EDITORIAL

As We See It

In some respects this is proving to be a "typical election year"; in others it is making a record that is quite untypical. In the political sphere events are running distressingly according to the usual pattern. Hardly an issue, if indeed any issue at all, is now even discussed or argued on its merits. Some pious utterances are heard on the air by those who find it politically expedient to do so, but practically all serious comment has to do with the effect of this, that or the other statement, policy, program, or other activity upon the voting next November. Nor is this habit confined to national affairs. It is also characteristic of State and local affairs—wit¬ness the vacillating attitude of Governor Harriman on the question of tax reduction, and his final acquiescence in a measure which he had previously insisted was not in the public interest.

Possibly the most glaring example of the domination of political motives in matters of public policy is found in the current behavior in Congress—and out of it—for that matter—con¬cerning the farm situation and its alleged cues. The history of the measure finally drafted by joint effort of the two houses is shocking—or would be if it did not have so many precedents in the general attitude of the politicians in election years. There is, of course, absolutely no exc¬cuse for any rigid support at 90%, or any other percent, of "parity." Neither is there any good warrant for "flexible supports." The "soil bank" is merely another way of subsidizing the farmer who is believed certain to vote en masse.

Continued on page 27

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 33.

The COMMERClal and FINANCIAL CHRONICLE

Volume 183 Number 5524
New York 7, N. Y., Thursday, April 12, 1956
Price 40 Cents a Copy

Business and Market Outlook

By KENNETH WARD*
Partner and Market Analyst, Hayden, Stone & Co.

Market observer notes favorable business factors, re¬flected in high Gross National Product, orderly credit conditions, booming steel industry with labor tranquility, and industry's pending plans for expansion. Notes healthy condition of stock market, with little over¬speculation. Expects early rising market for lighter Chipay; and certain groups recently selling "en¬popularity." Submits selected list of stocks which he considers interesting buys.

BROADLY speaking, investor's requirements may be divided into four general groups: stability and income; liberal yield; appreciation; growth. However, it should be understood that it is hard to find a single stock that can provide all these factors at the same time, and that all investment portfolios are characterized either offensively or defensively.

Appreciation groups are characterized as offensive; stability and income as relatively defensive. Inciden¬tally, my definition of a growth stock is the common stock of a company that has demonstrated an ability to produce above average increases in sales, profits and divi¬dends over a period of years. Stocks like Dow, Dupont, Overseas-Divergis, Fibreglas and Aluminum Company are such examples. Of course, it is quite normal to hold stocks for appreciation in the same portfolio with stocks held for stability, but, when viewing the qualities of a particular security, the investor oftentimes fails to emphasize the objective which the stock in ques¬tion is intended to fulfill.

This is as much a fallacy as flying a plane without instruments, a compass, enough gas, or keeping a specific destination in mind. Only by identifying our investment requirements positively beforehand, can one then stick to the planned course.

Continued on page 28


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APR. 11, 1956

—FRANK S. WILLIAMS+ President, Chemical Fund, Inc.

F. Eberstadt & Co., Inc., Manager and Distributor

Placement a high investment rating upon chemical industry, Chemical Fund President characterizes the industry as one with the highest capital outlay per worker in all manufacturing, having "had one of the most rapid growth rates of any major industry," and embarking upon 599 new chemical projects for 1955-1957 at an estimated cost of $2.3 billion of which 259 have already been completed at a cost of $727 million. Mr. Williams lists strength and weakness factors entering into recently revised forecasts; describes sales, earnings, and price/earnings ratios; outlines sound financial condition requirements, and prescribes increased high school science training as the starting point to alleviate science personnel shortages.

The high investment rating of securities of chemical companies results from a number of factors, the most important of which are:

1. Pronounced growth characteristics of the industry.
2. Ever increasing opportunities, through research, for development of new products and more efficient processes.
3. Wide diversification in products and markets.
4. Relatively low labor cost per unit of output.
5. Abundant low-cost raw materials.
6. Personnel highly skilled in research, engineering, production, sales and finance.

Despite these factors of strength, Mr. Williams is sure you recognise that the chemical industry is highly competitive and is subject more or less to most of the factors discussed on page 30.

Francis S. Williams

115 Broadway, New York 6, N. Y.

*An address by Mr. Williams before the Commercial Chemical Development Association, New York City.
**The Security I Like Best**

A continuous form 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 form are not intended to be, nor are they being regarded, as an offer to sell or buy the stock mentioned.)

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**This Week’s Forum Participants and Their Selections**

Reiman’s Canada Limited — Washington Dodge, Junior, Cady, Roberts & Co., New York City (Page 2)


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**THE FINANCIAL AND COMMERCIAL CHRONICLE**

July 12, 1956
Bank Portfolio Management and The Money Market Outlook

BY RUDOLPH SMUTNY

Senior Partner, Salomon Bros. & Huizler, New York City

Prominent investment authority offers guidance regarding bank portfolio’s objective, management, policy, limitations in coping with money market risks, taxes and liquidity factor capable of weathering any kind of economic climate. Mr. Smutny analyzes possible bull and bear money market arguments and conceives: long-term expansion assisted by moderate optimism, confidence and adequate demand for funds; or, to a gradual upward price movement as cost of present money supply may not yet have been reached; yield curve disappearance and short-term bonds yielding more than long-terms for brief time periods; monetary authorities’ greater reluctance to throw a bumpo than to foster anti-depression measures; and though Treasury yields affect the bond market’s yield structure, the public’s concern for government bonds’ price level influences the post-1951 fall.

The market aspect of the problem of large and small bank portfolios, judging from my numerous previous conversations with portfolio managers in both large and small institutions, can be stated as follows: when banks have money to loan, but in the bond market prices are too high, they may go short of funds and have to sell portfolio items to raise cash, but demand for funds are too low. This state of affairs, of course, results in portfolio appreciation when you least need it, and portfolio depreciation when you need it most.

Actually, as we all know, this particular market commodity in the inter-relation of our free economy and our commercial banking system, in demand is securities are inevitably in supply, and in extreme, few. The portfolio manager who worries about taking losses in order to raise funds needed by the loan department reminds me of the old plowman who, as he slowly engaged in raising a hopper of crops, would shout his head and said — “It’s sure been tough on the soil.”

We guess all like to buy low and sell high. That’s fine for the trader, and it’s just what the investment banker who deals in bonds has to do. His business is not romance. But a bank portfolio is not a medium for trading in the bond market.

Bank’s Portfolio

Banks exist to make loans, to provide credit for the many aspects of economic enterprise which, together, make up the national economy. And the worthwhileness of the bank portfolio consists simply of the net earnings and the residue of funds not employed in its own business.

This market aspect of the portfolio problem could be solved by offering to lend operating loans to investors in the bond market at all times and under all circumstances to be called “100% Smith” or “105% Jones” or some such nomenclature. Their names hit the newspaper headlines, and their banks portfolio ceased to be.

Viewed in proper perspective the bank portfolio may be regarded as an outlet for funds temporarily made available by the loan department, and which may, at almost any time, be released to the market depending on the rate of business at that time in the loan department, in its area of operations, or in the country at large. On the other hand, and the same reasons operating in reverse, the portfolio manager may find the funds at his disposal increased. Hence, the ever present financial economic-squeeze play on the bank’s portfolio.

The prime object, then, of the portfolio manager is to invest funds made temporarily available by the loan department, and which may be called back at any time, with the least possible exposure to risk, both as to credit and as to market. So, before the portfolio manager undertakes making a move to invest a penny of portfolio funds, the prudent portfolio manager will first

Continued on page 24
INVESTMENT LESSONS FROM A 10-YEAR-OLD

By A. WILFRED MAY

A prodigy in the investment field is significant in a number of ways. This has become evident to this columnist via a thrilling milking of a 10-year-old prodigy, Lenny, a handsome upper seventh grade student from Tujunga, Calif., is in town bent with the toughest finance questions pitched to him on NIH television in late October.

Young Lenny, with the aid of a prodigious memory, has built up a remarkable inventory of factitious knowledge gleaned from reading statistical services routed through his father, an accountant. But, far more interesting, he possesses the most remarkable over-all intelligence and wisdom about the ethical, psychological and political behavior of the public.

A good question about the "ethical" element of a major distribution like that of Ford stock by the Foundation, he calmly rendered his verdict that no ethical principle is involved, save making the facts available to the hapless public.

He will pursue a career in law, with his knowledge of investment serving as a subsidiary role for the conservation of his professional earnings.

The true son of an accountant, Lenny is excellent in math. He is skeptical of forecasting possibilities, he concentrates on poring over the statistical, rather than the "survey" sections of Fitch's and other investment services. He accepts, believes that, as contrasted with long-term investing, must be a full-time occupation, and then assigning only limited possibility of success. "No tips for me. I don't know how to make millions," he replies.

He does not even look at general market observations, but concentrates on individual issues, his main criteria being the relation of market price to earnings and yield. The individual company should have major attention, with its industry being secondary.

"Wouldn't it be incongruous for someone like you, who has zealously posted himself on the value criteria of stocks, to buy the Blue Chips which any dope can buy blindly?" we asked him.

"I usually wouldn't buy a Blue Chip issue; but not on the promise of my not being a dope. Every issue, Blue Chip and non-Blue Chip, should be bought on its investment merits."

Although he is not interested in the details of bonds, Lenny considers himself a part of Wall Street's history in dollar-saving; with equities definitely indispensable as a permanent anti-inflation hedge. In his common stock portfolio he strongly favors diversification between issues. Dollar averaging, he favors on both the up and down sides; but to follow value rather than mechanical formula rules. To one entering the market cold now, he would invest three-eighths of the fund at once. MIP (the Exchange's Monthly Investment Plan) he deems good for the investor who can save a little out of his salary. Mutual funds he considers particularly useful for the lazy and the simplest "dopes" — but as for himself, he would rather make his own mistakes.

"The Short Split," he believes, often involves the public into a "nemesis" market rise. The stock dividend likewise incites his skepticism. On growth stocks: "The trouble is that many of them already have had their growth."

"The length of a company's dividend record indicates he considers not too much. He also believes that the current dividend in relation to its ruling market price is "The Human" Sile

To us it is particularly interesting that even a genius runs up against certain imponderables in the market place. For example, although all 10 of his classmates consider him an all-around representative, he likes to take the ticker—knowing at least 150 of its symbols. Asked about his experience, a pro could be useful to the real investor, Lenny quickly answered: "Well, I've read through the value tickets."

A study of his wide-held inconsistency with genuine investment behavior, he will not even hesitate to change his position in an issue after a short holding.

The current market level, as measured by the Averages, he considers being over-priced according to business criteria — with the proviso that imminent market action may not follow its logical trend. To our query whether the market usually goes act logically, he confessed that this is "Eulogized" question. Even this publicity must play it partly by ear!

THE STATE OF TRADE AND INDUSTRY

Over-all industrial production for the country-at-large registers a slight loss in the period ended Wednesday of last week.

The level of output, however, noticeably exceeded that of the peak in February, 1955, and in February this year. Slight reduction in production of steel, electric power, automotive vehicles and petroleum products — and increases in confectionery, lumber and logging, and food — was somewhat above that of the previous week.

According to a Government report total civilian employment rose seasonally to an estimated 62,100,000 as of mid-March, up about 800,000 from mid-February and some 2,500,000 higher than a year before.

In their regular monthly report on employment and unemployment, the United States Department of Labor stated.

In a separate report the Labor Department's Bureau of Employment Security stated first claims for state unemployment insurance fell in March to 25,458, the lowest level since last May.

The big question in the steel market is whether producers can hold up their prices during the month. The price index this month is expected to be relatively stable, with the possibility of a slight increase.

With incoming orders running 15 to 25% above capacity, maintenance is becoming a real problem. Steel works set up weekly diverting over local grievances have hurt production. Producers are also drawing furnaces to an extent in an all-out effort to restrain runaway scrap prices.

Meanwhile, the husky over prices and rising is raising the temperature of demand in the already strong market. The scrap producer's inventory is increasing the pressure brought about by a strong economy and dollars.

The most hopeful sign for steel customers may turn out to be the steel-makers' truce with organizers. In July but the mills — will be fighting heat, vacations, and reported cycles. The net result will be less than before in standing backlogs and heavy demand on our fabricating dollars to an extent in an all-out effort to restrain runaway scrap prices.

The mills are continually being surprised by the demand for steel and the economy of the so-called specialty steels, alloys and stainless as well as the carbon steels sold in bar form. Such rolls, like timnish shipments will set another record this year.

Steel scrap prices are moving up again and principal consuming areas report another upturn this week based on eagerness of mills to lay in a good inventory of materials, "The Iron Age" concludes.

Business failures dipped 2% in February to 1,024, but the total exceeded last year's level of 877 by 17%. More concerns failed than in the comparable month of any year since 1912 occurred.

The rate of failures per 10,000 enterprises listed in the Dun & Bradstreet Reference Book is 1.13 in 1956. This rate compared with 39 failures per 10,000 a year ago, and represents a great falling from the low of 2.2 in February, 1941.

Although the number of failures decreased, the liabilities involved increased to $60,000,000, a great deal more than in the period in the past. All of the February rise occurred in failures of companies with total assets of over $100,000 or less.

Building permit valuations in February fell slightly below the year-ago level, but with New York City, ended a substantial decline was recorded, Dun & Bradstreet, Inc., the total volume of permits in 217 cities (including New York) during February 1941, $431,000,000, compared with $431,000,000 in February, 1955, but a rise of 1.5% above the January figure of $455,000,000.

In the automotive industry last week an apparent budding consumer demand for "low-priced" automobiles is indicated by a free-wheeling of production schedules among United States car makers, "With retail prices at all-time highs, the pressure of new demand is now evident," the Statistical agency cited the case of Chevrolet, Ford and Plymouth which have added 277,744 cars to the past week's estimated output of 139,472 cars.

In comparison, "Wards," Chevrolet-Ford-Plymouth assembled 54% of all domestic cars made in 1955. In business

Continued on page 34

NOTICE TO STOCKHOLDERS of Federal Uranium Corp.

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In order to meet the increasing demand for uranium at competitive prices, Federal will be offering a new subsidiary, RADOCRUS RESOURCES INC., which will consist of a 100% interest in Federal's uranium properties in the United States. Federal will file a registration statement on Form S-1 under the Securities Act of 1933, containing a prospectus relating to the offering of the shares of RADOCRUS. The prospectus will be available upon request without charge from 1 Federal Uranium Corp., 24th Main St. S., Salt Lake City, Utah.

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trates and pet much weed killers and insecticides have the task of increasing food production on consed land and emptying world food banks.

And what about health? We spend $16 billion per year in medical care in the U.S. It is more than 10% of the gross national product created by sulfa, penicillin, and other antibiotics. What are the effects of the antibiotics that we use, like the Salk? The one for polio? These tests scratch the surface of the health field. Many new diseases are major health problems of the future.

But do you know what is being done? You read in the radio with a plastic case, a plastic lampshade, a fiber glass curtain, a synthetic washing powder, a silicon dust cloth, plastic lawn hose, synthetic fiber in upholstery, rugs and carpets, and you walk about clad in nylon, polyester, and other synthetic fibers. You live in a chemical world, and it's no wonder the companies that make it so, are so successful.

From the viewpoint of the econom, the industry assumes the profits. It is $1.2 billion on capital expansion in 1953, and will spend $1.4 billion this year. On research alone, this industry the amount now of $360 million in 1960, and deliver at least $250,000 products to the public. And from traditional areas of production outlined above, and a whole new field of technology in atomic energy, are products such as isotopes.

We've probably spent enough time painting with the broad brush, let's get specific. In all this fascinating field, what are the companies that are doing well? Which common stocks (if any) are likely to move ahead in the high market price plateau indicated by the Dow-Jones Industrial Average?

Of course, nobody really knows the answer to this question, but some board room and statistical glowing guidance. For instance, consider the important matter of cash flows. Although Chemical and Drug reported 1953 sales of $372,464,708 and net income of $26,417,588, and recent acquisitions of the Philadelphia Chemical Company (which grossed $110,479,686 and netted $3,123,740 in 1955), with all these and a tration of consistent development of new products by research, American Cyanamid even at 76, is still a many splendored thing.

American Cyanamid, with pharmaceutical and biological products delivering nearly 80% of net sales, has a huge new petrochemical plant in Florida and a recent acquisition of the Fruit of the Loom Corporation (which grossed $326,472,067 and netted $8,323,740 in 1955, with all these and a tration of consistent development of new products by research. American Cyanamid even at 76, is still a many splendored thing.

Spencer Chemical has justified shareholders' confidence by earning 1953 sales up $3.8 million to $84.3 million, and in netting up over $2.60 million. Its earnings per share is 76c after 51c in 1952, and a 51c increase over 1953. The third largest producer of nitrogen fixing, it has an expanding factor in polychlorinated products. Spencer common sells at 81, and pays $2.40.

Union Carbide at the 130 level is fabulous across the board value多元化 its infrom from plastics, glasses, metal, lurgy, synthetic fiber, and for the future it's at work on lowering the price of synthetic fibers. No chemical has a bigger name around the country. For 25 years, Union has averaged a new product every month. So if you like diversified chemicals, you can hardly help liking Union.

Marketwise Hendricks and Morgan seem cut out to have advanced as rapidly as some of the others, and we would expect a little live Pert market action from them in coming months. Hendricks common (after a 3-for-1 split) sells at 50, and should no longer be regarded as a powder piper, what with its extensive cellulose and terpene production, and its rapid advance in polyethylene. Morgan has not yet reflected to the full the benefits of its purchases of Lano Oil. This piece today is different. Nearly everyone writing on chemicals leads off with Dupont. We'll finish with it. Knocking Dupont, would be as heretical as writing against Mother Hubbard, baseball or apple pie. So of course we, too, speak well of Dupont as a chemical, and also try to like large General Motors which delivers 28c of its earnings.

So again our salute to the chemicals. The majors seem almost never to be a poor buy!
Canada's Northern Empire Offers Unlimited Possibilities

By CYRUS S. EATON
Chairman of the Board, Steep Rock Iron Mines Limited and Chesapeake and Ohio Railway

Canada born Cyrus Eaton describes Canada's growing opportunities, finds capital for development and expansion the one serious limitation to Canadian material progress in mining, manufacturing, electric power and transportation, and suggests Canada continue to extend a cordial welcome to potential U. S. investors in view of forthcoming tremendous competition for capital in both countries and the ambitious U. S. expansion plans in the next five years, including: Class I railroads, $13 billion; electric power, $22.5 billion; and steel, $3.5 billion.

Mr. Eaton observes "Russia has reached the status of a major industrial power in a remarkably short time... with obvious intention of outstripping the rest of the world," and that Canada occupies a position to influence conditions at peace. Steep Rock Iron Mines is cited to illustrate "the unlimited possibilities of the North."

Canada's vast unoccupied continent to the north constitutes both the finest challenge and the brightest promise that has ever fallen to one nation's lot in recorded history. For this new empty northern empire, man must never dream of turning it into another desert, nor the wilderness into another prairie. Like the explorers and settlers of old, but must now command a knowledge of the marvels of modern science and a profound understanding of their practical applications.

Twentieth Century Belongs to Scientists and Engineers

Truly, the 20th Century is the age of the scientist and the engineer. And I am keenly aware of the fact that the success of this northward trek must not only be men of courage and vision, like the explorers and settlers of old, but must also command a knowledge of the marvels of modern science and a profound understanding of their practical applications.

in addressing this distinguished meeting of The Canadian Institute of Mining and Metallurgy, I have the privilege of speaking to a highly select group of the technical experts who thought and are exercising a profound influence on the course of Canada's world yesterday.

Let us examine the role of men in science in these exciting times in which we are living. On the one hand, scientists take like this tribute that one of the large mining companies recently paid your profession: "An engineer is a trained, profligate who works with his hands, head and heart to combine the known and the unknown to the benefit of man and the glory of his country."

On the other side, scientists, pure and applied, have in¬

vented the instruments of total war. Scientists, in fact, reached the advanced point where they may use them to lay civilization in ruins or to enter into an era of unprecedented plenty. Modern Scientists’ Miracles Demand New Methods and New National Concepts

The scientist is expected to be objective in his work, and to seek and accept the truth, however it may conflict with preconceived hypotheses. This dedication to his specialty, he perhaps holds himself more aloof than he should from the broader consequences and implications of his findings, I suggest. For the scientist, the engineer, the metallurgist, the geologist, the physicist, the biologist and the chemist also depend, with their trained detachment, to discovering how these results can make a national and rational and hatreds and move on to the life of peace and prosperity which are the dream of mankind for thousands of years. While science has given us increasing power over our natural resources, we have made little progress in the arts of government and diplomacy. But the scientific miracles of the age advance our times necessitate new thinking to arrive at new relationships between nations and within nations. The scientist plays a full part in the shaping of these fresh national and international concepts.

You can readily see the broad responsibility I am suggesting you assume that I do not subcribe to the limited view that a witty Frenchman took when he described the main items of modern technology as "mercy to mankind, as industry and a pair of legs.

Scientific and technical training does not preclude knowledge and appreciation of art, of today's social, commercial and political systems of the world.

Let us consider the question, "How can the problems of society be solved?"

Let us consider the question, "How can the problems of society be solved?"

We see that they are solvable. The solutions of the future demand the intelligence of the past, the vision of the present and the cooperation of the future.

Our...
spend their spare time has an important bearing on the freshness and enthusiasm with which they tackle their studies and on the soundness of the pastime that can be pursued with pleasure. A growing interest is shown toward sports regardless of the weather. Real winter weather, such as we enjoy at Steep Rock, is believed to be responsible for billions for invigorating diversions like skating, ice hockey, and skiing. Fishing, hunting, baseball and swimming are among the popular sports of the warmer seasons.

Community growth and improvement have been substantially fostered, I believe, by my inaugurating the headquarters of the Steep Rock company located at the mines. There were those who advanced persuasive arguments in favor of Toronto or Montreal or, indeed, Cleveland, which is the iron ore capital of the world. The location of top management at the scene of operations makes for greater efficiency and effectiveness and, at the same time, gives assurance of intelligent and sympathetic participation by these men and their families in community affairs. The telephone and the airplane have been of great aid in keeping the ports of commerce at a distance in the construction of the many communities. The Steep Rock's policy for top management has been to develop a healthy attitude toward the creation of splendid new towns in the Canadian Shield of the United States.

