	533,670	715,550	453,260	498,490
Other sales	Mar. 10	14,647,090	14,108,750	10,247,870	16,522,120
Total sales	Mar. 10	15,180,760	14,824,300	10,701,130	17,020,610
ROUND-LOT TRANSACTIONS FOR ACCOUNT OF MEMBERS, EXCEPT ODD-LOT DEALERS AND SPECIALISTS:					
Transactions of specialists in stocks in which registered—					
Total purchases	Mar. 10	1,765,250	1,868,690	1,250,390	2,303,570
Short sales	Mar. 10	312,770	391,450	243,000	286,100
Other sales	Mar. 10	1,396,480	1,566,540	1,078,040	1,831,170
Total sales	Mar. 10	1,709,250	1,957,990	1,321,040	2,117,270
Other transactions initiated on the floor—					
Total purchases	Mar. 10	362,210	337,270	230,600	361,560
Short sales	Mar. 10	21,860	50,250	31,000	30,100
Other sales	Mar. 10	326,040	271,890	231,350	428,610
Total sales	Mar. 10	347,900	322,140	262,350	458,710
Other transactions initiated off the floor—					
Total purchases	Mar. 10	690,430	641,542	528,870	559,100
Short sales	Mar. 10	97,180	125,320	87,630	68,920
Other sales	Mar. 10	764,521	808,028	533,050	670,620
Total sales	Mar. 10	861,701	933,348	620,680	739,540
Total round-lot transactions for account of members—					
Total purchases	Mar. 10	2,817,890	2,847,502	2,009,860	3,224,230
Short sales	Mar. 10	431,810	567,020	361,630	385,120
Other sales	Mar. 10	2,487,041	2,646,458	1,842,440	2,930,400
Total sales	Mar. 10	2,918,851	3,213,478	2,204,070	3,315,520
WHOLESALE PRICES, NEW SERIES — U. S. DEPT. OF LABOR — (1947-49 = 100):					
Commodity Group—					
All commodities	Mar. 27	112.9	112.8	112.1	110.5
Farm products	Mar. 27	87.4	87.8	85.1	93.8
Processed foods	Mar. 27	100.1	99.8	98.7	103.7
Meats	Mar. 27	73.8	72.4	71.3	86.8
All commodities other than farm and foods	Mar. 27	120.8	120.7	120.4	115.5

*Revised figure. ¶Includes 923,000 barrels of foreign crude runs. §Based on new annual capacity of 128,363,000 tons as of Jan. 1, 1956, as against Jan. 1, 1955 basis of 125,828,319 tons. †Number of orders not reported since introduction of Monthly Investment plan.