The federal government played a necessary part in the Steep Rock development. The consent of the Canadian National Railway to build a branch line from the Canadian National Railway to the port at the head of Lake Superior, and the CNR realizes a lucrative return from these facilities. The Ontario government has provided a large capital contribution to Steep Rock's beginnings by importing in electric power, on which the Ontario Hydro-Electric Power Commission now makes a handsome profit. More recently the provincial government has been lavish in the area to the Lakehead by providing the state and municipalities not far from the mines.

Canada Needs Outside Capital for Development and Expansion. One serious limitation on Canada's material progress lies in the finding of the tremendous capital funds required to finance new and expanding mining and manufacturing projects and to provide the electric power and transportation facilities to support these new ventures. Money is simply not available in adequate amounts from private sources in Canada to meet the Gargantuan demands of the mining industry, to open, factories to erect, oil wells to drill, roads to build, railroad tracks to extend, airports to construct, harbors to improve, railways to build, telephone lines to string and water power to harness. Certainly Canadian investors should be encouraged to put their funds in Canadian enterprises, and Canadian wage earners should be advantaged to the advantages of stock ownership in the companies whose success they play a vital role in. The Federal and provincial governments must also meet their full share of the cost of economic expansion. But outside capital will still be urgently needed to do the job done.

In the case of Steep Rock, the responsibility for financing not only the first mine but also most of the subsequent expansion has largely devolved upon American investors. A strict condition of the Canadian government's initial cooperation with the Steep Rock project, in fact, prohibited the raising of any funds by the sale of securities to Canadian investors. Later, when this restriction no longer obtained, Canadian investors for some time displayed considerable reluctance to support the hungry Steep Rock project.

Competition for New Capital to Keen in U.S. Money from across the border may not be so easy to come by in the years immediately ahead, unless it continues to receive a cordial welcome from Canada. American industry has its own ambitious plans for expansion, at a cost running well into the billions within the next five years. Take railroads, electric power and steel. Three of the industries with which I am associated. The Class I railroads of the United States are competing vigorously for capital expenditures and material purchases totaling nearly $5 billion in 1955. My own Chesapeake and Ohio Railway alone anticipates an outlay of $561,000,000 during this five-year period. And the steel and electric power industry estimates its capital requirements for the next five years at more than $22,500,000,000. The American steel industry must raise some $6,000,000,000 in the same years to provide added capital equipment of 18,500,000 tons. Where will all the money come from? And the many other growing industries of the United States, and for their Canadian counterparts? Obviously, in this tremendous competition for capital, Canada will find it in her own interest to maintain a friendly attitude toward would-be American investors.

Foreign Capital as an Important Factor in U.S. Economic Growth. When the United States was in its earlier days of economic growth, foreign capital was essential, and flowed in generous amounts from Great Britain, Holland, France, Germany and Switzerland. Then London was the financial capital of the world. Sponsors of a new or large enterprise, whether located in North or South America, Africa or Asia, automatically looked to London for money. Two world wars, however, practically impoverished England, weakened its capitalist system and shifted the banking leadership of the world to America. Fortunately it was for the free nation that the new world had attained sufficient financial strength to be able to carry on while the old world was forced to leave off. Now that America has assumed its role as world banker, a significant economic fact that deserves to be weighed with care; however much America's financial position is envied by her Canadian, enterprises, the United States has neither the desire nor the power to reduce Canada to a small and dependent crown colony that she unhappily occupied at the turn of the century.

Canadian-U.S. Relations Characterized by Commerce, Not Conquest. Canada and the United States have for more than a hundred years had an intimate business relationship, among neighbor nations of the world, of peaceful and successful proportions. The United States, an unfortified boundary of almost 4,000 miles. What they need from each other in raw materials or finished products, they obtain by commerce, not conquest. Both nations are the chief custodians of democracy and capitalism. In the postwar world, they stand as the young and rapidly growing economic and political giants of the free world.

On the other side of the curtain, Soviet Russia has all modern economic and political technology described to drive forward as rapidly as its 216,000,000 people can be inspired and persuaded to develop and utilize the immense and varied resources of its 8,500,000,000 acres stretching across two continents from the North Pacific Ocean to the Gulf of Finland and from the Arctic to the Black Sea. Through the quickest and biggest economic effort in human history, the communist system of complete state ownership, Russia has reached the status of a major industrial power in a remarkably short time. Now she is relentlessly continuing to raise her production sights with the obvious intention of outstripping the rest of the world.

By 1960, Russia aims to increase her 1955 coal output of 380,000,000 tons by better than 50% to 593,000,000 tons, her 1955 steel output of 14,000,000 tons by better than 50% to 20,000,000 tons and her 1955 electricity output of 170,000,000,000,000 kilowatt hours almost 90% to 320,000,000,000,000 kilowatt hours. To grasp the full significance of these figures, compare them with 1955 American production of 470,000,000 tons of coal, 117,000,000 tons of steel and 546,000,000,000,000 kilowatt hours of electricity. The Russians are also engaged in a concerted effort to educate and train industrial and technical experts. By 1960, the goal is 1,000,000 engineers from universities and secondary technical schools. Russia now has 800,000 engineers.

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**NSTA Notes**

**SECURITY TRADERS ASSOCIATIONS OF NEW YORK**

- Security-Traders Association of New York, Inc. (STANY) Bowing League standing as of April 5, 1956 as follows: 
  - 1. William E. McLaughlin (Cotton) 
  - 2. Louis E. McLaughlin (Cotton) 
  - 3. John M. Pello (Copper, Nickel) 
  - 4. William G. Bradley (Cotton, Copper, Nickel, Lead, and Zn) 
  - 5. E. L. Hinson (Cotton, Copper, Nickel, Lead, and Zn) 
  - 6. Charles T. Finley (Cotton, Copper, Nickel, Lead, and Zn) 
  - 7. John M. Blount, Jr. (Cotton, Copper, Nickel, Lead, and Zn) 
  - 8. Charles T. Finley, Jr. (Cotton, Copper, Nickel, Lead, and Zn) 
  - 9. Charles T. Finley, Jr. (Cotton, Copper, Nickel, Lead, and Zn) 
  - 10. John M. Blount, Jr. (Cotton, Copper, Nickel, Lead, and Zn) 
  - 11. Charles T. Finley, Jr. (Cotton, Copper, Nickel, Lead, and Zn) 
  - 12. John M. Blount, Jr. (Cotton, Copper, Nickel, Lead, and Zn) 

**Security Traders Association of Los Angeles**

The Security Traders Association of Los Angeles will hold their spring meeting parties at the Biltmore Hotel, Palm Springs, May 4th to 6th.

**COVEN MER TOICES**

**In Investment Field**

April 26-28, 1956 ( Corpus Christi, Tex.) 
Texas Group of Investment Firms—Matijesen meeting at the Hotel Driscoll.

April 27, 1956 (New York City) 

May 11, 1956 (Los Angeles, Cal.) 
Security Traders Association of Los Angeles 45th Annual Spring Outing at the Country Club of Maryland.

May 22-24, 1956 (Baltimore, Md.) 
National Federation of Financial Analysts convention at the Sheraton Plaza.

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

June 5, 1956 (New York City) 
Bond Club of New York summer outing at Sleepy Hollow Country Club of Tarrytown, N.Y.

June 11-15, 1956 (Canada) 
Investment Dealers' Association of Canada annual meeting at Algonquin Hotel, St. Andrews-by-the Sea, N.B.

June 20-21, 1956 (Minneapolis- St. Paul) 
Bond Club meeting 35th annual picnic and outing cocktail party at Valley of the Moon on June 20 at the Nicollet Hotel; picnic June 21 at the White Bear Country Club.

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

Sept. 1-3, 1956 (Minneapolis, Minn.) 
National Association of Bank Women 34th Convention and annual meeting at the Hotel Radisson.

Oct. 4-6, 1956 (Detroit, Mich.) 
National Securities Firms Meeting 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. 6-8, 1956 (Boston, Mass.) 
Association of Stock Exchange Firms meeting of Board of Governors.

Nov. 6-13, 1956 (Hot Springs, Va.) 
National Security Traders Association Annual Convention.

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(Special to THE FINANCIAL CHRONICLE) 
ATLANTA, Ga. — Dwight L. Mabry has been affiliated with Pruett & Company, Inc., 710 Peachtree Street, N. E.
Areas of Growth in The Chemical Industry

BY ALAN A. SMITH

Chemical industry analyst describes chemical sales and allied products growth rate and forecasts 15% 1956 sales gain and 25% 1959 gain. An examination of more than 1,000 companies reporting including almost $1 billion new output in 1955 and expected $1.6 billion for 1956 and 1957. Mr. Smith attributes growth to increased consumer demand, new products and new uses for chemical products—sulfuric acid, detergents, synthetic dyes and insecticides.

The first chemical plant in the United States was established in 1835 in Boston to manufacture saltpeter and alum. The first patent was issued in 1840, and the first chemical plant, which happened, by General Lafayette, in Chicago, was established in 1837. By 1850, 100 factories were operating in the United States. By 1850, the chemical industry began to grow at a rapid rate, particularly as a result of the development of the steam engine. The Civil War, the industry grew by 50%, then 100%, and by 1870, it was $1 billion. Even at that time, however, the industry was fairly simple, and the number of workers in the chemical industry was small.

The Organic Chemistry, based largely on coal and natural gas, did not begin until after 1860. The production of chemicals with the help of new technologies—such as alcohols and acetone—began soon after 1860, especially thanks to the development of electrolytic processes for producing aluminum, introduced in 1886.

Shorty before World War I, a number of today's leading chemicals were formed, and as a result of the vastly increased wartime demand for chemical materials, they were a part of the industry a whole, advanced to the status of a major industry of the U.S. economy. Capital investment in the industry doubled during the short interval between 1920 and 1929.

Current Status and Growth Projections

Since World War I and during World War II, growth has been rapid. For example, between 1939 and 1944, sales of chemicals and allied products increased nearly fourfold, from $2.5 billion in 1939 to $9.1 billion in 1944. This works out to a growth rate of about 9.4% per year, except during the inter-

**TABLE 1**

<table>
<thead>
<tr>
<th>Chemical Products and Sales</th>
<th>1939</th>
<th>1940</th>
<th>1941</th>
<th>1942</th>
<th>1943</th>
<th>1944</th>
<th>1945</th>
<th>1946</th>
<th>1947</th>
<th>1948</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Fertilizers</strong></td>
<td>120</td>
<td>112</td>
<td>107</td>
<td>105</td>
<td>106</td>
<td>108</td>
<td>112</td>
<td>115</td>
<td>120</td>
<td>125</td>
</tr>
<tr>
<td><strong>Phosphates</strong></td>
<td>358</td>
<td>368</td>
<td>376</td>
<td>385</td>
<td>390</td>
<td>394</td>
<td>398</td>
<td>405</td>
<td>410</td>
<td>418</td>
</tr>
<tr>
<td><strong>Nitrogen</strong></td>
<td>744</td>
<td>754</td>
<td>771</td>
<td>791</td>
<td>803</td>
<td>813</td>
<td>820</td>
<td>831</td>
<td>840</td>
<td>850</td>
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<tr>
<td><strong>Petroleum</strong></td>
<td>2,000</td>
<td>2,000</td>
<td>2,000</td>
<td>2,000</td>
<td>2,000</td>
<td>2,000</td>
<td>2,000</td>
<td>2,000</td>
<td>2,000</td>
<td>2,000</td>
</tr>
<tr>
<td><strong>Fertilizer U.S.</strong></td>
<td>120</td>
<td>112</td>
<td>107</td>
<td>105</td>
<td>106</td>
<td>108</td>
<td>112</td>
<td>115</td>
<td>120</td>
<td>125</td>
</tr>
</tbody>
</table>

Dollar sales of herbicides and bor- mone products increased strikingly, at an average 12% annual growth rate. The increase is due to the introduction of new and more effective insecticides and herbicides.

**TABLE 2**

<table>
<thead>
<tr>
<th>Plant Food (1000's Tons Plant Food)</th>
<th>1945</th>
<th>1946</th>
<th>1947</th>
<th>1948</th>
<th>1949</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Inerts</strong></td>
<td>378</td>
<td>402</td>
<td>426</td>
<td>450</td>
<td>475</td>
</tr>
<tr>
<td><strong>Borates</strong></td>
<td>161</td>
<td>183</td>
<td>205</td>
<td>227</td>
<td>249</td>
</tr>
<tr>
<td><strong>Nitrogen</strong></td>
<td>1,200</td>
<td>1,300</td>
<td>1,400</td>
<td>1,500</td>
<td>1,600</td>
</tr>
<tr>
<td><strong>Phosphates</strong></td>
<td>1,000</td>
<td>1,100</td>
<td>1,200</td>
<td>1,300</td>
<td>1,400</td>
</tr>
</tbody>
</table>

Note: These figures are rounded to the nearest million. Dollar sales of herbicides and bor- mone products increased strikingly, at an average 12% annual growth rate. The increase is due to the introduction of new and more effective insecticides and herbicides.

**TABLE 3**

<table>
<thead>
<tr>
<th>Agricultural Chemicals</th>
<th>1945</th>
<th>1946</th>
<th>1947</th>
<th>1948</th>
<th>1949</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Inerts</strong></td>
<td>378</td>
<td>402</td>
<td>426</td>
<td>450</td>
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<tr>
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<td>183</td>
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<td>249</td>
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<tr>
<td><strong>Nitrogen</strong></td>
<td>1,200</td>
<td>1,300</td>
<td>1,400</td>
<td>1,500</td>
<td>1,600</td>
</tr>
<tr>
<td><strong>Phosphates</strong></td>
<td>1,000</td>
<td>1,100</td>
<td>1,200</td>
<td>1,300</td>
<td>1,400</td>
</tr>
</tbody>
</table>

Note: These figures are rounded to the nearest million. Dollar sales of herbicides and bor- mone products increased strikingly, at an average 12% annual growth rate. The increase is due to the introduction of new and more effective insecticides and herbicides.

**TABLE 4**

<table>
<thead>
<tr>
<th>Inerts</th>
<th>Borates</th>
<th>Nitrogen</th>
<th>Phosphates</th>
<th>Total Sales</th>
</tr>
</thead>
<tbody>
<tr>
<td>378</td>
<td>161</td>
<td>1,200</td>
<td>1,000</td>
<td>2,800</td>
</tr>
<tr>
<td>402</td>
<td>183</td>
<td>1,300</td>
<td>1,100</td>
<td>2,600</td>
</tr>
<tr>
<td>426</td>
<td>205</td>
<td>1,400</td>
<td>1,200</td>
<td>2,800</td>
</tr>
<tr>
<td>450</td>
<td>227</td>
<td>1,500</td>
<td>1,300</td>
<td>3,000</td>
</tr>
<tr>
<td>475</td>
<td>249</td>
<td>1,600</td>
<td>1,400</td>
<td>3,400</td>
</tr>
</tbody>
</table>

Note: These figures are rounded to the nearest million. Dollar sales of herbicides and bor- mone products increased strikingly, at an average 12% annual growth rate. The increase is due to the introduction of new and more effective insecticides and herbicides.
Bank Stocks as Investments Throughout the Business Cycle

By FRANK L. ELLIOTT

Bank and Insurance Stock Analyst
Paine, Webber, Jackson & Curtis, New York City

Bank stock analyst finds investors and dealers poorly informed about banking and bank stock investment characteristics. In which case, a comparative compromise combination of common stock and bond characteristics, making it a desirable investment in all business cycle stages—particularly so "at the present time." He advises in judging stocks, describes various bank tools of analysis, compares narrowing deposit significance between Country, Reserve, and Central Reserve City Banks, and determines increased loan determinants. They have helped all bank types and lessened comparative advantage of listed bank type favorites. Concludes banks are now in earnings build-up stage and elimination of a trustee rate was not charity but a practical necessity.

The banking business is not bothered by obsolescence or cost of raw materials. It has no inventory problems and is as safe a good management, a dealer's supervision and an enlightened legislation can make it.

Many of our banks throughout the country, in contrast to 1946, are more than able to bear all losses, increase capital funds from operations and pay substantial dividends to stockholders.

The banking business is readily adaptable to mechanization and unique operating advantages in that the volume of business handled can increase without proportionate increase in operating costs or salaries and wages.

The one great determinant to material increase in bank earnings was fixed interest rates which were gradually eliminated over the 1947-1951 period. Their elimination was a change for the better in the banks; it was a practical necessity because fixed interest rates were government incompatible with two ways: first, because the elimination was a practical neces-

*An address by Mr. Elliott before the Investment Banking Association of America, held at French's Hotel, Philadelphia University of Pennsylvania, April 5, 1955.

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From Washington Ahead of the News

By CARLISLE BARGERON

Not since the days when the Nine Old Men were under attack by Roosevelt and his "Smile of Approval" have the Southern Democrats felt such critical scrutiny of Congress. The situation has resulted in the telling of the "Tea Party" hill by Representative Howard Smith of Virginia, which is designed to bring in an increasing number of Congressmen and Southern Senators to the wall of the States. This is on the order of the resolution of the Congressional Bricker Amendment to the Constitution which was defeated at the President's treaty making powers.

Since Warren became Chief Justice the high tribunal has stepped on the toes of the States. Most conservative of its years, the annual segregation in the schools and in municipal playgrounds, golf courses, swimming pools and like.

More recently, the Court has overturned a Wisconsin law with dealings in direct with the City of New York and the right to dismiss a teacher who had invoked the Fifth Amendment before a Congressional committee.

All of this has given the Southerncritics of the Court plenty of comfort from other sections of the country insofar as their Congressional representation is concerned. The Southern view is, indeed, viewing the developing situation with scarcely dis-liking it.

Those Southerners who signed the manifesto denouncing the Court's decision on segregation and declaring it would do everything in their power to defeat Warren's re-election in the Eastern press as full insurgents, as disloyal to the Con-stitution and the American government are likely to have been figuratively put in prison stripes. You can imagine their unquenchable expressions today up and say that he is developing some sympathy with the playgrounds and golf courses.

"The Supreme Court is getting too big for its pants." Pennsylvania had already followed suit.

But it is this writer's lay opinion that the Court was right in the Nelson case in that it would seem to be the Federal Government's business to protect the rights of Negroes. In the desegregation case, the Court, rightly or wrongly, changed the playing field of the parties.

It is hardly to us to pass judgment on the Court. All are reporting that its recent decisions whittling away at the powers of state government are coming to be of considerable con-...
Impact of Atomic Energy On the Chemical Industry

BY GENERAL J. E. HULL, U. S. A. (Ret.)
President, Manufacturing Chemists' Association, Inc.
Washington, D. C.

Emphasizing chemical industry's little known atomic role, General J. E. Hull shares his extensive research into the ramifications of atomic energy for the chemical industry. He notes the potential contributions of atomic energy to an array of industrial processes, with a focus on the significant role it could play in production, especially in sectors like strategic military requirements. Hull discusses the need for chemical engineers to understand atomic energy's impact on their work and the potential for collaboration with physicists, especially during a time when one of the nation's major problems was the potentialities of civilian applications. As most of you know, the President's Panel report has been published.

Chemical Industry's Atomic Role

Considering the phenomenal growth of the atomic energy process, it is general recognition that the part played by the chemical industry may not have been fully recognized by many. It is generally realized that chemists and chemical engineers play major roles during the early development of atomic energy, and other problems are solved. I have no doubt that this will be.

Evolutionary Changes

The rapidity and magnitude of change in the chemical industry, as a result of atomic energy development on the existing chemical industry, has been developed and for many years has been proved to be real and very important. It is expected, however, that the program developed by the Atomic Energy Commission will be evolutionary. It is still too soon for one to be able to discuss the changes in the manufacturing of chemicals required by the program. This is confirmed by the fact that the manufacturing of chemical requirements and the chemical industry has undergone changes for many years. In the past, the methods of operation and the amount of capital required for the production of such materials have varied greatly.

Radioactive tracers will help to achieve a greatly improved control at many processes in the chemical industry and will tend to facilitate research determinations. Radioactive tracers will appear to be used in many processes of the chemical industry. It is becoming obvious that in the next few years there will be a vast increase in the production of new synthetic radioactive pharmaceuticals. Therefore, it is apparent that the production of new radioactive pharmaceuticals are finding a rapidly growing place in diagnostic and therapeutic procedures by the use of radioactive substances in medical research, for the treatment of diseases, and for the diagnosis of diseases.

Manpower Needs

The demand for technical manpower for the nuclear field in the future will compete with scientists and engineers in other fields. The entrance of new competition for the inadequate supply of trained technical personnel must necessarily aggravate a situation which has already assumed serious, if not alarming, proportions. The appeal of the new and unknown, in contrast to the more prosaic types of science will draw many of our best people into the atomic field as it has in the past.

At present our colleges and universities are not turning out scientists and engineers in sufficient numbers to meet the requirements of the nuclear power industry of the future. We know they can correct it if we make the effort and this is what we must do.

It appears that drastic changes in the standard curricula in chemical engineering as conducted by our colleges and universities was not guaranteed by this new development. On the other hand, such courses in chemistry, physics, mathematics, and other sciences that are part of the training of the engineer should probably be modified to include a course in nuclear chemistry as part of the training of the engineer. There is no doubt that the chemical industry is peculiarly suited to carry out the research and development work in this field, and this is one of the major reasons for the rapid growth of the chemical industry during the past few years.

The importance of atomic energy in the United States is now more recognized, and it is increasing among the membership of the Manufacturing Chemists' Association. This association has about 150 corporate members who account for more than 60% of the productive capacity for chemicals in the United States. We believe that the importance of atomic energy on our industries is important, increasing.

From the experience of the chemical industry it is obvious that the chemical industry would be able to take part in the development of the peaceful uses of atomic energy. Those interested in this field of atomic energy. The committee made a study of the chemistry of the chemical industry and the relationship to this program and summarized its findings in a comprehensive report which was submitted to the Atomic Energy Commission. I would like to review some of these findings with you now.

Panel Findings

From the report of the committee as to the separation of the isotopes, I would like to discuss the chemical industry as it regards the separation of isotopes. There are several methods to separate isotopes, with a discussion of these methods for their operation.

The development of improved methods necessitates the production of more stable separations. This has led to a consideration of the use of a high temperature operation, for the production of two types of problems, and the chemical processing of nuclear fuel stock and process fuel elements, emphasizing the chemical industry's role in the nuclear fuel cycle. The reprocessing of fuel elements is a chemical purification process. The chemical industry will have to help settle the problems of utilization, storage and ultimate disposal of fission products which are a by-product of the production of nuclear power.

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Should a Chemical Company Make or Buy Raw Materials?

By THOMAS H. HODGES

Vice-President in Charge of Economic Research, Shell Chemicals, Inc.

Former Government chemical and rubber agency director cites examples from American Cyanamid; Owens-Corning; Reilly, Koppers, and Barrett; Bakelite; Shell Chemical; and Reichhold Chemicals to make a case for or against the "make or buy" policy.

Growth almost always spares a company the necessity of making a decision which can't be too far, for it has been said, from its evalu- ations. The main criterion for the make- or-buy decision should be whether or not the materials would have a "corporate worth" governing its production or services. At best it should be maximum, at worst it should be the average of the type of industry growth in the same area.

Some of the criteria in the determination of return on investment are:

1. Volume. This must be large enough to provide capacity, but production, yet small enough to main- tain the original corporate interest.

2. Logistics. Freight rates can often be an important factor in deciding whether or not a corporation will own the plant. Policy. Procurement should be viewed in the light of horizontal and vertical integration.

3. Expansion. Here is a means weighing investment ac- tivities from raw material production against that of alternative uses of these raw materials.

Raw Material Volume

One of the first considerations that we make at RCI is the de- termination of the volume of raw chemical we are purchasing in the open market. This volume has to be evaluated on the basis of market trends, and a determination made therein as to the size of the research group to see if the volume is on the order of magnitude that economic plant can be considered. This does not mean that present volume has to be sufficient for an economic minimum-sized plant facility, but providing that capacity with other growth items the vol- ume will be sufficient to meet the minimum requirements in a period a few years hence. For example, RCI has recently purchased of the several companies that make or buy raw materials, should have a capacity of at least 10,000 to 15,000 tons of a given material annually. From this determination it can be seen that the volume of purchases, RCI's require- ments for urea are about one-third what is considered the smallest economic-sized facility and should be the minimum, 10% of industrial uses or about 1,500 tons. We can thus determine the relative size of such a venture.

Freight and Other Costs

The determination of the logis- tics of supply will vary with each company and each man- ner of plants and their locations. In general:

*An address by Mr. Hodges before the 17th Annual Meeting of the Commodity Research Bureau, New York, New York, March 9, 1956.

Scene has led to a different an- swer. Shell's recently revealed a plant at Ventura, Calif., which is to be completed in time for the 1956-57 season, and plans to produce 25,000 tons of formaldehyde, a raw mate- rial, calls for a 100-ton-per- year minimum. In another instance, Shell has a chemical that might be useful for the oil field, but it is not yet out of the question for a company to make a new process that could be used in the oil field, and the economic size is to be determined in the market research phase of the development program. Meanwhile, Shell's Chemical's study of the same competitive

should be examined in the light of the magnitude. It is worth several million dol- lars to move the urea-pro-duction and shipping plant to one which has even that same chemical at an even more favorable market than the one now being considered. For example, on the Gulf Coast, a company has withdrawn a $7,500,000 an- nual investment for a urea plant; on the other, Shell Chemical is going to spend the same sum to produce formaldehyde which has long been recognized as a valuable raw material for the oil field.

Cyanamid's decision to bring its eminently successful enterprise to an area of high cost and higher taxes, but in terms of future business, will be a key question. Many of the chemical companies that U. S. production capacity will be completed in the next few years on the Gulf Coast.

Shell's Chemical's study of the same competitive
Many new all-time records have been established in almost every field. A 12-month service industry building boom, which has moved forward about 6%, and total building activity roughly 1 to 2%, continues to spread improvements across business and housing. Spending by consumers, considered in conjunction with the average per capita income over the past year, is a further indication of this trend.

The bulging of the budget represented here today has experienced still larger increases in government expenditures, largely inherited by the current administration, and an up-to-date product line. It’s always a source of real pride, every Christmas, to report on a year of record achievement. But records are for historians. What a really counts now is not what has happened but what will happen especially during the year ahead.

Some weeks ago—Frankly, with our friends—we asked you to send us some economic questions, and we specified that the questions be framed for our comments today.

As it happens, there is but one single question submitted dealt with the past and forecast the future. Your question fell roughly into three groups: (1) the general business outlook, (2) government policies, and (3) specific points about building trends and prospects.

Business Outlook

The questions concerning the general business outlook took many forms. The one general interest is the weather. Can we expect a mild winter, or will this spring be one of the coldest on record? These concerns are discussed and answered in the February issue of the Survey of Current Business. 

The questions concerning the weather could be answered in a summary form. But the chief interest is whether the economy is on its way up or will it remain roughly unchanged over the remainder of the period?

My quick answer is that general business conditions have moved from the present level over the next several quarters. There are a number of prospects, however, that new signs of growth will appear before the end of this year. 

In recent weeks some show up in the behavior of money. The supply of money has been growing at a significantly faster rate. 

Retailers and wholesalers are expressing the opinion that they have had a much better season of sales. The retail sales of furniture and home furnishings have rapidly increased. The number of new orders for automobiles has remained high.

The manufacturing index of the Survey of Current Business activity now stands about 6% above last year’s level. About at another 6% is the business growth index, which measures the rate of change in business activity. 

Business this year, and, if you can—will be more on our own than in the past.

The list of activities for which the index has increased over a long period is extensive. 

It will pay us well continually to look beyond the surface of general business for cross currents which can affect our individual business operations. We should not be surprised by cyclical adjustments in specific industries or markets but that prices on the whole will be firm to moderately higher, and rising costs may make more difficult the translation of added sales into larger after-tax earnings, and the transition from smoke or steam to more efficient and higher volume of demand.

Profit and Price Outlook

Somehow, ask—what will happen to prices? The cross currents have not made it difficult to generalize, but my frank report is that prices on the whole will be firm to moderately higher. Inflation in raw commodities may affect retail industries for some months. But this price pattern will continue at a pace higher than the average increases over the past year.

The bulk of the price increases represented here today have experienced still larger increases in government expenditures, largely inherited by the current administration, and an up-to-date product line. It’s always a source of real pride, every Christmas, to report on a year of record achievement. But records are for historians. What a really counts now is not what has happened but what will happen especially during the year ahead.

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Chemical Industry's Future
And Builders for Tomorrow

By John R. Hoover
President, B. F. Goodrich Chemical Company
Chairman of the Board, Manufacturing Chemists' Association, Inc.

In deploring chemist personnel shortage and urging steps to remedy this situation, Mr. Hoover urges, in the chemical industry's tremendous progress and potential future. Mr. Hoover observes: (1) chemical and allied products contributed 6-7% of total output but research expenditures are 25% of the total; (2) in 1955, the industry spent $2.3 billion in construction; (3) industry is now America's fourth largest, with $23 billion in 1955 sales, $25,000 directly employed and a total of 62,700; (4) in 1956, 6-7% of the new construction was in plants providing 825,000 new jobs. Big plans! You commercial chemists and engineers have been prime movers in these plans.

Research Economics

There is, as you know, a growing awareness on the part of our top economists that capital expended in science and research activities lead to more and more a function of research and development expenditures; that research and development expenditures of a number of manufac-
turing companies can be correlated with profits and growth over a period of years; that companies have in large part invested 3% of their sales dollars for research-oriented development and research expenditures have an average growth rate 2½ times faster than growth of the industrial growth rate as a whole. Certainly, if this is true, emphasis should be placed on those words "well-directed."

Research and long range plans have always been a part of this industry, creative era in which we are fortunate to be active participants.

The economists who correlate research expenditures with profits and growth tell us further that the total of industrial research expenditures for research and development in 1955 will tend to approximate 5% of the total gross national product for the following next year. This year's research is about $15 billion and has been spent for research and development in 1956. We are about 45% of the total business industrial spending planned for this year. A huge pre-investment will therefore be wasted unless the related capital expenditure program is matched by a corresponding increase in the available educational funds for training scientific and engineers.

While chemicals and allied products represent so small a part of the value of all industrial output, this investment is more than 2% of the total spent for basic research by all industries.

New Capital Outlays

Most of you have seen the published results of a recent Manufacturig Chemists' Association survey that indicate that private capital spending for an additional year's plant construction for the years 1956 and 1957 will total more than $2.3 billion. The 1956 outlay is $1.2 billion, while $1.1 billion was committed for new construction through 1957. The survey is being spent for new research facilities, employing 59 new research laboratories.

John R. Hoover

The last McGraw-Hill survey showed a significant investment by United States manufacturing companies over the years. The chemical industry in 1955, with primary metals and chemicals leading the pack. Nearly half the chemical companies reported already having plans to complete plant expansion in 1956. Big plans! You commercial chemists and engineers have been the prime movers in these plans.

Industrial Growth

From small beginnings, their industry has grown to become America's fourth largest, realizing sales of $23 billion in a material period of all-time high. The industry employed directly more than 655,000 men and women. Chemical manufacturers employed 6,000 people in a reality within a scant decade, as heretofore, the industry might be able to expand, if new and all industries and constantly create new ones, will plan an increase in our output of one million in the story of progress.

The men who have planned and built well.

The McGraw-Hill survey shows that some of age in this dynamic, creative era in which we are fortunate to be active participants.

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"From a talk by Mr. Hoover before the Connecticut Chemical Development Association, New York City, March 8, 1956."
British Slow Disinflation Shows Cracked Eggs Make No Omelette

By PAUL EINZIG

In criticizing credit squeeze for coming too late and for still being ineffective, noted British Economist claims switch from bank rate to monetary policy would make disinflation more effective. He warns for "overwhelming majority of subscriptions is financed with aid of liquid funds [deposits] which would otherwise have been kept idle." Blames political palatableness of inflation for inability of firms, by labor, employers and investors who appear to thrive on policy of "making an omelette without doing more than cracking eggs.

LONDON, Eng.—Quite recently the vocabulary of economics has been enlivened by a new term. For years we have been talking about "creeping inflation"—by which we mean a slow but persistent rise in prices, resulting in a ruination of the currency. Now, prices, barely perceptible in the short run, are on the horizon. It is a communicable disease in the long run.

Dr. Paul Einzig

Gentle Disinflation

The desire of politicians to make disinflationary omelettes without breaking too many eggs at a time is fully understandable. They naturally wish to avoid a dramatic deflationary drive which would correct the situation only in a matter of weeks or months, but which would be a painful risk process. Instead, they prefer to inflict on the country the prolonged inconvenience of a gradual process, involving dear money for a period of years and chronic shortage of credit.

On balance the result of the transactions is that, even though the number of banks which remain unchanged, the velocity of money is likely to fall. In other words, the same amount of deposits is financing a larger amount of business by changing hands more frequently. The effort is fully as inflationary as if the additional amount of business had been financed through the creation of an additional amount of money.

Idle Deposits Used

Firms which find it so easy to place an increased amount of money in banks that the market is itself evident an evidence that the credit squeeze has not been really effective. A really effective credit squeeze would be accompanied not only by a scarcity of funds which would make new issues difficult but also by a feeling of pessimism which would discourage subscriptions to new issues. At any rate was always the effect of dear money and tight money in the past.

That British firms find it so easy to place an increased amount of money in banks that the market is itself evident an evidence that the credit squeeze has not been really effective. A really effective credit squeeze would be accompanied not only by a scarcity of funds which would make new issues difficult but also by a feeling of pessimism which would discourage subscriptions to new issues. At any rate was always the effect of dear money and tight money in the past.

It seems, however, that the general belief that the post-war world government is able to control inflation by definition is far from a fundamental difficulty. That government is largely responsible for the lack of response of the British economy to the disinflationary drive. The fact of the matter is...
Monetary and Fiscal Policies: What They Can and Cannot Do

By C. ANB. BALDERSTON
Chairman, Board of Governors
Federal Reserve System

Federal Reserve Chairman urges 1953 Spring reces¬
sion not to credit restraints but large-scale curtailment of
monetary and fiscal policies as well. Monetary timing is found
more effective than fiscal stabilization since it has "built-in" 
automatic stabilizers, such as inventory and accumulation and
credit, not as effective on total disposable income, i.e., taxes
and public expenditure. The Federal Reserve System's new
pecuniary lever is to be a stock market speculation and
doubt fiscal or monetary, or both, policies can succeed if group psychology
rampant. Conclusively, (1) discounting rate of last
November "had to be taken as a last resort measure"; (2) when
funding and long-terms are most desirable, the Treasury
does not usually agree, and (3) built-in stabilizers are
"fantastic".

My purpose is to examine govern¬
mental financial policies as to
their strengths and limitations. As a build-up for such an analysis, it is helpful to
discuss briefly the economic role of money and
fiscal policies, and the use of both in
monetary and fiscal stabilization.

Monetary and fiscal policies are available, and
are charged with responsibilities over
them. They are not separate and
independent, but are complementary and
interdependent. The tools of monetary and fiscal
policies are very general and can be
directly and indirectly used to achieve
appropriate goals within a given time period.

The objectives sought are two-
fold: (1) To foster orderly economic
growth and sustain employment at the highest feasible level.
(2) To maintain the economic equilibrium of the economy, both
internal, by protecting the pur¬
chasing power of the monetary unit, and external, by keeping im-
portant payments in balance. The tools of monetary and fiscal policies are
very much concerned to Britain with the

The tools used for general monetary control (to be-
scarcely selective or direct controls such as the
market margins and consumer credit) are the
open market operations, rediscount rates, and reserve require¬
ments. I have not used the term "fiscal policy",
order of their refinement, the first two having the delicate touch of
the chisel; the last, the cruder
power of the broad axe. The tools
embraced by the term "fiscal policy" are debt management, taxation,
and governmental expenditure.

In this country, those who carry
the responsibility for the use of
taxation and debt and internal policies, are the Federal Open Market
Committee, the Federal Reserve directors, with review and deter-
mination by the Board of Governors, for
redistancing rates; and the Board of Governors of the
Federal Reserve System for
reversing direction that all exist as a result of a delega-
tion of power from the Congress of authority over
money.

Debt management is the pri-
mary concern of the Treasury, whereas changes in the forces of
money supply and the ultimate responsibility of the Gov-
Sulfur: Industry's Versatile Yellow Magic Work-Horse

By JOHN DUTTON

The True Facts on Canadian Securities

That many American investors are thoroughly aware of the exceptionally fine investment qualities of Canadian securities is vividly brought out by the large scale of the market in "blue chips" north of the border during past years. Likewise true, however, is the fact that a considerable number are prone to look upon Canadian securities with some misapprehensions. True it is in Canada, as in this country, there are stocks-selling vacations which demand a word of care. However, investors disposed to "blanket" Canadian equities per se in the latter category are assuredly doing themselves a grave injustice.

No better evidence of the true facts can be cited than the article, "Canadian Blue Chip: Can A Dollar Count?" which appeared on the cover page of the "Chronicle" of March 29. In this authoritative study there is an abundance of evidence that Canadian stocks offer familiar "blue chip" cash which abound in Canada. Some of the issues included in the tabular record of Canadian dividend payments are figures that have been usefully and effectively to stimulate qualified leads for your sales organization.

A Suggested Advertisement

Using a double-column card, or a newspaper advertisement, copy along this line might be productive of interested inquiries. The Investor's Opportunity in Canada!

Send for a free list of sound, growing Canadian companies which have paid out dividends regularly and which have paid cumulative dividends for 5 to 12 years. A free booklet, "Canada: Haven for Blue Chip and Enterprise Capital," will be sent you on request—no obligation, of course.

BLANK & CO.
Telephone - - - - or mail coupon below for your free copy

Blank & Co.,
Main Street, Anytown.

Without cost or obligation please mail me a copy of your pamphlet on "Canada: Havens for Blue Chip and Enterprise Capital," which contains data on listed issues that have paid cumulative dividends from 5 to 127 years.

Name

Address

The reason I am writing about this article which is available in reprint form is two-fold. First, I believe that the subject of Canadian securities is one of the most interesting to "growth" stock investors. The second is that I feel certain that several of these issues are not a long way from having the "Chips" ideal. I think you will agree that it measures up on both counts.

Keep the Leads Coming

Think this out. Put a qualified salesman to work on a list of prospects that can buy, and who have the willingness to listen, and who are going to make money on this dividend work and so will it be with him. But even the best and most conscientious man can waste time and energy selling on people who don't have the money, are not interested in securities, or who cannot be interviewed at a favorable time and place. Money spent on advertising that brings in leads gives your salesman a dignified and proper reason to make a call. I don't believe in cold canvass, although some men and women may work out—it is much better to have a "bridge-over" or contact point with your prospects. This type of advertising will help your salesmen meet qualified people.

Don't Forget

Good salesmen follow up their telephone, by letter, by personal call. They don't waste their firm's money by allowing leads to grow cold. Every lead should be followed within the week it is received at THE LATEST.

Paine, Webber Adds

(Special to THE FINANCIAL CHRONICLE)

B. Carron, Jr., is now affiliated with the New York and Los Angeles Stock Exchanges.

With Sutro & Co.

LOS ANGELES, CALIF. - John Muc has become associated with Sutro & Co., Van Buren Building.

Two With Witherspoon

LOS ANGELES, CALIF. - L. Drake Forbes and Ralph E. Phinney, who have been associated with Witherspoon & Company, 215 West Seventh Street, Mr. Forbes was previously with King Merritt & Company, Inc.

Federal Land Banks

Consolidated Federal Farm Loan Bonds

$170,000,000

$60,000,000

3½% Bonds

3½% Bonds

Dated May 1, 1956

Dated May 1, 1957

Dated May 1, 1956

Dated May 1, 1957

Price 100% 

Price 100%

No redeemable before maturity

The Bonds are the secured joint and several obligations of the twelve Federal Land Banks and are issued under the authority of the Federal Farm Loan Act as amended.

This offering is made by the twelve Federal Land Banks through their Fiscal Agent, with the assistance of a nationwide Selling Group of recognized dealers in securities.

John T. Knox, Fiscal Agent

130 William Street, New York 38, N. Y.

April 12, 1956.
The stock market put on its own technical reaction this week another filled with promise of new developments that could have been used for an excuse. As anticipated, a good deal of money was taken out of the market, and this seemed to stem from profit-taking in bargain purchases made last week, as the prices of the two-month age range just reached the long-range gain status. There were attempts to attribute it to war fears over the Near East which, however, is somewhat tortured logic since there is no new element left in that situation.

That the six-month period for purchases made last week is about over, the fact that selling for income tax cash is normal at this time all made a pause somewhat expected. The industrial average had worked into the $20 range on a more-or-less tranquil advance. There was little urgency to the setback, since one was so widely expected.

Split Disappointments

A couple of perennial split candidates, however, had some valid excuse for easiness. Both Pennsylvania Steel and Allegheny Ludlum Steel annual meetings were told that no stock split is imminent. Both management indicated they had no present plans to enter the new money market where a split would be somewhat important to bring the prices down to within reasonable reach.

Some of the speculative attention has been shifting from the top grade steel issues to the lower grades. For the better part of the year, the better performances have been racked up by issues such as Lukens Steel, Warren Foundry and Allegheny Ludlum. Even Signode Steel has been able to do better in the general market while for the first three months of the issues of the Jones & Laughlin and Bethlehem grade actually showed small declines for the year. The same pattern is somewhat apparent in the cheaper grades of the market. The better performances have been turned in by issues like Firth Sterling Carbon and Jefferson Lake Sulphur.

The Wall-Acting Oils

About the best group record of any so far this year has been that of the Pennsylvania Steel and Harco Oils. Oil looming prominently on easiness, losing ground for the first quarter of the year. The preference in this group still leans somewhat markedly toward the better grade issues with the secondary items still neglected. The optimistic stock position for the major steel port also helped to keep sentiment constructive. One of the better reports was that Texas Gulf Producing which was able to boost net income by around 20% of its wide market improvement general for other companies. The company is now working to develop new metalurgy which, in time, will help enhance profits.

Some Diversifiers

Among the companies once in the one-product line but have now diversified in diversities in diversifying for Ferro Corp. A dozen or so synthetic textiles have been tried on porcelain frit alone for four-fifths of its business. It has now trimmed this proportion down to two-fifths. The company's electrical equipment business already is producing $1.5 million in profits and it is believed on the verge of important developments in titanium which is now going into production.

New Chemical Construction

Spending Reaches $2.3 Billion

Chemist Association survey reveals $712 million in new projects completed in 1955 and $1.6 billion more to be completed through 1957. Projects are being built in 43 out of 48 states.

An estimated $1.6 billion will be spent on new chemical construction through 1955 and 1957, according to a study made public recently by George E. Hull, U.S. Steel President, Manufacturing Chemists Association. Hull also disclosed that privately financed projects completed during 1955 topped $391 million.

The survey covered 599 projects, 299 of which were completed during 1955, 200 during 1954. Projects under construction at the end of 1955 were estimated at $280 million.

The total output of all projects completed in 1955, plus those under construction during 1956, is estimated at $1.6 billion.

In commenting on the survey, George E. Hull, president of U.S. Steel, said, "The continued high rate of construction of new facilities by our chemical producers is a major factor in the economic health of our country's basic industry. The chemical producers are making a substantial contribution to the future. In addition to making more products of chemical availability to more people, it is a particularly important contribution because the construction is strengthening the local economy in 35 communities in 43 states across the nation."

The projects in this survey are all classified under one of five categories: New construction, expansion of existing plants, addition of new capacity, acquisition of new companies and the addition of new facilities. These categories are based on the criteria of size, project capitalization, primary use of new processes, and the size of the chemical complex.

Some of the noteworthy projects included were: First $100 million in chemical products, constructed in 1955, was for fertilizer chemicals. The largest, third, $200 million, was for fertilizer chemicals. The fourth largest, $240 million, was for fertilizer and plastics. The fifth largest, $260 million, was for fertilizer and plastics.

Publicly Financed Construction

Spending Reaches $2.3 Billion

New chemical construction is a reported $3.5 billion of government financing, for construction under way or completed in calendar year 1955, and is an indication of its importance to both chemical companies. This construction is of new and new and new new plants for the chemical industry and is also the for any other government chemical installations.

A. L. Vanden Broeck Co.

To Be Formed in NYC

A. L. Vanden Broeck Co., members of the New York Stock Exchange, will be formed with offices at 55 Liberty Street, New York City. Partners will be Alfred L. Vanden Broeck, Stephen A. Lebowitz, and Abraham D. Lippman, and Theodore J. Israel, Jr., member of the Exchange. Mr. Lebowitz will be Managing Director. The partners will retire from partnership in Oppenheimer, Vanden Broeck & Co. April 30.