	Latest Month	Previous Month	Year Ago
BANK DEBITS—BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM—Month of February (in thousands)	$162,087,000	$187,354,000	$149,744,000
BUSINESS INVENTORIES — DEPT. OF COMMERCE NEW SERIES—Month of January (millions of dollars):			
Manufacturing	$46,200	$45,900	$43,200
Wholesale	12,300	12,300	11,500
Retail	21,100	23,900	22,200
Total	$82,600	$82,100	$76,900
CIVIL ENGINEERING CONSTRUCTION — ENGINEERING NEWS-RECORD — Month of March (000's omitted):			
Total U. S. construction	$2,379,237	$1,781,189	$1,986,841
Private construction	1,633,273	1,243,797	1,340,803
Public construction	745,964	537,392	646,038
State and municipal	585,008	414,569	490,130
Federal	160,956	122,823	155,908
COAL OUTPUT (BUREAU OF MINES)—Month of February:			
Bituminous coal and lignite (net tons)	41,825,000	44,750,000	35,545,000
Pennsylvania anthracite (net tons)	2,392,000	*2,516,000	2,412,000
CONSUMER CREDIT OUTSTANDING—BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM—REVISED SERIES—Estimated short and intermediate term credit in millions as of Feb. 29:			
Total consumer credit	$35,272	$35,554	$35,514
Instalment credit	27,784	27,724	27,712
Automobile	14,397	14,314	14,215
Other consumer goods	6,209	6,273	6,334
Repair and modernization loans	1,599	1,610	1,623
Personal loans	5,579	5,527	5,540
Non-instalment credit	7,488	7,830	7,802
Single payment loans	2,729	2,715	2,673
Charge accounts	2,974	3,255	3,368
Service credit	1,785	1,760	1,761
EMPLOYMENT AND PAYROLLS—U. S. DEPT. OF LABOR—REVISED SERIES—Month of February:			
All manufacturing (production workers)	13,204,000	*13,281,000	12,649,000
Durable goods	7,687,000	*7,766,000	7,282,000
Nondurable goods	5,517,000	*5,515,000	5,367,000
Employment Indexes (1947-49 Avge.=100)—			
All manufacturing	106.8	*107.4	102.3
Payroll Indexes (1947-49 Average=100)—All manufacturing	158.0	*158.9	144.4
Estimated number of employees in manufacturing industries—			
All manufacturing	16,778,000	*16,838,000	16,060,000
Durable goods	9,744,000	*9,813,000	9,220,000
Nondurable goods	7,034,000	*7,025,000	6,840,000
LIFE INSURANCE PURCHASERS—INSTITUTE OF LIFE INSURANCE—Month of January (000's omitted):			
Ordinary	$2,445,000	*$3,088,000	$2,202,000
Industrial	450,000	*511,000	516,000
Group	847,000	*2,258,000	386,000
Total	$3,742,000	$5,857,000	$3,104,000
MANUFACTURERS' INVENTORIES AND SALES (DEPT. OF COMMERCE) NEW SERIES—Month of January (millions of dollars):			
Inventories—			
Durables	$26,519	*$26,317	$23,984
Nondurables	19,698	*19,568	19,212
Total	$46,217	*$45,885	$43,196
Sales	27,121	*27,300	24,287
MONEY IN CIRCULATION—TREASURY DEPT. As of Jan. 31 (000's omitted)	$30,228,000	$31,158,000	$29,789,000
MOTOR VEHICLE FACTORY SALES FROM PLANTS IN U. S.—AUTOMOTIVE MANUFACTURERS' ASSN.—Month of February:			
Total number of vehicles	663,586	690,253	744,942
Number of passenger cars	560,924	591,032	677,705
Number of motor trucks	102,384	98,968	67,061
Number of buses	278	253	176
PRICES RECEIVED BY FARMERS — INDEX NUMBER — U. S. DEPT. OF AGRICULTURE—1910-1914=100—As of Feb. 15:			
All farm products	226	226	243
Crops	231	231	247
Commercial vegetables, fresh	244	244	257
Cotton	262	259	275
Feed, grains and hay	173	171	204
Food grains	220	220	241
Fruit	212	225	216
Oil-bearing crops	239	236	274
Potatoes	175	161	132
Tobacco	452	452	425
Livestock and products	220	221	240
Dairy products	256	260	258
Meat animals	215	207	263
Poultry and eggs	188	205	163
Wool	226	222	284
RAILROAD EARNINGS CLASS I ROADS (ASSOCIATION OF AMERICAN RRs.)—Month of January:			
Total operating revenues	$831,622,598	$858,250,594	$752,487,353
Total operating expenses	661,410,900	695,150,143	589,237,148
Operating ratio	79.53	81.00	78.31
Taxes	85,254,760	62,716,934	74,617,307
Net railway operating income before charges	62,877,376	77,786,071	63,899,131
Net income after charges (estimated)	46,000,000	87,000,000	52,000,000
REAL ESTATE FINANCING IN NONFARM AREAS OF U. S. — HOME LOAN BANK BOARD—Month of Jan. (000's omitted):			
Savings and loan associations	$664,760	$700,072	$688,457
Insurance companies	147,859	155,908	164,519
Bank and trust companies	435,439	457,444	378,699
Mutual savings banks	130,761	166,244	127,953
Individuals	274,651	267,646	245,547
Miscellaneous lending institutions	405,622	440,988	419,185
Total	$2,059,092	$2,188,302	$2,024,360
UNITED STATES EXPORTS AND IMPORTS BUREAU OF CENSUS—Month of January (000's omitted):			
Exports	$1,275,900	$1,398,000	$1,165,600
Imports	1,045,000	1,014,500	870,300
ZINC OXIDE (BUREAU OF MINES)—Month of January:			
Production (short tons)	14,407	*15,028	13,599
Shipments (short tons)	14,876	12,433	13,039
Stocks at end of month (short tons)	16,307	16,776	16,475

Our Reporter's Report

With demand scattered, and far from aggressive, the situation in the high-grade investment market continues in a state of flux although experienced observers are of the opinion that the readjustment must be approaching its climax.