Chemical Industry Construction Survey (1955)

(In Thousands of Dollars)

<table>
<thead>
<tr>
<th>Category</th>
<th>Planned</th>
<th>Under Construction</th>
<th>Completed Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fertilizer Chemicals</td>
<td>80,000</td>
<td>2,000</td>
<td>78,000</td>
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<tr>
<td>Organic Chemicals</td>
<td>32,000</td>
<td>15,000</td>
<td>17,000</td>
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<tr>
<td>Inorganic Chemicals</td>
<td>23,000</td>
<td>8,000</td>
<td>15,000</td>
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<td>Metal Products</td>
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<td>10,000</td>
<td>15,000</td>
</tr>
<tr>
<td>Petroleum &amp; Natural Gas</td>
<td>12,000</td>
<td>5,000</td>
<td>7,000</td>
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<tr>
<td>Paper &amp; Paperboard</td>
<td>11,000</td>
<td>4,000</td>
<td>7,000</td>
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<tr>
<td>Rubber</td>
<td>20,000</td>
<td>5,000</td>
<td>15,000</td>
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<tr>
<td>Textile Fibers</td>
<td>50,000</td>
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<td>40,000</td>
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</table>

Total                          | 307,340 | 72,252             | 235,088          |

The Chronicle and Commercial Financial Chronicle . . . Thursday, April 12, 1956
The N&W's Annual Report for 1955

Norfolk and Western's freight traffic in 1955 rebounded sharply from the level of the previous year because of the generally high economic activity, coupled with a strong foreign demand for bituminous coal.

As a result of substantial capital expenditures since World War II and our policy of keeping roadway and equipment in excellent operating condition, we were able to handle a 25 per cent greater volume of freight traffic more efficiently, which resulted in a 47 per cent increase in net income. Receipts reached a new peak, while common stock earnings were the largest since 1948 and close to the highest in the Company's history.

Merchandise traffic volume reached a record high. New fast freight train schedules were put into effect, and the first joint line "piggyback" service in the South was inaugurated.

Expenditures for improvements, totaling $16.4 million, included the purchase of 550 freight cars and 8 Diesel locomotive units, construction of new freight car shops at Roanoke and modernization of yards at three important points, all financed without borrowing.

Prospects for 1956 appear favorable.

### N&W BRIEFS

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<td>Earnings per share of Common Stock</td>
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<td>$4.83</td>
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<td>Dividends declared per share—Annual Preferred Stock</td>
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<td>Common Stock</td>
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<td>$3.50</td>
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<td>Taxes (millions)</td>
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<td>$27.5</td>
<td>$37.1</td>
<td>$39.6</td>
<td>$49.4</td>
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<td>Expenditures for Property and Equipment</td>
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<td>$17.7</td>
<td>$32.4</td>
<td>$38.8</td>
<td>$38.5</td>
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<td>Debt Outstanding (millions)</td>
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<td>$35.8</td>
<td>$33.8</td>
<td>$33.8</td>
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<td>Times Fixed Charges Earned</td>
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<td>19.24</td>
<td>20.60</td>
<td>20.25</td>
<td>18.83</td>
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<td>Number of Share Owners</td>
<td>32,372</td>
<td>31,018</td>
<td>31,022</td>
<td>29,500</td>
<td>26,351</td>
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<td>Bituminous Coal Tonnage (million tons)</td>
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<td>4.0</td>
<td>4.5</td>
<td>4.5</td>
<td>5.2</td>
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<tr>
<td>Other Tonnage (million tons)</td>
<td>18.7</td>
<td>16.2</td>
<td>18.2</td>
<td>17.7</td>
<td>19.0</td>
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<tr>
<td>Average Revenue per ton carried one mile (cents)</td>
<td>0.980</td>
<td>1.038</td>
<td>1.050</td>
<td>1.025</td>
<td>0.947</td>
</tr>
<tr>
<td>Gross ton miles per freight train hour</td>
<td>77,547</td>
<td>72,670</td>
<td>71,991</td>
<td>68,820</td>
<td>68,280</td>
</tr>
<tr>
<td>Miles of road operated</td>
<td>2,138</td>
<td>2,154</td>
<td>2,125</td>
<td>2,135</td>
<td>2,135</td>
</tr>
</tbody>
</table>

### CONDENSED INCOME STATEMENT

#### REVENUES AND OTHER INCOME:

**Freight—Bituminous Coal.**

<table>
<thead>
<tr>
<th></th>
<th>1955</th>
<th>1954</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$124,766,364</td>
<td>$92,367,158</td>
</tr>
<tr>
<td>Passenger</td>
<td>70,738,346</td>
<td>65,640,612</td>
</tr>
<tr>
<td>Mail, Express and Miscellaneous</td>
<td>3,706,167</td>
<td>4,049,316</td>
</tr>
<tr>
<td>Total Railway Operating Revenues</td>
<td>208,891,163</td>
<td>170,098,739</td>
</tr>
<tr>
<td>Rent Income—Equipment and Joint Facilities—Net</td>
<td>11,999,718</td>
<td>9,139,335</td>
</tr>
<tr>
<td>Other Income—Net</td>
<td>2,221,037</td>
<td>1,646,380</td>
</tr>
<tr>
<td>Total</td>
<td>223,111,918</td>
<td>180,845,454</td>
</tr>
</tbody>
</table>

#### EXPENSES AND OTHER CHARGES:

**Way and Structures—Repairs and Maintenance.**

<table>
<thead>
<tr>
<th></th>
<th>1955</th>
<th>1954</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>25,272,080</td>
<td>24,704,904</td>
</tr>
<tr>
<td>Equipment—Repairs and Maintenance</td>
<td>41,779,644</td>
<td>35,891,876</td>
</tr>
<tr>
<td>Transportation—Operations</td>
<td>60,309,071</td>
<td>53,682,136</td>
</tr>
<tr>
<td>Other Expenses</td>
<td>11,339,891</td>
<td>11,381,500</td>
</tr>
<tr>
<td>Total Railway Operating Expenses</td>
<td>138,719,686</td>
<td>125,630,416</td>
</tr>
<tr>
<td>Taxes—Federal Income</td>
<td>30,500,000</td>
<td>14,900,000</td>
</tr>
<tr>
<td>All Other Taxes</td>
<td>13,829,953</td>
<td>12,592,170</td>
</tr>
<tr>
<td>Total Taxes</td>
<td>$44,329,953</td>
<td>27,492,170</td>
</tr>
<tr>
<td>Interest on Funded Debt</td>
<td>1,431,668</td>
<td>1,431,668</td>
</tr>
<tr>
<td>Total</td>
<td>184,481,307</td>
<td>154,594,254</td>
</tr>
</tbody>
</table>

#### NET INCOME:

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>DIVIDENDS ON ADJUSTMENT PREFERRED STOCK</td>
<td>37,211,003</td>
</tr>
<tr>
<td>SINKING AND OTHER RESERVE FUNDS—APPROPRIATIONS</td>
<td>420,876</td>
</tr>
<tr>
<td>BALANCE</td>
<td>37,300,127</td>
</tr>
</tbody>
</table>

Inc. $32,379,206
Inc. 5,097,734
Inc. 343,149
Inc. 1,697,633
Inc. 38,831,424
Inc. 2,860,383
Inc. 574,057
Inc. 42,266,464
Inc. 567,176
Inc. 5,886,768
Inc. 6,626,935
Inc. 260,300
Inc. 1,237,783
Inc. 10
Inc. 13,089,270
Inc. 13,089,270
Inc. 16,837,783
Inc. 29,927,053
Inc. 12,339,411
Inc. 22,500
Inc. 12,316,911
Inc. 30,000
Inc. 12,346,911

*Equivalent to $7.88 per share of Common Stock, compared with $4.89 in 1954.*

*Equivalent to $6.70 per share of Common Stock, compared with $4.52 in 1954.*
plus of $800,000, and undivided profits, net of losses, $31,358.

The sale of the entire stock to the amount of $150,000 by the Central National Bank of San Francisco, Calif., has resulted in bringing the bank's capital up to $300,000, and its officers have become effective as of March 1.

As of March 12 the Embur is, Ltd., National Bank of Elmhurst, Ill., reported a capital of $500,000 as the result of the sale of $100,000 of new stock.

With combined capital and surplus of $800,000, of which $375,000 is surplus, a charter was issued to the Stockholders of the Currency at Wash-ington, D. C., for the establishment of the Citizens Bank of Royal Oak, at Royal Oak, Mich. Arthur E. Blow is indi-cated as President, and Kenneth A. Aldrich as Cashier.

The directors of the Batavia National Bank of Batavia, Ill., announce the election of Victor C. Devey as Vice President of the bank.

The Second National Bank of Lexington, Ky., reports a capital of $300,000 as of March 29, in-cluding a stock dividend of that amount.

A capital of $1,000,000 is re-portable as of March 26 by the First National Bank of Chicago, Ill., the amount having been increased by a stock dividend of $400,000.

The issuance of a charter on March 30 for the Boulevard Na-tional Bank of Chicago, Ill., was made known by the U. S. Comptroller of the Currency. The charter was noted in our issue of March 15, page 1343, of the Development of Chicago, III., was merged into the Security Trust Company.

T. Philip Riebling, President of the Mountsair Savings Bank of New Haven, Conn., on April 11 the election of Theodore O. Rettig, to the Board of Manag-ers of the bank. Mr. Rettig is President of the United Trust Company, which has been associated with the company in various capacities since 1926. He is a Director of the company since 1946 and President since 1950.

The Board of Governors of the Federal Reserve System reports that as of March 29, the Danish Bank, for New York, at New York, P. A., a State member, merged under its charter and title with the Penbrook Banking Company, of Penbrook, Pa., an insured member, a branch established by the Danish Deposit Trust in the former loca-tion of the Penbrook bank.

A merger certificate was issued on March 30 by the U. S. Com-p'troller of the Currency, and making effective as of the close of business on that day the merger of The First National Bank of ceremonies, Pennsylvania National Bank and the First National Bank of Pennsylvania, with common stock of $300,000.

The merger was effected under an agreement by The Pennsylvania Na-tional Bank and Trust Company of Pottsville. The Pennsylvania reports that the currency and announce ad that at the ef-fective date of the merger, the remaining association would have capital of $300,000, divided into $4,000 shares, par value $20 each; sur-

Texas I. B. A. Group 21st Annual Meeting

SAN ANTONIO, Texas—The Texas Group of the Investment Bankers Association will be speaker at the business meeting on April 27 and will present to young men in the industry, Dr. Fred H. Colwell, Dean of the Southwest Research Institute will speak on "The Future Use of Atomic Energy in Industry.

On Saturday there will be a vari¬ous committees report; W. E. Tines, of the Municipal Advisory Council of Texas, will report on the year's work of the organization. E. C. Crook, publisher of "Trends," will also participate in the "Out of the Office" section.

The lighter side of entertainment will start with a cocktail party and banquet at the Terrace Room, sponsored by the Central Power & Light Co., with Lon C. Hilliard, President, as host. April 27th luncheon in the Terrace Room, and Texas Golf, garden, beach party, boat rides, and other activities are planned. April 28th is the Days Celebration, as desired. There will be a cocktail party and formal dinner and dance in Georgetown.

W. Wallace Payne, First Vice President of the Texas Group of the Texas Group, will present on the closing session of the meetings entertainment com¬mittee, for their excellent planning of the various events at the meeting are:

SOCIAL EVENTS

Cocktail Reception

M. E. Allison, Jr., San Antonio

Men's Golf Tournament

M. E. Allison, Jr., San Antonio

Ladies' Reception Committee

Mrs. Russell Kirkland, Mrs. Fred W. Blinn, A. Jeffers, and Mrs. William G. Hobbs, Jr.

TRANSPORTATION

San Antonio-Austin, Milholland and W. A. Jeffer, Rauscher, Pierce & Company. San Antonio-Jeff Goodwin, Jr., in Austin, 18th and Broadway.

Corpus Christi—Lea McMillan, Mrs. E. W. Hilliard, Pierce, Fenner & Beane.

SAN ANTONIO OPEN HOUSE

Hitchcock, John, Austin, and Millard

Muir Investment Corporation

W. A. Jeffers, Dittmar & Com¬pany, Edward H. Keller, Texas Real Estate, McRae, and Austin, 18th and Broadway.

T. J. Rauscher, Rauscher, Pierce & Company.

Kerr County—G. E. Goodwin, Jr., in Austin, 18th and Broadway.

P. A. Austin, Hart & Parvin, Austin, Hart & Parvin.

Carroll, Rauscher, Pierce & Company.

Corpus Christi—Lea McMillan, Mrs. E. W. Hilliard, Pierce, Fenner & Beane.

The Commercial and Financial Chronicle Thursday, April 12, 1956

W. Wallace Payne George W. Davis

Driscoll Hotel, Corpus Christi, Texas, April 26-27. The Texas Group of the Investment Bankers Association will be speaker at the business meeting on April 27 and will present to young men in the industry, Dr. Fred H. Colwell, Dean of the Southwest Research Institute will speak on "The Future Use of Atomic Energy in Industry.

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P. A. Austin, Hart & Parvin, Austin, Hart & Parvin.

Carroll, Rauscher, Pierce & Company.

Corpus Christi—Lea McMillan, Mrs. E. W. Hilliard, Pierce, Fenner & Beane.
THE SOUTHERN COMPANY CONTINUES TO GROW WITH THE EXPANDING SOUTH

Serving the Southeast through:

ALABAMA POWER COMPANY  GULF POWER COMPANY
GEORGIA POWER COMPANY  MISSISSIPPI POWER COMPANY

CONDENSED STATEMENT OF CONSOLIDATED INCOME

<table>
<thead>
<tr>
<th></th>
<th>1955</th>
<th>1954</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating Revenues</td>
<td>$209,511,718</td>
<td>$193,781,005</td>
</tr>
<tr>
<td>Operating Expenses</td>
<td>90,943,089</td>
<td>85,724,574</td>
</tr>
<tr>
<td>Depreciation and Amortization Expense</td>
<td>27,831,611</td>
<td>24,983,985</td>
</tr>
<tr>
<td>Taxes</td>
<td>35,380,845</td>
<td>35,615,233</td>
</tr>
<tr>
<td>Provision for Deferred Income Taxes</td>
<td>9,846,170</td>
<td>6,061,358</td>
</tr>
<tr>
<td><strong>OPERATING INCOME</strong></td>
<td>$45,510,003</td>
<td>$41,395,855</td>
</tr>
<tr>
<td>Other Income, less Taxes</td>
<td>564,012</td>
<td>713,787</td>
</tr>
<tr>
<td><strong>GROSS INCOME</strong></td>
<td>$46,074,015</td>
<td>$42,109,642</td>
</tr>
<tr>
<td>Interest and Other Deductions</td>
<td>14,817,735</td>
<td>13,407,351</td>
</tr>
<tr>
<td>Dividends on Preferred Stock of Subsidiary Companies</td>
<td>4,878,663</td>
<td>5,334,226</td>
</tr>
<tr>
<td><strong>CONSOLIDATED NET INCOME</strong></td>
<td>$26,377,617</td>
<td>$23,368,065</td>
</tr>
<tr>
<td>Shares of Common Stock outstanding at end of period</td>
<td>19,594,946</td>
<td>18,087,643</td>
</tr>
<tr>
<td>Earnings per share on shares outstanding at end of period</td>
<td>$1.34</td>
<td>$1.29</td>
</tr>
<tr>
<td>Earnings per share on average shares outstanding</td>
<td>$1.45</td>
<td>$1.29</td>
</tr>
</tbody>
</table>

HIGHLIGHTS OF THE SYSTEM'S 1955 OPERATIONS

CONSOLIDATED NET INCOME of $26,378,000 was $3,010,000, or 13%, higher than in 1954. Earnings per share amounted to $1.34 on shares outstanding at the end of the year and $1.45 on the average shares, compared with $1.29 on both year-end and average shares in 1954.

OPERATING REVENUES amounted to $209,512,000, exceeding 1954's by $15,731,000, or 8%.

OPERATING EXPENSES, totaling $90,943,000 were $5,218,000, or 6%, more than in 1954.

SALES OF ELECTRIC ENERGY were 9% higher and amounted to 14,814,000,000 kilowatt-hours.

CUSTOMERS served directly numbered 1,319,000 at the year-end, 62,000, or 5% more than the number served at the end of 1954.

CONSTRUCTION EXPENDITURES amounted to $73,238,000—some $2,200,000 more than in 1954, but about equal to the average annual expenditures for construction since the end of World War II. Plans for 1956 call for expenditures of about $94,000,000.

DIVIDENDS amounting to $16,279,000 were paid on the common stock during the year. In January, 1956, the Board of Directors increased the quarterly dividend rate from 22½¢ to 25¢ per share, effective with the payment of March 6, 1956.

THE SOUTHERN COMPANY CONTINUES TO GROW WITH THE EXPANDING SOUTH

Serving the Southeast through:

ALABAMA POWER COMPANY  GULF POWER COMPANY
GEORGIA POWER COMPANY  MISSISSIPPI POWER COMPANY

THE FOUR-STATE SERVICE AREA of The Southern Company System continues its spectacular growth. Nearly $300,000,000 was invested in new industrial plants in 1955. Personal incomes are increasing at a rate well ahead of the national average, creating new and larger markets and an ever-increasing demand for electrical power.

ANNUAL REPORT—For copy write
The Southern Company
250 Park Avenue, New York 17, N. Y.
Areas of Growth in The Chemical Industry

To mention the need to develop new synthetic rubber fibers that have learned to thrive on synthetic fibers.

Synthetic Detergents-

Turning to another major segment of the chemical industry, we can observe the growth trends for the synthetic detergents (Table 1). These products—detergents the products of research—have grown over 200% in consumption during the past decade, from about 150 million pounds in 1945 to over 2210 million pounds in 1954. Naturally, this growth has been accompanied by a corresponding decrease in the consumption of soap, which has declined to about half of its 1945 level. We expect that both of these trends will continue until 1960. Much of this, of course, will be due to the continued expansion of the synthetics. But synthetic detergents, on the back of their superior performance have already captured many of the markets where they were once dominant, and a substantial amount of soap will continue to be used, for example in bar and specialty forms where synthetics are not available to meet customer needs. On the other hand, detergents are expected to account for nearly half of the total laundry and household detergents.

Table 1

<table>
<thead>
<tr>
<th>Year</th>
<th>Pounds</th>
</tr>
</thead>
<tbody>
<tr>
<td>1945</td>
<td>3514</td>
</tr>
<tr>
<td>1946</td>
<td>5150</td>
</tr>
<tr>
<td>1947</td>
<td>5552</td>
</tr>
<tr>
<td>1948</td>
<td>5744</td>
</tr>
<tr>
<td>1949</td>
<td>5974</td>
</tr>
<tr>
<td>1950</td>
<td>6522</td>
</tr>
<tr>
<td>1951</td>
<td>6906</td>
</tr>
<tr>
<td>1952</td>
<td>7344</td>
</tr>
<tr>
<td>1953</td>
<td>9138</td>
</tr>
<tr>
<td>1954</td>
<td>9537</td>
</tr>
</tbody>
</table>

The synthetic detergents are expected to account for nearly half of the total laundry and household detergents.

Synthetic Fibers

This widespread consideration of growth ahead as well as for some of their consumer appeal as replacements for such old standbys, and because of the growth and profit potentials which they represent for many of the major companies. The leading companies in this industry have been very aware of the fact that the growth of synthetic fibers has been due to a combination of factors: the increased interest in raw materials, and the availability of raw materials. These factors have led to the production of more synthetic fibers than ever before, but the future of the synthetic fibers industry is still the subject of much speculation.

Table 2

<table>
<thead>
<tr>
<th>Year</th>
<th>Pounds</th>
</tr>
</thead>
<tbody>
<tr>
<td>1945</td>
<td>1348</td>
</tr>
<tr>
<td>1946</td>
<td>44</td>
</tr>
<tr>
<td>1947</td>
<td>41</td>
</tr>
<tr>
<td>1948</td>
<td>39</td>
</tr>
<tr>
<td>1949</td>
<td>38</td>
</tr>
<tr>
<td>1950</td>
<td>35</td>
</tr>
<tr>
<td>1951</td>
<td>35</td>
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<td>1952</td>
<td>35</td>
</tr>
<tr>
<td>1953</td>
<td>35</td>
</tr>
<tr>
<td>1954</td>
<td>35</td>
</tr>
</tbody>
</table>

The production of synthetic fibers is expected to continue to grow at a rapid pace, with the growth rate being highest in the next few years.

Plastics

You cannot overlook plastics when you are looking at the expanding uses of the chemical industry. (See Table 4). There are many uses for plastics, from the ordinary plastic bag to the high-tech plastic film. In the past, plastics have been used primarily for packaging, but now they are also used in a wide variety of other applications, such as electronics, automotive, and construction. The plastics industry is expected to continue to grow at a rapid pace, with the growth rate being highest in the next few years.

Table 3

<table>
<thead>
<tr>
<th>Year</th>
<th>Pounds</th>
</tr>
</thead>
<tbody>
<tr>
<td>1945</td>
<td>1348</td>
</tr>
<tr>
<td>1946</td>
<td>44</td>
</tr>
<tr>
<td>1947</td>
<td>41</td>
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<tr>
<td>1948</td>
<td>39</td>
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<tr>
<td>1949</td>
<td>38</td>
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<tr>
<td>1950</td>
<td>35</td>
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<td>1951</td>
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<td>1952</td>
<td>35</td>
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<tr>
<td>1953</td>
<td>35</td>
</tr>
<tr>
<td>1954</td>
<td>35</td>
</tr>
</tbody>
</table>

The production of plastics is expected to continue to grow at a rapid pace, with the growth rate being highest in the next few years.

Synthetic Resins and Plastics

As a result of the rapid growth in plastics, the production of synthetic resins and plastics is expected to continue to grow at a rapid pace, with the growth rate being highest in the next few years.

Table 4

<table>
<thead>
<tr>
<th>Year</th>
<th>Pounds</th>
</tr>
</thead>
<tbody>
<tr>
<td>1945</td>
<td>1348</td>
</tr>
<tr>
<td>1946</td>
<td>44</td>
</tr>
<tr>
<td>1947</td>
<td>41</td>
</tr>
<tr>
<td>1948</td>
<td>39</td>
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<tr>
<td>1949</td>
<td>38</td>
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<td>1950</td>
<td>35</td>
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<td>1951</td>
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<td>1952</td>
<td>35</td>
</tr>
<tr>
<td>1953</td>
<td>35</td>
</tr>
<tr>
<td>1954</td>
<td>35</td>
</tr>
</tbody>
</table>

The production of synthetic resins and plastics is expected to continue to grow at a rapid pace, with the growth rate being highest in the next few years.

New growth is expected in the production of synthetic resins and plastics, as well as in the production of synthetic fibers. The growth in these areas is expected to continue at a rapid pace, with the growth rate being highest in the next few years.

Rubber

As a result of the rapid growth in plastics, the production of synthetic resins and plastics is expected to continue to grow at a rapid pace, with the growth rate being highest in the next few years.

Table 5

<table>
<thead>
<tr>
<th>Year</th>
<th>Pounds</th>
</tr>
</thead>
<tbody>
<tr>
<td>1945</td>
<td>1348</td>
</tr>
<tr>
<td>1946</td>
<td>44</td>
</tr>
<tr>
<td>1947</td>
<td>41</td>
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<tr>
<td>1948</td>
<td>39</td>
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<tr>
<td>1949</td>
<td>38</td>
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<tr>
<td>1950</td>
<td>35</td>
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<td>1951</td>
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<td>1952</td>
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<tr>
<td>1953</td>
<td>35</td>
</tr>
<tr>
<td>1954</td>
<td>35</td>
</tr>
</tbody>
</table>

The production of synthetic resins and plastics is expected to continue to grow at a rapid pace, with the growth rate being highest in the next few years.

Conclusion

In conclusion, the chemical industry is expected to continue to grow at a rapid pace, with the growth rate being highest in the next few years. The growth in the production of synthetic resins and plastics, synthetic fibers, and plastics is expected to continue at a rapid pace, with the growth rate being highest in the next few years.

SOURCES

Finally, it is worth noting that there may be substantial change among these of the chemical industry, now that new processes for the production of synthetic resins have been developed. This growth is expected to continue at a rapid pace, with the growth rate being highest in the next few years.

Wright and Ingalls

Electrolyte Directors

John Story Wright and Royce C. Ingalls have been elected to the board of directors of Riegel

Paper Corporation, it was announced, have been elected to the board of directors of the bank. The elections increased Riegel's board from 13 to 25.

Mr. White is a partner in the Sweetwater, Orton, Wray, Morrey, Stanely & Co., and Mr. Ingalls is senior partner of Ingalls & Snyder, also a well known investment firm.

With Mutual Fund Assoc.

SANTA ROSA, Calif.—James O. Stevenson and Fred L. May have been added to the staff of Mutual Fund Associates Incorporated, 467 Market Street.

Reynolds, Nuss & Associates

CHICAGO, Ill.—Reynolds, Nuss & Associates has been formed with offices at 209 North Michigan Avenue to engage in a securities business. Partners are Robert C. Reynolds, B. Reeves and William H. Tigg.

Reynolds Adds

(Special to the Personal Chronicle) San Mateo, Calif.—Robert N. Crescent has been added to the staff of Reynolds & Co., 1255 Montgomery Street.

With Shelley, Roberts

BEVERLY HILLS, Calif.—Ronald E. Cardiel and Albert L. Iskvam have been admitted to Shelley, Roberts & Co., 9486 Santa Monica Boulevard.

L. J. Story former

SAN FRANCISCO, Calif.—J. L. Story & Co., Inc., which has long been influenced by the work of Shelley, Roberts & Co., 425 Montgomery Street.

The Commercial and Financial Chronicle . . . Thursday, April 12, 1906
Bond Club Field Day
To Be Held June 8

The annual Field Day of The Bond Club of New York will be held this year on Friday, June 8 at The Sleepy Hollow Country Club, Scarborough, N. Y.

Sydney Shily of White's & Co., Inc., has named Field Day Chairman for this year. He will be assisted by four general chairmen — Avery Rockefeller, Jr., of Dominick & Dominick; Philip X. Barlow of Wood, Struthers & Co.; and Raymond A. Kister, Robert L. Hatcher of The Grace Manhattan Bank.

Thirty committees have been appointed to supervise the sports, entertainment and other activities at the outing. Heading these committees are the following chairmen:

- Entertainment: Harry A. Jacobs, Jr. of Bache & Co.
- "Bawd Street Journal" — Raymond D. Stitzer of Equitable Securities Corporation.
- Special Features — Walter W. Cooper of F. S. Smithers & Co.
- Food & Beverage — Harold H. Sherburne of Bacon, Whipple & Co.
- Tennis — Raymond Bovee of Auchincloss, Parker & Redpath.
- Arrangements — Robert W. Fisher of Blyth & Co., Inc.
- Trophy — William R. Caldwell of The First Boston Corporation.
- Stock Exchange — Orland K. Zeugner of Stone & Webster Securities Corporation.

Phi. Inv. Women to Hold Dinner Meeting

PHILADELPHIA, Pa.—Miss M. Lucille Farrell, H. G. Kuch & Co., Chairman of the Entertainment Committee, announces the fourth dinner meeting of the Investment Women's Club of Philadelphia, to be held at the Barclay, Monday, April 30, 1956.

Frank Ford of Station WPEN, Philadelphia, will be the guest speaker, his topic being "Theater."

With Hamilton Management

DENVER, Colo.—R. Louis Lawrence and Hobart C. Overton have become affiliated with Hamilton Management Corporation, 445 Grant Street.

Hamilton Management's Acid

LINCOLN, Neb. — George J. Kister, Raymond C. Kubie and Harry H. Traurman are now with Hamilton Management Corporation of Denver.

Forming Gravells & Kirker

ST. LOUIS, Mo.—John W. Kirker and Carl T. Gravells are forming Gravells & Kirker with offices at 37 Central Arts Parkway to engage in a securities business.

Rudd Partner

WASHINGTON, D. C.—Rud'd & Co., The Fifteenth Street, Northwest, members of the New York Stock Exchange, on May 1 will admit Albert T. Bred to partnership.

Mahaffay & Easterling
Open in Oklahoma City

Oklahoma City, Okla.—Mahaffay & Easterling, Inc., has been formed with offices at 1122 Northwest 28th Street to engage in a securities business. Officers are: Charles Earl Mahaffay, President and Treasurer, Robert Easterling, Vice-President and Secretary; Frederick J. Hoyt, Vice-President.

Brand, Grumet Admit

Harriet L. Weiss will be admitted to limited partnership in Brand, Grumet & Co., 120 Broadway, New York City, members of the New York Stock Exchange, on May 1. On April 30 Irving Milgrim will withdraw from limited partnership in the firm.

Federal Farm Loan
Bonds to Be Offered

John T. Knox, fiscal agent for the 12 Federal Land Banks, announced on April 9 that the banks are making arrangements for a public offering of bonds to refund $250 million of their 3% due May 1, 1956. The proposed offering will include a long-term issue which will mark the first such offering by the banks since the 1920s; of Land Bank bonds with a maturity of more than 10 years.

The new consolidated Federal Farm loan bonds will consist of two issues, one $170 million due in one year, the rate to be announced on or about April 12, and $60 million of 31/4 due in 15 years, Mr. Knox said. Both issues will be cash offerings, no exchange privilege being extended to holders of the maturing issue.

The offering will be made through the office of the bank's fiscal agent, 120 William St., New York City, with the assistance of a nationwide group of security dealers and dealer banks, and the offering prices will be announced on or about April 12.

Mr. Knox stated that the banks decided to enter the long-term market once more in order to work toward a better distribution of bond maturities.

In the last year, more than 60,000 farmers borrowed $487 million from the banks on security of first mortgages on their farms. The banks had $350,000 loans for $1.5 billion outstanding to farmers by Dec. 31, 1955.

J. H. Mantel Opens

NEW YORK, N. Y.—J. Henry Mantel, Jr., in engaging in a securities business from offices on Maple Avenue. Mr. Mantel was formerly with Stroth Bros. & Co.

May, Borg Partner

On April 1 Robert W. Rosenblatt became a partner in May, Borg & Company, 61 Broadway, New York City, members of the American Stock Exchange.

Reich Co. Admits

Reich & Company, 39 Broadway, New York City, members of the American Stock Exchange, on April 1 admitted Arthur A. Win¬ner to partnership.

Cyanamid Means...

Better Textiles

Better Plastics

Better Drugs and Pharmaceuticals

These are just a few of many better products available to you through Cyanamid research and the application of its chemicals to improve quality and lower costs.
Bank and Investment Outlook

By Arthur B. Wallance

This Week—Bank Stocks

The appearance of the first quarter income accounts and statements of condition of the leading banks gives a clearer understanding of the trend out of Government bond holdings and into loans and discounts. While the average decline in Government bond holdings was only 7.5 percent over the four months, the increase in loans and discounts was 17.8 percent. Earnings, exclusive of extraordinary items, rose 20 percent for the first quarter of 1956 over 1955, and for the 12 months to March 31, one of the biggest 12 months in gains in years. This comes as no surprise as the banks are realising more every day from the higher interest rates.

It was in November last that the prime rate on loans went from 2 1/4 to 2 1/4 percent. As the change of this sort does not affect loans already on a bank's books, it does affect those which are being renewed, or are about to be made. There is that lag in time during which the banks must benefit by a rate rise; but they are now beginning more fully to derive the benefit of the higher rates. That does not mean prime rates alone, for all other categories are scaled from the prime figure as a base.

One source now of the betterment in the profits from loan operations is term loans. Some of these went on banks' books as long ago as eight or ten years when rates were well below those that hold today. The difference between these old rates and the present levels is $400 or more on these loans. Only a few days ago the call rate loan went to 3% and 4%. In the case of the latter, the gains are small in the short run and at any time as the loans may be called at the bank's option. There has been speculation that these rates are a forerunner to a further increase in the prime rate to industry and business from the present 3 1/2%, but this is not probable as matters stand at present; it will probably require a continuation of the current economic situation.

There was some loss of deposits at the New York City banks, attributed to the Federal Reserve's desire to shift the high of the short-term money rates to place their funds in very short Government paper. This, of course, could help along the trend that now makes for higher rates. In clear view of the reticent talk of large losses in Government bonds at the banks, it is interesting to note just how the banks that reported this item came out. The following dollar totals have been taken from the bank income accounts for the first quarter, 1956 first quarter, as (or profits) on securities sold:

<table>
<thead>
<tr>
<th>Bank</th>
<th>Profit on Securities Sold</th>
</tr>
</thead>
<tbody>
<tr>
<td>Guaranty Trust</td>
<td>$21,750</td>
</tr>
<tr>
<td>Chase Manhattan</td>
<td>$1,240,752</td>
</tr>
<tr>
<td>Irving Trust</td>
<td>$207,252</td>
</tr>
<tr>
<td>Bankers Trust</td>
<td>$6,009</td>
</tr>
<tr>
<td>New York Trust</td>
<td>$4,507</td>
</tr>
<tr>
<td>First National Bank</td>
<td>$1,812,059</td>
</tr>
<tr>
<td>J. P. Morgan &amp; Co.</td>
<td>$94,061</td>
</tr>
</tbody>
</table>

The other banks did not report this item for the quarter. The Chase Manhattan income account reports a profit on sales of real estate, after taxes, of $8,941,000. These securities losses, excepting from the bank rates, the $2 million of a Uniform Deposit Account at the bank of America, at the end of the year, 1955. Even in the case of paper losses on bonds carried, it must be remembered that the large New York banks have been in the shorter maturity end of the bond market, the period of which is beyond ten years; and most of them had relatively small holdings in the five-to-ten year maturities.

If, during the remainder of 1956, it appears to the banks to be a logical time to establish their losses as offsets to their higher profits, they will probably work it as they did in 1953 when the bond market was so weak. The banks sold some issues and immediately replaced them with purchases of others. They had the effect of setting up losses for income tax purposes, and placing the newly purchased bonds on the books at low prices.

Elected Director

Harold A. Franke, Executive Vice-President of The Milwaukee Commercial-Travelers Bank and Trust Company, announced at the annual meeting of the concern, the election of Harold A. Franke as Director and Supervisor of Bank, Supervisor of Bank. The election of the new director takes place in the early months of 1956, and the Franke, a native of Wisconsin, is one of the few directors of the bank who have been with the bank since its organization.

Quarterly Analysis

13 N. Y. City Bank Stocks

Analysis on Request

Laid, Bissell & Meeds

Members New York Stock Exchange

178 Broadway, New York 6, N. Y.

(212) 684-2010

Cable: Laid, New York 6

Sealing and exchange business

Specialty in Bank Business

NATIONAL BANK
OF INDIA, LIMITED

Bankers to the Government in New York

Head Office: 10 Broad Street, New York 4, N. Y.

The following is a statement of condition of the National Bank of India, Limited, New York Branch, as of March 31, 1956:

<table>
<thead>
<tr>
<th>Assets</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Reserves</td>
<td>$5,650</td>
</tr>
<tr>
<td>Bank Capital</td>
<td>$1,900</td>
</tr>
<tr>
<td>Foreign Deposits</td>
<td>$5,600</td>
</tr>
<tr>
<td>Reserve Fund</td>
<td>$3,400</td>
</tr>
</tbody>
</table>

As is apparent, there is no ready answer to these numerous questions. Each month makes its own analysis and determination of its own policies; each does what it can doing it as can doing it as long does; it may as well be 2 years or more. The Federal Reserve may be able to quote the rate at which long term or short term loans will be more apt to be increased, or decrease, or stay unchanged. These rates, however, have been made the bank can quote the rates at which it will make the most favorable priced loan in the light of the current monetary climate. This is the way the current climate: the Liquidity Factor

Liquidity Factor

These studies will provide valuable information for the investor in determining prudent limits of investment in the bank's security. These limits will depend upon the nature of the bank's portfolio. They are essentially in arriving at a knowledge of the very important factor, the liquidity requirement, which will help in making an estimate of how much must be allocated to the bank's secondary reserve. Once this is known, you can go on to determine how much more or less permanent residual funds may remain available for the purpose.

Sometimes the question is how much will be the increase in the form of a second mortgage, if all of the first mortgage loans tend to be matched by declines, or the reverse, how much seems to be to that every bank ought to provide an extra margin of funds for liquidity? The answers may come in handy if your institution or those of its competitors have been a plan of bond issues, which may have been on the total amount at times, or the proportion. Some small banks may have actually been an advantage to the bank's reserves, as the deposits have been strictly seasonal in character, and how much do they amount to?

The answers to these questions, as well as the effects of the elimination of an extensive sample of long maturity bonds, one third of your funds may be at the disposal of the bank portfolio, and on the consideration that they are in the form of a deposit. Of the deposits, which are especially an advantage to the bank in a declining market, is to be very liquid as is should be. It is also possible to have to take some unanticipated losses in that they may be covering you, for example, a small or large 

Influencing Factors

The answers to these deposit- loan study questions are closely related to the economic situation which the bank's market, or those in which it has an investment. Each of these factors has been studied, and the answers to these questions have been put to action, in order to estimate how much long such funds are likely to remain in the market, and to estimate what kind of questions must be asked in each institution, in order to determine how long does have behaved seasonally, and when it is in the proper time to place them on the books at low prices, ready to be bought again as the next market movement arrives.

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N. B. Smith Ovens

LAS CRUCES, N. Mex.- Korean B. Smith is engaging in a securities business here.

Harry Selob Sobeal

BEVERLY HILLS, Calif.—Harry Selob purchased offices at South Beverly Drive to conduct a securities business.

Bank Portfolio Management and The Money Market Outlook

By Arthur B. Wallance

The Commercial and Financial Chronicle... Thursday, April 12, 1956
Revenue bond issues do have a close and active two-way trading market. Those that are already seasoned revenue producers are, for the most part, so long in term as to be unsalable for all but temporary deposit investment of the short end variety.

Secondary reserve fund investments are generally call loans, bankers acceptances, commercial paper, and finance paper, if available, and bonds due in from one, perhaps, three or four years. The investor seeks to go in for longer term bonds; that is, bonds maturing in from 10 to 20 years, and even, under certain circumstances, for the longest term U. S. Treasury obligation, the non-callable 3% of 1965.

Investment Policy

Some banks limit their total investment in long-term bonds to the sum of capital, surplus, undivided profits, unallocated reserves, and time deposit nest egg savings, minus the sum of fixed assets. What funds remain after the application of this formula may then be invested in spaced maturities up to 18 years in term, with maximum concentration in maturities falling due in from one to five years. Of course, banks with relatively light loan volume and large and dependable time deposits may decide to go in more heavily for maturities on the long side. It would be well to keep in mind that it is never wise to compromise on quality in the bank's investment account. As we all know, a bank's main business is making loans. Risk, therefore, should be undertaken in the loan department, not in the investment department.

If, however, you should feel that there is room for some degree of risk in the bond portfolio, the utmost care must be exercised in timing your purchases of credit bonds. Keep in mind that second-grade bonds tend to sell closest to prime issues when bond prices are high, and yields low. Conversely, in periods of low bond prices and high bond yields, the yield spread between top grade and second grade bonds tends to widen. At such times, too, technical yield gradations between the credit shadings of prime obligations sometimes disappear. There are times when both double A and triple A public utility bonds sell on the same yield basis, and occasionally both these categories sell very close, basis-wise, to single A's.

U. S. Treasury bond yields are the keystone of the entire bond market's yield structure. So before making any corporate bond investments, compare the yields they afford with those obtainable on U. S. Treasuries of similar maturity. Then, when you have the spread, and perhaps spread compare it with the past record of such spreads in various money market periods. Use this comparison to determine if, in your situation, the existing spread is sufficiently great to make corporate bond investment as compared with Treasuries.

NEW DEMANDS FOR GAS

Annual Report of The Brooklyn Union GAS Company shows continued gains

Like the thriving community it serves, Brooklyn Union is growing rapidly. In fact, during 1956 records were made in firm gas sales, in revenues, and in net income.

The chief contribution to this highly successful year was the tremendous demand for gas as a heating fuel.

Customers responded in large numbers to Brooklyn Union's second rate reduction since natural gas was introduced in 1951. And sales of gas heating equipment during 1956 are continuing at an even more accelerated rate—especially in the replacement of other automatic fuels. Less spectacular but equally significant were increases in virtually all other uses of gas.

This outstanding record would not have been possible except for the fine men and women who make up The Brooklyn Union family. We are indeed gratified that almost 90% of them are participating in the company's growth through stock ownership.

STATEMENT OF GROWTH

<table>
<thead>
<tr>
<th>Year</th>
<th>Net Income</th>
<th>Per Share</th>
</tr>
</thead>
<tbody>
<tr>
<td>1955</td>
<td>$3,093,400</td>
<td>2.70</td>
</tr>
<tr>
<td>1954</td>
<td>$4,649,700</td>
<td>2.50</td>
</tr>
</tbody>
</table>

You may obtain Brooklyn Union's annual report by stopping in at the office or by writing the Secretary of the Company.

The Brooklyn Union GAS Company
176 Remsen Street
Brooklyn 1, N. Y. TRiangle 5-7000
Bank Portfolio Management and The Money Market Outlook

...
Continued from first page

As We See It

against any party which does not supply him with the funds he demands from the public purse.

The supposition that some way has been found, or will be found, to pay the farmer largesse and at the same time neither pay a wholly unwarranted burden upon the rest of the people, nor encourage him to produce more than the market is willing to take, is, of course, wholly without validity. The allegation that something of the sort is being done or is being hinted at in political talk—when it is not parroted by others who listen to the politicians. The fact of the matter is that few in public life appear to be particularly interested in such things, and the attention is too well occupied with the task of finding a way to attract the farmers’ vote.

Many Other Cases

Many more examples of the same sort of behavior could, of course, be easily cited. Their name is legion, but they are so familiar that it would appear a work of supererogation to list or analyse them. It is against this background that the expressed intentions of consumers and businessmen are so striking, and, should we say, out of character. Here in an election year, in which, according to popular notions in any event, business should be dull, consumer and entrepreneur alike proceeding with caution, we find a strong demand from those who have made surmise of these matters, consumers planning to spend as freely and as lavishly for the various things they want as they did in the record-breaking year, 1935. In some instances plans have been altered and the saving reduced to fractions of the value by the stock market—and that in the face of indications that under conditions now existing, and with current Federal Reserve policy unchanged, it may not be easy for business to find the funds it will need for the investments it now plans. The fact that public questions which are of vital concern to business are being neglected or mishandled by reason of political considerations seems to be no strong deterrent. A quarter of a century ago business would have been appalled at what the Eisenhower Administration is doing or planning; it seems now either to approve or to have come to the conclusion that it is the lesser of two evils—and to feel fairly certain that it will be the lesser, not the greater, of the two evils which will triumph in November.

Perhaps it is as the poet sang of evil—"seen too oft, familiar with her face, we first endure, then nivy, then embrace." But there are a number of special circumstances which make it appear that at first glance would appear to be very ambitious plans of the business community. First of all, the extraordinary pace of the marsh of science and technology is obliging competitive enterprises to proceed at an almost unprecedented rate to install new and improved equipment and new and improved ways of doing things. Much the same forces are calling new enterprises into being to make new products, and old enterprises into expanded operations to produce new things. The rate at which such changes as these are occurring is strong evidence of robust competition in American industry notwithstanding political disturbances in Washington.

High Labor Costs

Then the power of labor unions, stimulated and promoted in recent years by government at all levels and increased by reason of the high condition of business generally, is playing all kinds of business under the incentive to substitute machinery and automatic equipment for expensive manpower on all fronts. Moreover, the pressure of consumer demand for all sorts of goods, despite various circumstances which might in other times have restrained them, lead producers to feel that they must be prepared to produce the goods and services that consumers continue to demand. This frequently means enlarged capacity, and greater investment just at the time that demand for resources and funds for production of consumer goods is at great height. The consequence and the ability of the financial community to finance the consumer on such an unprecedented scale as has been occurring probably tends to stimulate the general movement.

The authoritarian view that government has somehow learned to prevent business depression, and to keep the volume of output moving continuously, or almost con-

With E. F. Hutton

CHICAGO, Illinois—George E. Springer has become affiliated with E. F. Hutton & Co., Board of Trade Building.

Rejoins Mid Continent

CHICAGO, III.—Gerald B. Verr has rejoined Mid Continent Investment & Securities Corporation, 231 South La Salle Street, members of the New York and Midwest Stock Exchanges. Mr. Verr has recently been with Strauss, Blusiness & McDowell.

Reynolds Adds to Staff

CHICAGO, III.—Robert H. Watson has been added to the staff of Reynolds & Co., 39 South La Salle Street.

Joins S. A. Sandeen Co.

ROCKFORD, Ill.—Charles S. Pembull is now with S. A. Sandeen & Co., Tailors Building.