The market has been under pressure, or perhaps more truly, suffering from lack of buying interest for several months now. But it has been within the last fortnight that the full effect of this lack of enthusiasm, chiefly on the part of institutional buyers, has made itself most severely felt.

Last week's markup in rates charged by banks to brokers and dealers on collateral loans seemed to be the straw that really tipped things over. Long Treasury bonds provided the general corporate market with its cue, as is customary.

The government list sagged steadily not so much from weight of offerings as from lack of demand. Potential buyers, with ample funds available, were disposed to take a stand-off attitude and let the situation work itself out.

Among those who make the market their daily business, it was the consensus that the adjustment in prices and yields has been rather full. They cannot, for example, see the Federal Reserve and the Treasury standing by and allowing the government bond list to deteriorate much further.

And, as stated before, the Treasury list is the keystone of the investment structure. Some of the long-term issues are down a full two points in a fortnight and yields for the more active issues are now materially above the 3% level.

Rise in Yields

Looking over the market for top-grade investment issues, it is calculated that the average yield has risen by around 25 basis points within the last 90 days.

The let-down in prices has brought inverse markups in yields ranging from 15 to 40 basis points, depending upon the ratings under discussion.

But taking the Double A or "split-rating" group as a barometer, it appears that the yield on such liens has come up from a 3.20% basis three months ago to around 3.60% currently.

Welcome the Optimist

That the recent gloomy state of things has been spread pretty well outside the New York area is evident from the experience of a representative of one of the more active firms in the underwriting field.

Believing the time had come to adopt a more sanguine attitude toward the market outlook, and having what he considered some attractive opportunities available, he got in touch with several out-of-town institutional clients.

One of the clients, presumably rather impressed by their conversation, told his caller, "well you're the first optimist from New York in weeks."

Becoming Realistic

Investment bankers appeared to be taking a bit more realistic attitude in the matter of submitting bids for new business. That was evident in two utility offerings which came to market this week.

As a consequence $12 million of Columbus & Southern Ohio Electric bonds were knocked down to the highest bidder as 3¾s and were repriced for public offering at a yield of 3.60%. Initial inquiry, while not overwhelming, was better than it had been of late for new issues.

Again, Florida Power & Light Co.'s $15 million of new 30-year first mortgage bonds went to bankers as 3⅝s and were priced to the public at 101 for an indicated yield of 3.57%. Even at that level a few dropouts were indicated where firms thought the yield a bit thin for current conditions. But inquiry was fair in the early stages.

And Plantation Pipe Line Co.'s offering of $25 million of 30-year sinking fund debentures, carrying a 3½% coupon and priced at 100 were reported practically all spoken for before books opened yesterday.

Goldman, Sachs Adds

(Special to The Financial Chronicle)

CHICAGO, Ill. — Francis W. McGoey has joined the staff of Goldman, Sachs & Co., 208 South La Salle Street. Mr. McGoey was previously with the Milwaukee Company.

Two With Jamieson

(Special to The Financial Chronicle)

SAN DIEGO, Calif. — William C. Callahan, Jr. and Carl Steinhauer are now with H. L. Jamieson Co., Inc., 2144 El Cajon Boulevard. Both were previously with Hall & Hall.

B. C. Morton Adds

(Special to The Financial Chronicle)

LOS ANGELES, Calif. — Herman V. Armstrong is now with B. C. Morton & Co., 1752 West Adams Street.

With Palmer, Pollacchi

(Special to The Financial Chronicle)

BOSTON, Mass.—Lloyd D. Nelson has become affiliated with Palmer, Pollacchi & Co., 84 State Street.

Washington . . . And You

Behind-the-Scene Interpretations from the Nation's Capital

WASHINGTON, D. C. — At the present time this sounds like something coming from the councils of the Kingdom of Romance, but in a scant few months, things going the way they are, this could make hard-headed political sense: The point is that Senator Harry S. Byrd is being sounded out on the proposition of leading the southern revolt of 1956.

The sounding out is coming not from distraught amateurs who would like to do something to save the South from the inexorable movement toward social as well as economic revolution. It is coming from very experienced gents who have been operating successfully in the political business for a good many years.

Until Estes Kefauver bowled over the leftish Democratic-Farmer-Labor organization of Hubert Humphrey in Minnesota and snowed under Adlai Stevenson, the hard-headed southerners were privately scouting the idea of revolt again in the South as in 1948.

In 1948 their actual objective was not just to damage Harry Truman's ego by showing that a lot of southerners thought he was a nasty man. They had a real political objective. That was to swipe enough votes away from Harry Truman to throw the election of the President into the House of Representatives.