With Schirmer, Atherton

PORTLAND, Me.—Leroy E. Donnelly is now with Schirmer, Atherton & Co., 634 Congress Street. He was formerly with The First New Hampshire Corp.

Joins Columbia Secs.

CREASE, Ill.—Irving Rothman has been added to the staff of Floyd D. Cref Jr. Co., Inc., 129 South La Salle Street.

Washington Branch

WASHINGTON, D. C.—Harvey B. Gram, Jr., partner in Johnston, Lemon & Co., has been elected Chairman of the Committee on Arrangements for the Washington meeting that is to have been held in the Philadelphia-Baltimore Stock Exchange, succeeding Edgar B. Rouse, Rouse, Brewer Company.

Others elected were George R. Muhleberger, Bache & Co., Vice-Chairman; L. Clark Brown, Behring & Co; Secretary; James M. Johnston, Johnston, Lemon & Co., and William W. Mackall, Mackall & Coe, have been elected to the Committee.

Joins White & Co.

BLOOMINGTON, Ill.—Edward H. Davison is now with White & Co., 214 West Washington Street.

Joins Bear Stearns

CHICAGO, III.—Samuel Silverstein has joined the staff of Bear, Stearns & Co., 123 South La Salle Street.

Floyd Cref Adds

CHICAGO, III.—Irvind Rothman has been added to the staff of Floyd D. Cref Jr. Co., Inc., 129 South La Salle Street.

The beautiful new Meadows Building, home of the General American Oil Company of Texas, is symbolic of the basic thinking and planning which have helped this aggressive young company grow from its beginning in 1936 into one of the thirty largest oil companies in the United States. With production, exploration, and pipelines in the United States, and in Canada and Spain, General American anticipates an ever-broadening future based on sound and vigorous growth.

GROWTH

ON A SOUND FOUNDATION

DALLAS, TEXAS

GENERAL AMERICAN OIL COMPANY of Texas
Business and Market Outlook

Labor-Saving Devices

In addition to confidence, industry's recent stepping up of capital expenditures may also be based on the belief that present labor-saving devices and other improvements in the production process will continue to be competitive in the market. The pressure to increase substantially with the available labor force foreseen by the present policy will continue to keep unemployment at low levels. On the other hand, it is just as possible that we will double the productivity of labor and raise the cost of goods and services available to the consumer. Thus, the forecast for the next year is one of moderate improvement in the present climate, with continued declines in the consumer confidence index.

Out-Perform the Averages

However, the presence of any investment program at this stage of the business cycle is not likely to be the subject of discussion on stock market prices. The stock market will not suffer any serious losses, but it seems likely that the market will be subject to a continued upward trend at a rate of about 4% per annum. This trend is likely to continue for several years, and it is predicted that the market will reach new highs in 1955 at an average of about 80%.

Markets will be influenced, however, by the general economic conditions and the performance of individual companies. It is predicted that the stock market will be subject to a continued upward trend at a rate of about 4% per annum. This trend is likely to continue for several years, and it is predicted that the market will reach new highs in 1955 at an average of about 80%.

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of the various groups because their prices and price behavior are different. A notable difference is that the market is still pointed selectively higher.

**Specific Comments**

Now, let's report or talk on the market should conclude without specific comments on groups of stocks and recommendation of individual issues. We all know that the market has been moving as a unit during the past year, and there has been a market for good bargains in the face of conflicting pressures and different potentials. This was not wrong with the market, except that in the psychology on us, which in Layman's language it has a split personality, and in our language means that it is highly selective. You don't buy the market as a whole, you buy individual stocks and bonds. So, just try to be public on various groups, stocks and individual issues within groups from the point of view of a "securities analyst" or "technician" as you all have been sometimes called.

The groups I favor at the present time are electronic equipment, electrical equipment, drug, meat packing, soft drinks, airlines, aircrafts, office and machinery equipment and air-conditioning and selective issues among the chemicals, rails, metals, steels and oils.

The following groups should be held temporarily but further appreciation possibilities are somewhat limited. After all, this group of stocks has had a tremendous rise in the past two years: aluminum, cement, glass and rubber.

The following groups can also be held, as they have had a somewhat similar rise in the past two years: chemicals, steel, copper, farm equipment, movies, textiles, natural gas, rubber trade and utilities. Rather than comment on every group of stocks mentioned, I should like to continue my effort to submit a list of selected stocks of those larger groups which by the various measuring tools correlated and described above, appear interesting for purchase. Some of these stocks are not top-quality, but are submitted leading mainly because they appear to indicate the best appreciation potential from approximately present price levels.

**Oil**

- Royal Dutch... 66
- Cities Services... 65
- Shamrock Oil & Gas... 45
- Sunoco... 47
- Texas Gulf Production... 45
- Phillips Oil... 52
- Union Oil of California... 63
- Atlantic Refining... 37
- Chicago Corp... 37
- Columbian Carbon... 45
- Kern County... 23

**Metals**

- Anaconda... 39
- St. Joseph Lead... 78
- American Smelting... 34
- American Smelting... 35
- Howes Sound... 23

**Office Equipment**

- Smith... 32
- National Cash Register... 42

**Furniture**

- Wiremold... 29
- Parke Davis... 52
- Western-Martin... 44
- Bristol... 50
- Norcross... 56
- Schering... 56

**Rail**

- St. Louis, San Francisco... 31
- Seaboard Airline... 88
- N. Y., N. J. & St. Louis... 81
- Chesapeake & Ohio... 61
- Southern Pacific... 31
- Western Pacific... 66
- Canadian Pacific... 35
- Denver Rio Grande... 51

**Rail Equipment**

- Pullman... 60
- Westinghouse Air Brake... 32
- New York Air Brake... 31
- ACF Industries... 60

**Auto Equipment**

- California Packing... 44
- Davis Corp... 50
- Dana Corp... 50
- General Motors... 71

**Machine Tools**

- Joy Mill... 42

**Toxic**

- Philip Morris... 60
- California Packing... 44
- Consolidated Foods... 45
- Corn Products... 45
- General Mills... 71

**Television**

- J. P. Stevens... 26
- United Merchants & Mfg... 26
- American Viscose... 42

**Electronic & TV**

- Sylvania Electric Prods... 51
- Radio Corp... 47
- General Electric... 42
- Zenith... 131
- Columbia Broadcasting... 31
- General Electric... 62

**Farm Equipment**

- International Harvester... 36
- Farmco... 36
- McCormick... 62
- Deere... 62

**Stocks**

- Coca-Cola... 124
- Pepsi-Cola... 23
- Allied Stores... 22
- Kroger... 70
- Sinclair... 33
- Sears, Roebuck... 33
- McGraw Electric... 62

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- York... 57
- Trane... 57
- General Motors... 33

**Miscellaneous**

- Boeing... 71
- Douglas... 71
- General Motors... 33
- Glenn Martin... 34
- Chrysler... 60
- Monsanto... 48
- Omni-Matheuos... 34

**Liquids**

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- United Distillers... 29
- Pan American Airways... 20
- American Airlines... 20

**Miscellaneous**

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- Pitney Bowes... 70
- Tri-Continental... 27
- Ace Products... 27
- Armour... 21
- Borden... 33
- Colgate-Palmolive... 60

**Containers**

- Lilly... 31
- American Can... 34

**With Waddell & Reed**

- With Waddell & Reed... 843

**BEVERLY HILLS, Calif., May 1955**

BEVERLY HILLS, Calif., May 1955: With Waddell & Reed, Inc., 843 Wilshire Boulevard. He was previously with Daniel D. Weston & Co.

**Daniel Weston Addns**

BEVERLY HILLS, Calif., May 1955: Daniel D. Weston & Co., 140 South Beverly Drive. He was formerly with Cantor, Fitzgerald & Co., Inc.

With Hall & Hall


S. B. Franklin Addns

LOS ANGELES, Calif.—S. B. Franklin added to Samuel Jones & Co., 215 West Seventh Street.

Alfred D. Smith

Alfred D. Smith for many years associated with the National Quotation Bureau and more recently with Dow, Jones & Co. passed away on March 30 at the age of 62.

**BEVERLY HILLS, Calif.**

BEVERLY HILLS, Calif.—Howard D. Louden has become associated with Merrill Lynch, Pierce, Fenner & Beane, 211 South Fifth Street. Mr. Louden has recently been with Westheimer & Co. and prior thereto was an officer of Holton, Farrar Company.

**Louden With Merrill Lynch**

(Special to The Financial Chronicle)

FRESNO, Cal.—John M. Stute, International became associated with Hall & Hall, Bank of America Building.

**With Hall & Hall**

(Special to The Financial Chronicle)

**DREWrys LIMITED U.S.A. INC.**

SOUTH BEND, INDIANA

- SETS NEW RECORDS IN 1955

DREWrys SOLD MORE BEER in 1955 than in any previous year—3.9% more than in 1954. This compares with a gain of only 2% for the industry as a whole. PACKAGED BEER continued popular—DREWrys packaged 82% of its product, compared with 77.5% for the industry as a whole.

INCOME REACHED NEW HIGH LEVELS—Earnings per share were $2.63 compared with $2.46 in 1954.

COMMON DIVIDENDS PAID were the highest in history—$1.60 per share.

**COMPARATIVE HIGHLIGHTS**

1955 1954

Barrels sold... 1,425,465 1,372,407

Net sales after excise taxes... $25,800,873 $25,549,871

Income before taxes... 3,735,300 3,160,997

Net income after taxes... 1,583,430 1,570,997

Working capital... 2,767,727 2,534,245

Shareholders' equity... 9,498,480 8,877,925

Earnings per common share... 2.63 2.46

Dividends per common share... 1.60 1.50

Book value per common share... 13.78 14.73

**BEVERLY HILLS, Calif., May 1955:**
Have You Considered Investing in the CHEMICAL INDUSTRY?

Chemical Fund

The objective of this Mutual Fund is to provide Long Term Growth of Capital and Income through Diversified Investment in chemical and nuclear industries.

Prospects on request

F. Eberstadt & Co., Inc.
Manager and Distributor of Chemical Fund, Inc.
65 Broadway, New York, N.Y.

Price/Earnings Ratios

The price of a common stock is a measure of its intrinsic value, as compared to its earnings. For example, a stock selling at $1 per share may be underpriced if its price/earnings ratio is lower than that of another stock, providing the company has a better growth potential or has been a steady record of growth and is competitive.

MCA Construction Survey 1953-1957

<table>
<thead>
<tr>
<th>Organic chemicals</th>
<th>Inorganics</th>
<th>Synthesis in the Chemical industry</th>
<th>Metals and alloys</th>
<th>Inorganic dyes and pigments</th>
<th>Research labs. and mfg.</th>
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<tbody>
<tr>
<td>$363.000,000</td>
<td>$481,000,000</td>
<td>$280,000,000</td>
<td>$150,000,000</td>
<td>$115,000,000</td>
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Total: $2,377,000

In commenting on the continued high rate of growth of the chemical industry, J. E. Hall, President of the MCA, stated: "It is the logical outgrowth of the post-war intense research. The plants are being built on the results of research and to supply the new products and new uses of existing products, at lower cost. The plants should make an increase in earnings when they attain capacities.

The chemical industry is characterized by large investments in plant and equipment. Capital investment of $20,000 per wage earner is not unusual in this industry. A fuller appreciation and understanding of the magnitude and importance of our industries and the high degree of instrumentation for automatic control and production make it possible to produce in a low labor cost per unit of production.

Process improvements and increasing productivity of labor have ended the era of the large company. To absorb raw materials at prices over 100% and wage rate increases of 15% a year, agencies that are selling the prices sales of chemical products only 20% to 40% and reporting losses in some cases. New scientific knowledge, design, development, and training of personnel creates opportunities for further profit improvements in the future, as in the past, continue to increase productivity and to lower costs as.

Research

You will recall that our definition of a growth company is one that has the principal reliance for future growth on research and development. There is no question but that new and improved products are needed to the expansion of our industries. The chemical industry has been a leader in research and development.

A new product is sometimes a result of a discovery in any one of several fields. Sometimes the research is aimed at a specific problem, as in the treatment of mental illnesses, or to aid the development of new materials.

Research has been steadily increasing in the last 20 years. A research and development fund of $25,000,000 was built in 1954. The expenditures of these companies is expected to continue in the neighborhood of 5% of sales to 3.5% of sales. Twenty chemical companies spent $225,000,000 or 3% of sales.

Another important factor to consider in appraising the outlook for the chemical industry is the capital expenditures. This gives a clue as to future sales and earnings, particularly if major projects are under way.

Growth of the chemical industry has been facilitated by the expansion of new and improved products and the exaction of markets by rival products. This necessitates a highly trained, well directed research and development force that is equipped with the modern equipment and science.

Much just to make sure that adequate funds and personnel depend on many factors. It has been suggested that the company in a growing industry should spend in the neighborhood of 3% or 3.5% of sales. Twenty chemical companies spent $225,000,000 or 3% of sales.

The Manufacturing Chemists Association has just recently completed a survey of new and improved products and new processes. This is a useful guide. Direct comparisons between companies and products are not always valid, unless accounting differences are fully understood.

A comparison of the current research expenditures to sales shows a wide variation from a high of 8.6% of sales to only 1.5% in some cases. This is a 3.5% of sales.

A large expenditure for re- search and development is in itself no guarantee of future growth. Of far greater import is the creative ability of the research men to convert their results into products, even if no new或 management is unwilling or unable to promote commercial exploitation. To the research chemist, the accomplishments of the research and development chemists are matters of pride, and they find them helpful in evaluating the intangibles in the intangibles, for the intangibles remain the greatest importance.

A word of caution, aspiring long-term growth prospects of the chemical industry on the basis that it has been assured. There is a shortage of synthetic materials that may create a problem. Our universities are not graduating enough scientists to take care of this situation.

Perhaps the most effective place to start is in the classroom. Many of the high school students in government and industry.

New schools and new facilities for high schools have increased the enrollments and will increase the number of teachers. Since 1950, the number of the high school teachers has been reduced by an estimated 4,000,000. Yet another tendency is that the chemical industry is no longer a career. A full appreciation of the problem will help to assure the growth of the chemical industry.

The chemical industry produces an almost infinite variety of materials that are used in the operation of every major industry. From rubber to plastics, from paper to nylon, from coal to fuel, from steel to aluminum, from iron to copper, from the raw materials of agriculture into about 30 im portant chemicals, hundreds to thousands of intermediates. The chemical industry is the largest single industry in the world, and it is the chemical industry is the largest single input to the chemical industry is the largest single source of new chemicals.

The diversification of the chemical industry may be further illustrated by the example of new products that attained commercial production in 1953. In 1950, 30% of the new product sales of 1950 were in pharmaceuticals, 30% of the new products had a new and improved product had been on the market for over 10 years.

New raw materials, such as coal, salt, limestone, sulfur, air, water, electricity, and the new byproducts of agriculture into about 30 imp ortant chemicals, hundreds to thousands of intermediates. The chemical industry is the largest single input to the chemical industry is the largest single source of new chemicals.

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Railroad Securities

By GERALD D. McKEEVER

Missouri-Kansas-Texas

The Missouri-Kansas-Texas is in the third of its third attempt to solve the bond dividend-stock problem of disposing of its 7% cumulative preferred stock liability. The back dividends of the bonds have been reduced from $1.25 to $1.20. (Special) After giving effect to the 50-cent per share payment made in June, the bond dividend was stepped down by one point when the board's election of directors became effective for the final quarter of last year, that this reduction was stepped down by 4 cents per share because it was done in view of the (quite) accurate projection of only 2.5e per share net in 1956. The payment at the $5 rate which had been in effect for some time was cut for $3 million annually, and this amount would net be fully earned in 1956. Net income would be approximately $254,000 for 1956 and $634,000 for 1953.

Whatever the reason, the reduction in the dividend has only aggravated the problem of back dividend accrual, and on Dec. 1 of last year the road proposed its third voluntary plan for the elimination of the accrued and its accruals, which, as mentioned above, were $154 per share as of the first of this year. This plan consists of an offering for each $100 par stockholder of a 25% or a total claim of $254 as of that date, a "package" with coupons for the purchase of new stock, and an offer of 4% prior lien bonds of 35-year maturity, $50 principal value of a $50.00 income debenture, and an arrears claim, in exchange of a claim on $50. Net earnings of the road before any dividends could be held on the bonds.

The value of this proposed "package" might be estimated somewhere in the vicinity of 12% of net earnings at the present time. The outstanding bonds are situated around 90, and this might suggest a value of 15 for the proposed 35-year maturity, $50.00 debentures might be rather generously valued at 56 (the more strongly held bonds, those of the engaged in a "package" with coupons for the purchase of new stock, and an offer of 4% prior lien bonds of 35-year maturity, $50 principal value of a $50.00 income debenture, and an arrears claim, in exchange of a claim on $50. Net earnings of the road before any dividends could be held on the bonds.

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Canada's Northern Empire Offers Unlimited Possibilities

and scientists compared with 796,000 in the United States. While the men of these two countries, because I fervently believe that the most dangerous end of the world, and the peoples within them, have always differed widely in race and religious beliefs. We know from bitter experience that the international war cannot settle these differences. We must first recognize that, in this atomic age, warfare will be fought with atomic weapons and the annihilation of both aggressor and defender. Mankind's survival rests upon the free exchange of ideas and the sincere respect for another's conviction.

Canada Best Qualified Nation to Promote World Peace

Canada is probably in a better position than any other country to exercise a profound influence for a world peace.
The time is still on the money markets, and until there is a change in the direction of the inflationary forces operating in the economy it is not likely that there will be a significant change in the short-term money market. The absence of interest in Government obligations, other than the short-term liquid issues, is due mainly to the credit policy of the banks. The upturn in loan rates by the commercial banks is having its effect on quotations of Government securities because dealers in Treasury issues are not in a position now to make loans which could be used as a substitute for the purchase of the prices of these securities. Because the Government bond market has been allowed to shift for itself, it has become a very narrow market with rather limited attraction to investors because of this condition.

Few Investors in Governments

The Government bond market, that is, what is left of it, has been able to put on only short-lived, very modest rallies. These were due mainly to short covering, a quoting up of prices and a small amount of buying. The decline which has taken place in quotations of Government obligations has been very severe at times because there was practically no interest in these securities. It is even today not used to be hoped of these securities that they do not have funds now for Treasury issues, either because of the large demand for capital for other purposes or other more productive channels for the investment of their money.

The buyers of Government securities have become fewer and fewer because these obligations have become more limited, with the result that the thinness which is now so prevalent in these securities has taken considerable of the attraction for these issues away from them.

"Boom" Psychology Prevails

To be sure, the Government market is under pressure because of developments in the economy which seem to spell out boom, and it is under the influence of the boom psychology; over-confidence in the ability of business to not only sustain the current rate of operation but also to continue to better it with the passing of time, and because the recognition of the fact that the inflationary psychology is made, even though on this occasion it is based on a difference not on an error of judgment on the past. Also, the booming stock market, which is not based so much on credit, is adding to the psychology and is now absorbing a bit more bank credit, according to reports, is one of the primary reasons for the pressure being kept on the money market by the bond market to be able to be shown in its true light.

Market Reminiscent of 1953

The lack of interest in the Government market is not expected to be revived very much as long as these issues are allowed to drift about in an unprotected market which, at times recently, has acted worse than it did in 1953, when the pressure was also very great on the money market and the longer-term issues were making new highs each day. However, at that time it was assumed in some quarters that there would not be a repetition of what had happened in 1953 as that had been thought to be impossible. It seems as though this kind of thinking was not correct because the recent trend of the Government bond market proved that it could and did occur all over again.

Treasury Bonds "Unprotected"

It seems as though the only way in which the authorities are going to carry on "open market" operations is through the medium of Treasury Bills, but the open market needs the modicum of attention to the rest of the Government securities, which are the most important and extreme confidence, or even in some cases, used for the purchase of the Treasury issues. We have a very much larger Government debt now than we had years ago, and it is the opinion of not a few money market specialists that the kind of protection in times of need, for the securities other than the very short-terms, is required if the market for Treasury obligations as a whole is going to assume the position it should have in the money markets.

Investors are not going to be attracted to Government securities if they do not use as much protection as do certain corporate issues. The fact that some non-Government bonds acted better than others does not prove that Treasury securities in the recent market debacle is not the kind of situation that encourages investment in what is supposed to be the best of all, namely, United States Government securities. The operation of sinking funds has given corporate bonds at least some protection and support, but not sufficient to long-Treasury issues when prices were falling very sharply.

Join Reever Model

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Moneyness and Fiscal Policies: What They Can and Cannot Do

Timing Difficulties

For monetary authorities, the most fundamental problem of timing is to forecast changes in the price level and to take the right compensating action before the price change begins to appear. In the most elementary case, promptness of action is important—whether or not the results are not to be reduced unduly by the time lag between changes in a monetary factor and its effect on business activity. If the authoritarians are successful in diagnosing the causes of an economic inactivity, then the role of the monetary action is to stimulate a recovery. But the perils of action based on judgments in advance of an event are obvious.

In the event that the monetary authorities have for some or so aged a widely-read daily newspaper congratulated the Federal Reserve for taking appropriate actions only six months in advance of the time that can be predicted for economic events called for by economic facts. Much more difficult is the question of what we ought not to be credited with quite so much weight. For if we are good, that we are lucky, extremely lucky, rather than endowed with omniscience. Nevertheless, we do try as best we can to pass judgment on the business and financial situation from which we take action as quickly as possible.

Events of the Spring of 1953

The fiscal policies of the spring of 1953, for example, of psychological forces that play a part in the market's judgment of the monetary future, must be taken in account if monetary policies are to be effective. That Spring, elucubration was high, plant expansion was going on at a tremendous rate, and credit demands were large. The U.S. Treasury was borrowing money to keep down interest rates, and that in turn was to be reported by the Federal Reserve as a monetary policy until the world found a yield better, just as history has shown that the man's failure to understand what is required and to act accordingly.

With Inve Service Co.

(Department of the Treasury: Chicago)

DENVER, Colo.—Frank H. Snyder is now comptroller of Investment Service, First National Bank Building.

JOHNS DELUOES, Roberts

(Department of the Treasury: St. Louis)

DENVER, Colo.—Harold B. Lewis has joined the staff of First National Bank Building.

Now With F. L. Edenfield

(Special to The Financial Chronicle)

MIAMI, Fla.—Clarence F. Hofer has been added to the staff of First National Bank Building.

Two With Makr Inv

(Special to The Financial Chronicle)

MIAMI, Fla.—J. Sills and Frank T. Tracy have been affiliated with Makr Investment Bankers, Ainity Building.

Chemical Industry's Role in Increasing Profits of Farmers

University of Missouri study shows how farmers increase profits from fewer acres of corn by raising yields and cutting pest controls.

Crop production cost studies in northeastern Missouri showed that the story of how production cost per bushel was cut was in lowering both the yield per acre and the pest controls used. When corn makes only 35 bushels per acre, the cost per bushel is $1.84. At 60, costs are cut to only $0.36. But the most important is to get rid of pest controls. At the same time the most important is to get rid of pest controls.

These facts and figures are of great importance to any farmer, but to every citizen. The nation's population has grown 20,000,000 in the last 15 years. In the same period of time, the number of farmers in the country declined by 2,000,000. The farmer, instead of being the victim of the feeding the United States and many other parts of the world, has improved his lot better than it has ever been fed before.

The farmer's Efficiency Up

Today's farmer, working shorter hours too, can grow food for 18 people in 1940. This represents a gain in both productivity and efficiency. As what Dr. Byron T. Shaw, administrator for the Agricultural Research Board of Agriculture has to say on the situation:

"Economists have estimated that if farmers in 1940 had been no more efficient than they were in 1940, consumers would have had to pay $2 to $19 billion more for the food they purchased."

The farmer's efficiency is expressed in increased yields per acre and per animal. Corn yields are up 54.6% from 1914 to 1950, cotton increased 31... cotton 43% and potatoes 111%. Cows are giving 44% more milk, hogs are laying 42% more eggs.

By increasing yields per acre, the United States is able to cut heavily into the $3.8 billion annual crop loss from pests. He is having to pay 27 million annually by pest control for the insects which are eating the cotton, corn and farm animals. Today's farmer is on the move, where he can put back into the soil increased crop yields and his systems of crop rotation. Farmers can put back into the soil increased crop yields and his systems of crop rotation.

The farmer's new "hired hands" are the modern farm chemicals, fungicides, and weed-killers—are vital to this nation and the economy. The cost of these chemicals amounts to $100 per mouth, 2,000,000 more mouths to feed each year.

With the chemical industry facing a future which decried years of grass were where one grew before.

The State of Trade and Industry

In February, the count remained the same at 54.6%. In March, however, the share jumped to 56.5% and with the opening week in April it climbed to nearly 58%. This noted that the generous spewing up in low-priced programming seems to be blooming at the expense of a slightly widening margin—mainly in the Western believed-Bonnet divisions, for instance, are currently scheduling production at a combined 34.6% market share, compared with 35.8% in March and a much higher 27.3% in February.

Motor vehicle production showed 133,473 cars and 24,075 trucks for a total of 157,548 units as against 125,781 cars and 24,082 trucks for a total of 149,863 vehicles in the nation's 126 plants.

General Motors produced 75,702 cars last week compared with 46,063 a year ago, a jump to 36,078 from the previous week's 34,258. Chrysler Corp. was up to 27,750 from 27,275. Ford's output was 17,825 last week, as compared with 17,923 the week before.

American Motors production was tabbed at 1,785 compared with 1,775 a year ago. Ford found its output jumped a total of 2,083 units; Packard closed down the entire week and registered zero.

Steel Operations Scheduled to Increase Slightly the Current Week

Automotive companies are scheduled to balance unsold stock and picking up inventories of steel to offset ferrous prices increases or a possible steel strike, states "Steel," magazine of the National Steel Foundation.

Unsold dealer stocks estimated to be around 850,000 passenger cars and trucks at the end of the first quarter of the current year. Production, however, should be up by the end of this month, with good chances of being in effect when some new models on the line, declares the publication.

Companies which canceled orders for steel in the first quarter.
Airlines Common Stk. Offered by Union Securities Group

Union Securities Corp., and associates, is offering on or before April 1, 1960, 180,000 shares of Seaboard & Western Airlines, Inc. common stock at a price of $17.75 per share. Net proceeds from the sale of the common shares will be used for the purchase from Lockheed Aircraft Corporation of three L-1049 Super Constellations with conventional stowage for freight and passenger aircraft, and for the purchase of spare parts. The balance of the net proceeds will be added to the general fund of the company. Seaboard & Western Airlines, Inc., is a leading operator of scheduled air transport between the United States, Western Europe, and the Caribbean area.

Blyth-First Boston Group Offers Kansas City P. & L. Preferred

An underwriting group headed jointly by Blyth, Co. & Co., Inc., and First Boston & Co., Inc. (April 11) offered to the public 120,000 shares of Kansas City Power & Light Company preferred stock, selling for $100 par, with a cumulative preferred stock $100 dividend, at $86¼ per share. The company has a net worth of $11,795,500, and has an earnings capacity of $562,200, or $4.68 per share, in addition to cash and net income, included special dividends.

Business Failures Turned Downward the Past Week

Commercial and industrial failures dipped to 217 in the week ending April 4, the lowest total since the beginning of the week. Dun & Bradstreet, Inc., reported. The level was slightly over double that in the previous year, but below the advance toward the end of the year. Failures involving liabilities of $5,000 or more declined 19.4% in the week ending April 4, compared with the previous week. Among small failures with liabilities under $5,000, a decline of 25.2% was reported in the week ending April 4. The level of sales failures at the end of the week was 20.9% below the level of last year.

Wholesale Food Price Index Equals 156 High Point

The wholesale food price index compiled by Dun & Bradstreet, Inc., rose to 156 in the week ending April 4, almost 10 points higher than the previous week. The index compared with 146 on the same date a year ago. Aided in the increases were higher prices for flour, wheat, corn, oats, barley, beef, hams, bale, tobacco, cottonseed, eggs, steers, hogs and lambs. Lower in wholesale cost were rye, sugar, milk, butter, cheese, coffee, and tea.

The index represents the sum total of the price per pound of 31 staple food products, which are considered a general use standard. It is slow to the general trend of food prices at the wholesale level.

Wholesale Commodity Price Index Registered Sharp Advances In Latest Week

The general commodity price level advanced sharply last week. The Federal Reserve Board's wholesale commodity price index, on April 3, from 388.74 a week earlier, and compared with 376.06 on the same date a year ago.

Grain markets were somewhat irregular but a firm under¬ tone persisted throughout the week. Legislative action on the amendment to the farm bill was an important factor, or the prices.

Corn displayed the greatest strength with good demand re¬ ported in all markets. Producer quotations of corn were down sharply and offerings were limited.

Wheat prices were well maintained with buying stimulated by talk of a new harvest. Wheat for the current season ranged in some winter wheat areas. Oats prices were buoyed largely by the strong advance in wheat bids, and sharply, toward the close reflecting better crusher demand influenced by higher prices for soybean meal and vegetable oils. Trailing in grain and soy bean futures on the Chicago Board of Trade broadened the past week, with daily average sales totaling 45,600 bushels, against 42,500,000 the week before and 42,100,000 a year ago.

Domestic flour business remained slow with demand for baking flour. Flour generally steady to trade in need of early repor¬ tations. Hard wheat flour balances were said to be quite sub¬ stantial, with buyers holding off and waiting for the new crop. The demand for Springs was kooked for the near future as balances start to run down. The green coffee market was irreg¬ ular with a few higher and prices generally lower with lower with primary market operations curtailed by religious holidays.

Some weakness developed in the raw sugar market due to distained arrivals from the Philippines.

On the world market, reflecting continued heavy arrivals, large stocks on hand and low manufacturer de¬ mand, sugar prices were further eroded. The world market was down 333,176 bags a week earlier and 131,248 bags at this time last year. Last prices trended upward in fairly active trading. Supplies were sufficient for the prompt deliveries. For the current year prices have been higher than last year with the exception of March and April. Butcher hogs continued to soar with top prices touching the $16 level during the last week of the month.

Cotton prices trended downward in the early part of the week but recovered to top levels by the end of the week. Early weakness reflected profit-taking and selling induced by the sharp advance in prices at the close of the preceding week and by the large carryover of -sales. Mill price-fixing covering with met limited offerings entered the market. The sales deals for the week were in the spot market was less active with sales totaling 52,400 bales compa¬ red with 17,816 the week before and 17,816 the week before. CCC loan repayments reported in the week ended March 25 were 27,200 bales with loan entries in the same week totaling 27,200 bales.

Trade Volume Rose Noticeably Above Prior Week and Was Much Above Level of Like Period a Year Ago

Trade volume continued to rise in retail and wholesale outlets and the dollar volume was noticeably above that of the compar¬ able period a year ago. Consumers increased their purchases of women's clothing, furniture, and motor vehicles, and Eastern and Western merchant inventories were reduced.

An upsurge in the buying of new automobiles occurred, but volume in the used-car market was lower. Consumers turned to sales promotions and reduced price sales were less frequent than a year ago.

The total dollar volume of retail trade in the period ended on Wednesday of last week was 5 to 6% higher than a year ago, according to the Federal Reserve Board's index of retail sales. Male from the comparable 1955 levels by the following percentages New England -2 to +4, East, Northwest, and Pacific 4 to 8. Sales in the Middle West 6 to +9.5%. Apparel store sales reported a noticeable increase in the call for women's fashion accessories, with principal gains in gloves, jew¬ elery, and scarfs. Volume in Spring merchandise was considerably higher than that of the previous week. Slight volume gains were reported in Spring and coats. The call for men's furnishings rose sharply, with the demand for shirts, ties, and jacket was increased by the buying of furniture, women's Spring apparel and some textiles.

Department store sales on a country-wide basis as taken from the Composite Index of Retail Trade showed a gain of 1% over the comparable 1955 levels by the following percentages New England -2 to +4, East, Northwest, and Pacific Coast 4 to 8. Sales in the Middle West 6 to +9.5%. Apparel store sales reported a noticeable increase in the call for women's fashion accessories, with principal gains in gloves, jewelry, and scarfs. Volume in Spring merchandise was considerably higher than that of the previous week. Slight volume gains were reported in Spring and coats. The call for men's furnishings rose sharply, with the demand for shirts, ties, and jacket was increased by the buying of furniture, women's Spring apparel and some textiles.

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Retail trade volume in New York City the past week showed a substantial falling off following the Easter shopping period. Trailing results of the week's decline at about 11 to 15% below the like period a year ago.

According to the Federal Reserve Board's index, department store sales in New York City for the week ending March 31, 1956, increased 1% over the comparable period a year ago. In the preceding week, March 24, 1956, a decrease of 6% (revised) was recorded. For the four weeks ending March 31, 1956, no change was recorded. For the period Jan. 1, 1956 to March 31, 1956 the index recorded a rate of 2% above that of the cor¬ responding period of 1955.

Volume 133 Number 5024...The Commercial and Financial Chronicle
Securities Now In Registration


Anchor Casualty Co., St. Paul, Minn. March 27 filed 20,000 shares of $1.75 cumulative convertible preferred stock (par $10) to be offered to eligible investors and to policyholders of subject company. Price—$2 per share. Proceeds—For working capital. Underwriter—E. F. Solomons Co., Minneapolis, Minn. 

Arizona Public Finance Co., Phoenix, Ariz. Sept. 16 filed 78,000,000 shares of common stock to be offered for subscription by holders of life insurance policies issued by Public Life Insurance Co. Price—$20 per share. Proceeds—To construct a life insurance building. Underwriter—None. Sales to be directly by the company or by salesmen. 

Associated Drugs, Inc., Bemidji, Minn. Feb. 28 (letter of notification) 15,000,000 of 6% sinking fund debentures due Jan. 1, 1975 (denominations of $1,000 each), plus accrued interest. Proceeds—For general corporate purposes. Underwriter—W. H. Olson Co., Fergus Falls, Minn. 


Atlas Corp. Feb. 28 filed 8,980,095 shares of common stock (par $1) to be offered for public sale at $10 per share. Proceeds—To be used for general corporate purposes. Underwriter—Greater Securities Co., New York, N. Y. 

Atlas Investment Co., Las Vegas, Nev. Jan. 15 filed 2,000,000 shares of common stock, of which 12,000 shares are to be offered for public sale at $50 per share and 8,000 shares are to be offered for private sale with an over-subscription privilege. Proceeds—For payment of bank loans, and for capital and surplus. Underwriter—Brown & Co., New York, N. Y. 

Atwood Oil Co., Inc., Ft. Worth, Tex. March 28 filed 50,000 shares of common stock, $1 par value. Proceeds—To be used for general corporate purposes. Underwriter—Greater Securities Co., New York, N. Y. 

B. S. F. Co., Birdoslov, Pa. Dec. 30 filed 92,636 shares of capital stock (par $1) to be offered for subscription by stockholders of record at $5 per share. Proceeds—To be used for working capital. Price—$2 per share. Proceeds—For investment purposes. Underwriter—None. 

Bingham & Prosser Co., Chicago, Ill. March 29 (letter of notification) 40,000 shares of common stock (par $2) to be offered to certain employees. Price—$20.50 per share. Underwriter—123 S. Sangamon St., Chicago, Ill. 


Birchmore Uranium Corp., Denver, Colo. April 6 (letter of notification) 1,000,000 shares of class A common stock (par five cents). Price—$2 per share. Proceeds—For exploration and development purposes. Underwriter—Denver Club Blvd., Denver, Colo. 


Bonus Uranium Corp., San Diego, Calif. Oct. 28 (letter of notification) 3,000,000 shares of capital stock (par one cent). Price—10 cents per share. Proceeds—To be used for general corporate purposes. Underwriter—None. 


Central City Development Co., Central City, Colo. March 30 (letter of notification) 2,500 shares of class B common stock and 1,000 shares of class A common stock (par $10 each). Price—$10 per share. Proceeds—For general corporate purposes. Underwriter—Greater Securities Co., New York, N. Y. 

Chesapeake & Ohio Light Corp., Baltimore, Md. May 23 (letter of notification) 2,000,000 shares of common stock (no par). Price—$35 per share. Proceeds—To be used for working capital. Underwriter—None. 


Colorado Corn, Inc., Longmont, Colo. March 28 filed 200,000 shares of common stock (par $1) to be offered to the company by certain officers and employees to whom stock options have been or may be granted under the stock option plan. Underwriter—None. 

Coloboma Uranium, Inc. March 29 filed 500,000 shares of common stock (par $1) to be offered to the company by certain officers and employees to whom stock options have been or may be granted under the stock option plan. Underwriter—None. 

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### NEW ISSUE CALENDAR

#### April 12 (Thursday)
- Chicago, Rock Island & Pacific R.R. 
  Equit. & Trust Cfs. 
  (Bldg. 700, N.W. 2d Ave.)
- Cullen Minerals Corp. 
  (Milwaukee, Wis.)  
  Corporation
- Commonwealth, Inc., Portland, Ore. 
  Corporation

#### April 16 (Monday)
- Cullen Minerals Corp. 
  (Milwaukee, Wis.) 
  Corporation
- Commonwealth Life Insurance Co., 
  Tulsa, Okla. 
  Corporation

#### April 17 (Tuesday)
- Consolidated Cement Corp. 
  (Millard, Mo.)  
  Corporation
- Cowan, New York, N. Y. 
  Corporation
- Commonwealth Minerals Corp. 
  (Philadelphia, Pa.) 
  Corporation
- Commonwealth Life Insurance Co., 
  Uniondale, Long Island, N. Y. 
  Corporation

#### April 18 (Wednesday)
- Hanover Shoe Co. 
  (Bldg. 2, 211 Bank St.)
- Montrose Chemical Corp. 
  (804 Eleanor Ct.)
- New England Electric System 
  (Offering to be underwritten by 
  Paine, Webber, Jackson & Curtis)
- Orangeburg Mfg. Co. 
  (1610 E. Broadway) 
  Corporation

#### April 19 (Thursday)
- Lewisohn Copper Corp. 
  (Bldg. 700, N.W. 2d Ave.)
- Portland Gas & Coke Co. 
  (Bldg. 700, N.W. 2d Ave.)

#### April 20 (Friday)
- General Telephone Co., 
  New York, N. Y. 
  Corporation
- Edo Corp. 
  (Offering to be underwritten by 
  Fried, Frank, Friedlander, 
  Reisch & Nels, Inc.)
- Schield Bantam Co. 
  (Reading, Pa.)

#### April 24 (Tuesday)
- Anderson-Pritchard Oil Corp. 
  (Bldg. 300, 900 W. 8th St.)
- Nationwide Corp. 
  (Bldg. 111, 303 Park Ave.) 
  Corporation
- Wisconsin Electric Power Co. 
  (Offering to stockholders—no 
  underwriting)

#### April 25 (Wednesday)
- Ontario (Province of) 
  (Bldg. 700, N.W. 2d Ave.) 
  Corporation
- Lake Shore & Michigan Southern 
  (Bldg. 700, N.W. 2d Ave.) 
  Corporation
- Wisconsin Electric Power Co. 
  (Offering to stockholders—no 
  underwriting)

#### April 30 (Monday)
- Sierra Prefabricated, Inc. 
  (230 S. Fuller & Div.) 
  Corporation

### Container Corp. of America

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<tr>
<td>May 1</td>
<td>California Oregon Power Co.</td>
<td>Preferred (Bldg. 2, 211 Bank St.) 7,000,000 shares</td>
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<td>May 2</td>
<td>Jamaica Water Supply Co.</td>
<td>Preferred (Bldg. 2, 211 Bank St.) 6,000,000 shares</td>
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<tr>
<td>May 4</td>
<td>Duke Power Co.</td>
<td>Preferred (Bldg. 2, 211 Bank St.) 6,000,000 shares</td>
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<tr>
<td>May 9</td>
<td>Niagara Mohawk Power Co.</td>
<td>Preferred (Bldg. 2, 211 Bank St.) 6,000,000 shares</td>
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<tr>
<td>May 10</td>
<td>Pennsylvania Electric Co.</td>
<td>Preferred (Bldg. 2, 211 Bank St.) 6,000,000 shares</td>
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<tr>
<td>May 16</td>
<td>Northern Illinois Gas Co.</td>
<td>Preferred (Bldg. 2, 211 Bank St.) 6,000,000 shares</td>
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<td>June 1</td>
<td>Erie R. L.</td>
<td>Preferred (Bldg. 2, 211 Bank St.) 6,000,000 shares</td>
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<td>June 5</td>
<td>Commonwealth Edison Co.</td>
<td>Preferred (Bldg. 2, 211 Bank St.) 6,000,000 shares</td>
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<tr>
<td>July 11</td>
<td>Florida Power Co.</td>
<td>Preferred (Bldg. 2, 211 Bank St.) 6,000,000 shares</td>
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<tr>
<td>July 25</td>
<td>Consolidated Edison Co.</td>
<td>Preferred (Bldg. 2, 211 Bank St.) 6,000,000 shares</td>
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<td>September 11</td>
<td>Carolina Power &amp; Light Co.</td>
<td>Preferred (Bldg. 2, 211 Bank St.) 6,000,000 shares</td>
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<tr>
<td>September 25</td>
<td>Virginia Electric &amp; Power Co.</td>
<td>Preferred (Bldg. 2, 211 Bank St.) 6,000,000 shares</td>
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### National Equity Securities Corp.

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<tr>
<td>March 28</td>
<td>Commonwealth, Inc.</td>
<td>Preferred (Bldg. 2, 211 Bank St.) 5,000,000 shares</td>
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### Continental American Fund, Inc.

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<tr>
<td>March 20</td>
<td>Commonwealth, Inc.</td>
<td>Preferred (Bldg. 2, 211 Bank St.) 5,000,000 shares</td>
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### Continental Equity Securities Corp.

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<td>March 28</td>
<td>Commonwealth, Inc.</td>
<td>Preferred (Bldg. 2, 211 Bank St.) 5,000,000 shares</td>
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### Other Companies

- **Cullen Minerals Corp.** (Texas)  
  April 16
  - 30,000 shares of common stock (par $1).  
  Price—$1 per share.  
  Proceeds—For working capital and expansion of capital.

- **Crater Lake Mining & Milling Co.**  
  March 8
  - 8,000 shares of common stock.
  Price—$1 per share.  
  Proceeds—Increase working capital.

- **Cuba (Republic of)**  
  March 30
  - 50,000 shares of common stock.
  Price—$1 per share.  
  Proceeds—Increase working capital.

- **Duke Power Co.**  
  May 7
  - 30,000,000 shares of common stock (par $1).  
  Price—$1 per share.  
  Proceeds—For working capital.

- **Eagle Fire Insurance Co.**  
  Feb. 1
  - 10,000,000 shares of common stock.
  Price—$1 per share.  
  Proceeds—For working capital.

- **Edgcomb Steel Co.**  
  April 2
  - 2,000,000 shares of common stock.  
  Price—$1 per share.  
  Proceeds—For working capital.

- **Eli Lilly & Co.**  
  Indianapolis, Ind.
  June 1
  - 100,000 shares of common stock.
  Price—$1 per share.  
  Proceeds—Increase working capital.

- **Eastern Corp., Bangor, Me.**  
  April 9
  - 6,000,000 shares of common stock.
  Price—$1 per share.  
  Proceeds—For working capital.

- **Edo Corp.**  
  (Offering to be underwritten by Fried, Frank, Friedlander, Reisch & Nels, Inc.)

- **Edwards, E. H. & Sons, Inc.**  
  March 30
  - 100,000 shares of common stock.
  Price—$1 per share.  
  Proceeds—For working capital.

- **Federal Reserve Bank of St. Louis**  
  Digitalized for FRASER

- **Federal Reserve Bank of New York**  
  Digitalized for FRASER


Florida Sun Life Insurance Co. March 16 filed 2,000 shares of common stock (par $1). Proceeds—For general corporate purposes. Officers—Fort Lauderdale, Fla. Underwriter—None.


Framing Co., Inland, Ore. June 30 filed 300,000 shares of common stock (par $10). Officers—100 shares of common stock held as of April 3; rights to expire on April 23. Of any unsold stock, up to 3,000 shares are to be offered for subscription by stockholders. Officers—E. Crowell, H. P. Kuhn, E. D. K. and E. S. Emerson, South Texas Blvd, Galveston, Texas, Tex. Underwriter—J. C. Breen, New York.


Industrial Minerals Development Corp. March 7 (letter of notification) 1,000,000 shares of common stock (par $1). Proceeds—For general corporate purposes. Underwriter—Morrissey, New York City.


International Electronic Devices Corp. March 15 filed 50,000 shares of common stock (par $1) to be offered for subscription by stockholders of record as of the date of this report (10). Proceeds—For general corporate purposes. Officers—110 W. 42 St., New York City.