At that time it looked like a possible achievement. Harry Truman was then as widely rated a loser around town as Big Brother Eisenhower currently is rated as a sure winner in 1956. However, Harry thrashed all the pollsters, newspaper boys, and other poor-wishers, and the only four states the southerners captured, South Carolina, Louisiana, Alabama and Mississippi, was such a miserable performance in the light of Harry's win, as to dampen enthusiasm for future revolts. However much their masses of followers may get emotionally steamed up about issues, politicians do not revolt for the exercise of doing it.

Kefauver Changes Outlook

Kefauver, if incidentally, has threatened a big change in the political outlook. That change, in brief, is that the Democrats **must** nominate a hell-for-leather "liberal" who will be out to show the Republicans that their more successful-than-Truman approach toward the Welfare State via the modus operandi of gradualism must be fought with an all-out program of greater and bigger handouts for everyone.

It should be cautioned that Kefauver hasn't won the Democratic nomination by a long shot. Likewise, Mr. Stevenson cannot be written off so early in the game, because of the widespread antipathy toward Kefauver by organization Democrats.

On the other hand, Kefauver took the aggressive approach of offering so much more of the taxpayer's non-existent money than Eisenhower, and after appealing to minorities, vested interests, and labor strongly, soundly trounced Stevenson in a straight-out test of voter popularity.

It is difficult to nominate a candidate if he continues to demonstrate inability to win votes in primary contests. Therefore, while Estes may not make it, the current mood is that the Democrats cannot take a relative moderate like Stevenson who could hold northern and southern Democrats loosely together, but must write off the South and take a wild boy or lose the North.

At the moment the Democrats are blue as indigo. They privately figure that any nominee who can hold the South will lose the North, or vice versa. So if it isn't Kefauver, then it will have to be another forward-looking aggressive gent like Gov. Harriman or even Harry Truman himself, or else a comparative non-entity like Senator Stuart Symington as a sacrificial lamb in a sure lose.

Many Obstacles to Byrd

At the present the Byrd leadership of a revolt must be appraised coldly as merely the gleam in some knowing gents' eyes. In the first place, a revolt would have to have a fair chance of getting somewhere to attract a man of Byrd's position.

A minimum requirement must be that it is a virtual certainty Adlai Stevenson cannot get the nomination (even though Byrd came out against Stevenson in 1948), and also, that the nominee will be one of the "forward looking" radicals.

The greatest obstacle, however, is that it will be extremely difficult to get a third party nominee's name on many state ballots in November. In fact, this alone is almost an insuperable obstacle.

On the other hand, farmer Senator Strom Thurmond of South Carolina and former Governor Fielding Wright of Mississippi, respectively Presidential and Vice-Presidential nominees of the Dixiecrat party, were then comparatively unknown outside the South.

Senator Byrd, by contrast, is not only widely known throughout the nation as a conservative, but is favorably known. IF, and it is a big IF, Mr. Byrd could get his name on northern ballots, he could swipe any number of close states from either major party, simply because so many now homeless conservatives would finally have a candidate to vote for. Therefore, if Senator Byrd could get on the ballot in several states outside the South, he might offer the enterprise of throwing the election into the House a real opportunity. Especially if the Kefauver vote reflects a genuine widespread farm discontent in Minnesota, Wisconsin, the Dakotas, Kansas, Nebraska, Montana, and some other states.

If the election were thrown into the House, with no candidate having a majority or 266 electoral votes, then each state regardless of size has one vote for the Presidency, each state's vote being equal to each other.

The Silly Season

While in a political capital like this what anybody says should seldom be taken too literally, the particular quadrennial season which precedes the political conventions and the national elections is usually a silly season where the output of nonsense is much higher than normal. Some of what has been said and done lately is typical of the season, for instance:

(1) The summit talks among President Eisenhower, the President of Mexico, and the Prime Minister of Canada. In a world where threats to peace abound galore and there is anything but a peaceful outlook, and when an Administration is staking its re-election on peace and prosperity, it is helpful to get such bitterly warring nations as Canada and Mexico together with the United States and demonstrate to the world that there is peace somewhere. This stunt is rated as of third rate calibre of no good or bad international significance.

(2) The Hoover Commission reports. President Eisenhower indicated that most of the Hoover Commission recommendations related to the Department of Defense, that 85% of these had been "accepted," and 15% were under further study.

Mr. Eisenhower appears to be the only official in Washington who has been mis-informed about the status of the Hoover Commission recommendations. The only recommendations which have been "accepted" are those which in the main involve no substantive economies in government operation. Without exception the big proposals to promote business organization in the Department of Defense or to get the government out of costly subsidies have got nowhere.

(3) The agricultural bill. With the dawning belief that there is real revolt in the farm areas, the Senate-House conferees on the farm bill are concentrating upon getting out a bill which will guarantee an Eisenhower veto. This probably will do the taxpayer relatively a good turn for a new bill will be too late to get into operation—and costing money—this year.

Women's Housing Congress

(4) The "Women's Conference on Housing." This was announced by Albert M. Cole, Housing and Home Finance Administrator, to get women's first-hand views as to what a house should be. Theoretically, the women's recommendations will lead to changes in what the Federal Housing Administration will set up as requirements for FHA-insured loans, when it reviews as it regularly does semi-annually, its specifications.

While Mr. Cole stoutly insists this is his idea, others know better, or claim they do. This is another illustration of how the bright boys in the White House figure it is smart to grab some publicity.

How thousands of people think about their homes and what changes they would suggest, were carefully studied under the direction of HHFA from reports made by the Survey Research Center of the University of Michigan, the Small Homes Council of the University of Illinois (which reviewed some 41 similar surveys), and which had the cooperation of the Bureau of Labor Statistics and the HHFA staff. This report was published only last year, a 126-page, carefully compiled document, entitled, "What People Want When They Buy A House," and is on sale for $3 at the Government Printing Office.

Some of the bright boys in the White House thought this would be a wonderful scheme, this bringing women to Washington, to get publicity showing what a wonderful Administration it is to go to the women and get ideas on how better to design houses.

REA Expands

REA, after a survey, announced that $1 billion will be spent by its subsidiary elective "cooperatives" in the expansion of their power lines or generating facilities. Although 93.4% of farms are at present served by central station electricity, and although the "cooperatives" keep "repaying" their 2% interest loans to the government, the Federal investment continues, not to contract, but to expand.

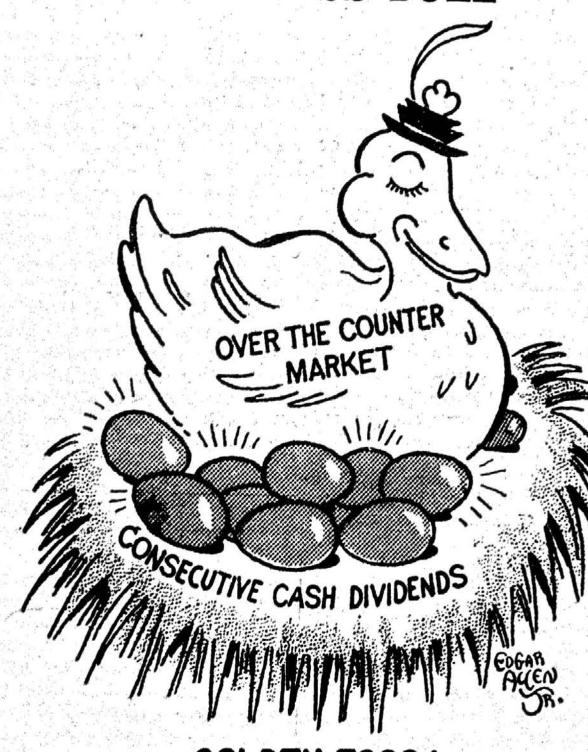
There follows a table, in millions, of outstanding REA electric loans as of June 30 for the following five-year periods:

1940	$221.3
1945	377.1
1950	1,413.4
1955	2,187.2

REA estimated that the forthcoming REA expansion program will further expand these outstandings to $2,540 million by June 30, 1959, but has no projection beyond this for the five-year program as a whole.

[This column is intended to reflect the "behind the scene" interpretation from the nation's Capital and may or may not coincide with the "Chronicle's" own views.]

BUSINESS BUZZ



GOLDEN EGGS!

Bache Adds to Staff

(Special to The Financial Chronicle)

CHICAGO, Ill. — Donald S. White is now with Bache & Co., 135 South La Salle Street.

With F. I. du Pont Co.

(Special to The Financial Chronicle)

CHICAGO, Ill. — Robert R. Shields is now with Francis I. du Pont & Co, 208 South La Salle Street.