Lost Canyon Uranium & Oil Co. April 5 filed 120,000 shares of non-assessable capital stock (par $1). Proceeds—To be supplied by amendment. Officers—To be supplied by amendment.
Mallineque Sills Plan, Inc.,
April 8 (letter of notification) 400 Mutual Title Units.
Price—$50 each.

Manufacturers Cutter Corp.,
Oct. 11 (letter of notification) 250,000 shares of Class A common stock. Price—At par ($1 per share).


Manville Paper Corp.,
Nov. 15 (letter of notification) 1,000,000 shares of Class B common stock (par $2) & 50,000 shares of Class B common stock (par 10 cents) to be offered by amendment. 
Procedures—To sell stockholders.

National Old Line Insurance Co.,
Nov. 28 (letter of notification) 1,600,000 shares of common stock (par $2). Price—To be supplied by amendment. 
Procedures—To sell stockholders.

New England Electric System (4/18)
March 19 filed 834,976 shares of common stock (par $1). 
Price—To be supplied by promissory note holders.

Jan. 16 filed 20,000 shares of common stock (par $5). 
Price to be supplied by subscription by employees.

Old National Savings & Loans Inc., Minneapolis, Minn.
March 26 (letter of notification) 23,000 shares of capital stock (par $1). Price—$10 per share.

Old National Insurance Co., Houston, Tex.
March 28 filed 48,108 shares of capital stock (no par) to be offered by subscription by stockholders on the basis of one new share for each nine shares held (with an optional oversubscription privilege) at amendment.

Peachtree Life Insurance Co. (4/24)
March 29 filed 6,000,000 shares of common stock (par $1). Price—$10 per share.

March 27 filed 170,000 shares of common stock (par $5). Price—to be supplied by subscription by stockholders.

Peabody Coal Co., Chicago, III.
Feb. 29 filed 115,000 shares of common stock being offered for subscription by stockholders of record Jan. 30, 1955.

Penninels Industries, Inc., St. Petersburg, Fla.
Feb. 24 filed 125,000 shares of common stock (par $1). 
Price—At par ($1 per share).

Pipeline Corp., Tulsa, Okla.
March 28 (letter of notification) 5,000 shares of common stock (par $1). Price—$10 per share.

Pruidental Funds, Inc.,
March 24 (letter of notification) 100,000 shares of common stock (par $1). Price—$10 per share.

Ripley, Pierce, Lloyds
March 28 (letter of notification) 2,500,000 shares of common stock.$15,004.07 (letter, March 29).


denied to be issued in exchange for shares of common stock of Old Prone Corporation, Inc., as a 10-for-1 basis. The Old Prone Control Export shares were to be offered for sale to the public at $19,000 per share. Underwriter—Horner & Bowker, Inc.

Panhandle Oil Corp., Dallas, Texas
March 26 (letter of notification) 7,448 shares of common stock (par $1). Price—To be supplied by amendment.


done to a market price of $10 per share. Underwriter—New York, N. Y. Underwriter—None.

Pacific Finance Corp., Los Angeles, Calif.
March 24 filed 400,000 shares of common stock (par $1). Price—To be supplied by amendment.

March 26 (letter of notification) 300,000 shares of common stock (par $1). Price—$10 per share.

Price—$12.25 per share.

Procedures—For selling services.

Procedures—For working capital.

Procedures—For working capital.

Procedures—For work in progress.

Procedures—To sell stockholders.

Procedures—For working capital.

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Procedures—For selling services.
American Business—Produces will shares. These D. capital may be complemented by 23 filed shares. These capital projects will be available for purchase in the near future. Underwriter—Name to be supplied by amendment.


St. Regis Paper Co. Feb. 21 filed 40,000 shares of common stock (par $5),Let 20,000 shares of common stock of Rhielander Paper Co. on a share-for-share basis. The offer will be declared effective if 90% of Rhinelander Paper will be purchased by the company. The shares will be declared effective if a lesser amount, but not less than 50% of the shares are purchased, and the offer will expire on April 16. Dealer-Managers—White, Weld & Co., New York, N.Y.


St. Regis Paper Co. Nov. 28 filed 50,000 shares of common stock (par $5). Proceeds—To fund expansion and improve working capital. Underwriter—The Mathewson Co., New York, N.Y. This statement may be withdrawn.

[An amendment was later filed covering 234,641 shares of common stock to be sold by stockholders of record on April 15, 1956, on the basis of one new share for each two shares held (with an undersubscription privilege); rights to expire on May 7, 1956. The price at which the company is to be sold will be 20% below the market price on date of offering.]

Schiold Bantam Co., Waverly, Ia. (4/23-27) filed an estimate maximum of 300,000 shares of common stock to be sold by stockholders of record on April 26, 1956, on the basis of one new share for each two shares held (with an undersubscription privilege); rights to expire on May 7, 1956. The price at which the company is to be sold will be 20% below the market price on date of offering.

Scholz Hosiery Co., Toledo, Ohio March 22 filed an estimate maximum of 100,000 shares of common stock (par $1). Price—To be supplied by amendment. Proceeds—For capital expenditures and for other corporate purposes. Underwriter—Union Securities Corp., New York, N.Y. Underwriter—None.

Schwarz Carbon Co., El Paso, Texas Feb. 17 filed an estimate maximum of 50,000 shares of common stock to be offered for subscription by stockholders on basis of one new share for each share held (with an undersubscription privilege); rights to expire on May 7, 1956. The price at which the company is to be sold will be 20% below the market price on date of offering.

Chesapeake & Ohio Railroad Co. March 22 filed an estimate maximum of 1,100,000 shares of common stock (par $1). Price—To be supplied by amendment. Proceeds—For the purpose of acquiring complete control of the railroad. Underwriter—None.

Chesapeake & Ohio Railroad Co. March 22 filed an estimate maximum of 1,100,000 shares of common stock (par $1). Price—To be supplied by amendment. Proceeds—For the purpose of acquiring complete control of the railroad. Underwriter—None.

Sheng wired U.S. Immigration & Naturalization Service, New York, N.Y. To increase the number of American citizens who may be admitted to the United States for permanent residence in the United States, the following amendments to the Immigration Act of 1952 have been made: (1) The requirement that certain additional shares of common stock issued after April 16 to the amount of $100 of debentures for each share of common stock is to be amended to $100 of debentures for each share of common stock issued after April 16. The amendment also provides for the issuance of French acquisition by common stockholders of record on April 16 on the basis of one share for each five shares of common stock issued after April 16. The price at which the company is to be sold will be 20% below the market price on date of offering.

Shawci, Paris, France (S/L) March 21 filed 1,400,000 shares of American stock (par $1). Price—To be supplied by amendment. Proceeds—For working capital and general corporate purposes. Underwriter—None.

Simca, Paris, France (S/L) March 21 filed 1,400,000 shares of American stock (par $1). Price—To be supplied by amendment. Proceeds—For working capital and general corporate purposes. Underwriter—None.


Southern California Edison Co. (4/17) March 19 filed 40,000,000 shares of common stock (par $1). Price—To be supplied by amendment. Proceeds—For working capital. Underwriter—None.

Southwestern Airlines Corp. March 16 filed 50,000 shares of common stock (par $1). Proceeds—To finance expansion in the holding of American shares representing capital stock, 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 $5,000 (approximately $15.71 per share). Proceeds—For working capital. Underwriter—Name to be supplied by amendment.

Federal Reserve Bank of St. Louis

In this section, we have a list of stock offerings from various companies, including offerings by Reynolds Mining & Development Corp., St. Regis Paper Co., Saxe & Fisher Brick Co., Scholz Hosiery Co., Schwarz Carbon Co., and others. The offerings include shares of common stock, preferred stock, and warrants. The price per share and the proceeds from the offerings are indicated. Some offerings are for the purpose of funding expansion, while others are for working capital. The underwriters and dealers involved in the offerings are listed, along with the terms of the offers, such as the date of offering, the number of shares offered, and the price per share. The text also includes notes about the status of the offerings, such as whether they are to be withdrawn or amended. This section provides a detailed overview of the financial activities of these companies as of the date of publication.
Prospective Offerings

**Air-Vue Products Corp., Miami, Fla.** Purchase of all outstanding stock of Air-Vue Products Corp., at 75 cents per share, for a total consideration of $75,000.00. The offer is made in accordance with the provisions of the Securities Act of 1933.

**Wisconsin Electric Power Co.** (2/26) March 30 filed 463,641 shares of common stock (par $10) to be offered for sale. The Company has engaged in the distribution of electric energy in the state of Wisconsin and will sell 2,500 shares of common stock on or before March 30 in the amount of $25 per share. Proceeds—To pay the cost of issuance.

**White Drug Co., Woodbury, Conn.** March 27 (letter of notification) 3,000 shares of common stock to be offered to stockholders. Price—At par ($25 per share). Proceeds—To repay short-term loans and for construction.

**Woods Oil & Gas Co., New Orleans, La.** April 29 (letter of notification) 3,000,000 shares of common stock (par $1) to be offered for sale. Price—$5 per share. Proceeds—To retire outstanding obligations. Underwriters—Lloyd, Joint (jointly); Merrill & Co., New York.

**Wycotah Oil & Uranium, Inc., Denver, Colo.** Nov. 10 (letter of notification) 10,013 shares of common stock (par $1) to be offered to the owners of percentages of working interests in certain oil and gas leases and in exchange for such working interests and properties. Price Shares—To be determined by agreement. Underwriter—None.

**For Finest Quality Printing**

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**California Electric Power Co.** March 15 it was reported company plans to issue and sell certain additional shares of its common stock for $35 million. Underwriter—C. M. Person, New York.

**Wisconsin** March 9 it was announced company plans to offer 2,000,000 additional shares of common stock for the purchase of additional shares of common stock at 40 per cent of par value. Proceeds—To meet and purchase all securities.

**Bredin Maw Trust Co., Bryn Mawr, Pa.** March 25 the stock company announced a security issue of $500,000.00 to be sold by the Company at a price of $50 per share. Proceeds—To be used for the purpose of acquiring new equipment.

**Wolford, Inc.** March 31 (letter of notification) 3,000 shares of common stock to be offered to stockholders. Price—At par ($25 per share). Proceeds—To repay short-term loans and for construction.

**For Finest Quality Printing**

**Evanston, Ill.** Jan. 24 (letter of notification) 7,000 shares of common stock to be offered for sale. Price—$25 per share. Proceeds—For working capital and surplus.

**Vance Industries, Inc., Evanston, Ill.** March 23 (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) to be offered in exchange for 15% cumulative preferred stock. The proceeds are to be used for the operation of the business.

**Ward Industries Corp.** March 22 (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) to be offered in exchange for 15% cumulative preferred stock. The proceeds are to be used for the operation of the business.

**West Jersey Title & Guaranty Co.** Jan. 23 (letter of notification) 10,000 shares of common stock to be offered for a period of 30 days in exchange for outstanding preferred stock of the Company. Any shares remaining will be offered to the existing stockholders at $25 per share.

**West Coast Transmission Co., Ltd.** (4/17) March 15 the Company filed a declaration of additional shares of common stock (no par) to be offered in units of 100 of debarred stockholders. The offer is made in accordance with the provisions of the Securities Act of 1933.

**Western Union Co., New Mexico** Feb. 13 (letter of notification) 30,000 shares of common stock to be offered for sale. Price—$10 per share. Proceeds—To start a new business.

**Western Union Co., Calif.** March 23 (letter of notification) 13,171 shares of common stock (par $1) to be offered for sale. Price—$5.50 per share. Proceeds—To West Coast Telephone Co., the selling company.

**White Snow Corp., Colorado Co., Inc., Chicago, Ill.** March 18 (letter of notification) 100,000 shares of common stock to be offered for sale. Price—$15 per share. Proceeds—To Central National Bank, Chicago, Ill. Underwriter—None.

**William Penn Co., Whittier, Calif.** March 19 the Company filed a declaration of additional shares of common stock (par $1) to be offered for sale. Price—$10 per share. Proceeds—For construction purposes.

**Williamson Co., Cincinnati, Ohio** March 24 (letter of notification) 50,000 shares of common stock (par $1) to be offered for sale. Price—$8.50 per share. Proceeds—To pay for additional equipment.

**Winston-Salem Gas & Electric Co.** Feb. 27 it was reported company plans to issue some new old stock during 1954. Proceeds—To reduce bank loans. Underwriter—To be determined by competitive bidding. Probable bidders: W. C. Langley & Co.; Estlake & Co.; and Western Securities Corp. (jointly); J. L. Rice & Co.; and Western Securities Corp. (jointly); Salomon Bros. & Hutzler; P. J. B. & Co.; and H. W. & Co. (jointly).

**Wichita, Kan.** March 24 (letter of notification) 40,000 shares of common stock (par $1) to be offered for sale. Price—$10 per share. Proceeds—To pay for additional equipment.

**Wilton Crescent Country Club, Inc., Wilmington, Del.** April 8 (letter of notification) 520 shares of delinquent stock (par $100) to be offered for sale. Price—$100 per share. Proceeds—For payment of taxes and other improvements.

**Womack & Co., Inc., St. Louis, Mo.** March 12 (letter of notification) 3,000,000 shares of common stock (par $1) to be offered for sale. Price—At par ($10 per share). Proceeds—For investment purposes.

**Woodson & Co., Whittier, Calif.** March 19 (letter of notification) 100,000 shares of common stock (par $1) to be offered for sale. Price—$10 per share. Proceeds—To provide additional working capital.

**Wool, Inc., Whittier, Calif.** March 19 it was announced company plans to issue and sell $50,000,000 of additional shares of common stock. Underwriters—Halsey, Stuart & Co.; C. M. Person, New York.

**Wright & Co., Inc., Salt Lake City, Utah** March 22 (letter of notification) 9,000 shares of common stock to be offered to stockholders. Price—At par ($25 per share). Proceeds—To provide more working capital.

**Wynkoop, Denver, Colo.** Nov. 21 (letter of notification) 3,000,000 shares of common stock (par $1) to be offered for sale. Price—$25 per share. Proceeds—To provide additional working capital.

**Wycotah Oil & Uranium, Inc., Denver, Colo.** Nov. 10 (letter of notification) 10,013 shares of common stock (par $1) to be offered to the owners of percentages of working interests in certain oil and gas leases and in exchange for such working interests and properties. Price Shares—To be determined by agreement. Underwriter—None.
Fort Worth National Bank (4/17)
March 30 it was announced stockholders will vote April 17 on approving an offering to stockholders of 100,000 shares of preferred stock, at a price of $125 per share. Proceeds—For new construction, purchase of properties and the furthering of general expansion. Underwriter—James S. Smith & Co., Bothell, Wash.

General Acceptance Corp.
April 4 it was announced the company plans to issue and sell $15,000,000 of debentures due in 1968, $10,000,000 of which will be due in 1967, with an option to purchase from investors after April 15, some or all of the debentures. Proceeds—For general corporate purposes. Underwriters—Allen & Company, New York.

General Electric Co.
April 2, J. W. M. White, Treasurer, announced the company plans to issue and sell in the late spring $30,000,000 of 5% preferred stock, at par. Proceeds—To retire bank loans and for capital expenditures and the furthering of new construction. Underwriters—Leyden, Co. & Company, New York; and Goldman, Sachs & Co., New York.

General Public Utilities Corp.
April 2 it was announced the company plans to issue and sell $28,000,000 new bonds, at par. Proceeds—For purchase of common stock. Underwriter—Morton, Searle & Co., New York.

Diamond Madison International Foods Ltd.
Nov. 15 it was announced that Foremost Dairy, Inc., International Dairy, Inc., and Dairy Products, Inc. have agreed to pool their interests in the stockholders rights to purchase the Diamond Madison stock. Underwriter—Allen & Co., New York.

# 5 Stock Corp. Ltd.
Aug. 16 it was announced that corporation, following an announcement by Allen of D. S. Du Bois Laboratories, Inc., of $44,422,000 common stock as a dividend, contemplated that additional shares would be offered. Proceeds—For the furtherance of the corporation's plans for expansion of facilities. Underwriters—Kuhn, Loeb & Co. and Van Alstyne, Noel & Co. handled the bond issue. Underwriters—Kuhn, Loeb & Co. and Van Alstyne, Noel & Co., New York.

Hawaii (Territory of) (4/26)
This bill was received up to 10 a.m. (EST) May 30 at the office of the Secretary of the Territory of Hawaii, Honolulu, Hawaii. Underwriter—Morgan Stanley & Co., New York.

Hawaiian Electric Co., Ltd.
March 29 it was announced the company plans to issue and sell $5,000,000 of preferred stock, at par. Proceeds—For the furtherance of the company's plans. Underwriters—Morgan Stanley & Co., New York, London, and Paris.

Honolulu (City and County of) (4/26)
This bill will be received on April 26 for the purchase of $5,000,000 of revenue bonds due May 15, 1985, in 1966, inclusive.

Houston Texas Gas & Oil Corp., Houston (Texas) (4/29)
It has been reported the company has entered into an agreement with the FPC for permission to construct a 961 mile pipeline system to cost $10,000,000. Underwriters—Mayhew & Co., Inc., San Francisco, Calif.; and Scharff & Jones, Inc., New Orleans, La.

Illinois Power Co.

# 1 National Trust & Savings Bank.
April 4 it was announced Bank plans to offer to its stockholders the right to subscribe for 42,000 additional shares of capital stock (par $10) on the basis of one new share for each 100 shares held following payment of 100% stock dividend. Stockholders will vote April 25 on proposal. Proceeds—To increase capital and surplus. Underwriters—Denn Witter & Co., Blyth & Co., Inc., William B. Staats & Co., New York; and Morgan Guaranty Trust Co., New York.

# 1st Pennsylvania Banking & Trust Co. (6/7)
March 27 it was announced Bank plans to offer to its stockholders the right to subscribe for 21,000 additional shares of capital stock (par $10) on the basis of one new share for each 100 shares held following payment of 100% stock dividend. Rights will expire June 22. Price — To be established later. Proceeds—To be used for general corporate purposes. Underwriters—Drexel & Co., Philadelphia, Pa., and Merrill Lynch & Co., New York City.

# 2 Flo-Mix Fertilizers Corp., Houma, La.
Dec. 12 it was reported early registration is expected January 17. Proceeds—For general corporate purposes. Underwriters—Fairman, Harris, Co., and Houston, Houston, Houma, and Galveston, Tex. and 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, at par. Proceeds—to be used for general corporate purposes and to be determined by competitive bidding. Underwriters—Probable bids: Halsey, Stuart & Co., Inc.; White, Weld & Co.; Co.; Merrill Lynch, Pierce, Fenner & Beane; (jointly); Lehman Brothers and Blyth & Co., Inc. (jointly); Shirley, Forgan & Co.; The First Boston Corp. Bids—Expected, July 11. Registration—Planned for June 14.
Halsey, Stuart Group

Offers Columbia Gas System Debentures

Halsey, Stuart & Co., Inc. and associates (April 11) offered $40,000,000 of Columbia Gas System Debentures. Series F, due April 1, 1981, at 100% and redeemable at par plus 3.85% to yield 3.85%. The underwriters will sell the debentures for the company to repay bank loans on due July 31, 1956, outstanding in the amount of $19,500,000. The proceeds will be used to finance the purchase of 664 miles of gas transmission and distribution lines. The debentures will be sold on an underwritten basis. The underwriters are: Halsey, Stuart & Co., Inc.; Salomon Bros. & Hutc...
Investing for Income?

National Preferred Stock Series

Is a mutual fund providing a supervised investment in a diversified group of preferred stocks selected for their income possibilities. Prospectus and other information may be obtained from your investment dealer or:

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Mutual Funds

by Robert E. Rich

S.E.C. To Study Investment Companies

The Securities and Exchange Commission reported in Washing-
ton, D.C., this week that it plans to issue a study of the mutual
companies in the near future. The S.E.C. reported the objective of its
study would be to determine whether they have now become so
large in total assets that their size "represents a public problem."

The Commission, in reporting that it will study the growth of
investment companies—particularly mutual funds—is utilizing a pro-

vision in the Investment Company Act of 1940 which has never been
used before. Under this provision, the S.E.C. is privileged to study
investment companies in order to report to the public on its results
study, whenever the Commission thinks it is necessary in the public
interest.

Under the law, the S.E.C. can examine the impact of the invest-
ment company business upon the nation's economic life, whenever
"any substantial further growth in the size of investment compa-

ines any problem involving the protection of investors or the
public interest."

A recent switch in the low of American mutual funds invest-
ing in overseas securities was announced this week when Swiss and
Belgian banking interests announced that they have organized a mutual fund in this country to provide investors overseas with the
opportunities of investing in the securities issued by U.S. corporations.

The fund—Continental American Fund, Inc., has filed with the
Securities and Exchange Commission a registration statement cover-
ing 300,000 shares of its capital stock, $1 par.

Among the Swiss banking concerns involved in the idea are
Hensch & Cie.; Lombard, Odier & Cie; and Pictet & Cie., all of
Geneva, Switzerland, and in Brussels, Belgium, the Banque de la
Societe Generale de Belgique.

L.D.S. Crosses Two-Billion-Mark; Ranks in Financial's Top 25

Investors Diversified Services, Inc., has reached the $2 billion
mark in net assets under its management, Joseph M. Felszim-
men, President, announced today. The 62-year-old investment cor-

poration ranks among the top 25 in the United States, and is the largest
investment organization of its kind in the nation.

Net assets under management by IDS, including those of its sub-
sidiaries and affiliates, passed $1 billion in June, 1955, and have
doubled in less than four years.

Founded in 1925, the company had net assets of $2,490 at the
close of its first year in business.

The company now has more than 10,000 customer accounts which
are individually serviced by over 2,000 representatives in the
IDS sales organization covering the United States, Hawaii and
Canada, in addition to the extensive account processing done at the
home office. IDS representa-

tives distribute only the sec-
urties of the companies in the

Investors Group.

"One of the dominant factors in the growth of the Investors
Group has been the service we render to investors, small and
large alike, who have invested in the face-amount
insurance certificates iss-

ued by our three subsidiaries and

own shares in our five inves-
tment funds," President Felszim-
men commented.

"We intend to maintain the high quality of service and manage-
ment that have brought us to this
$2 billion milestone."

In addition to Investors Diver-
sified Services, Inc., the Inves-
tors Group includes five mutual
investment funds—Investors Mu-
tual, Inc.; Investors Stock Fund
Inc.; Investors Equity Fund Inc.;
Investors Group Canadian Fund Ltd., and Investors Mu-

tual of Canada Ltd. Subdividends which issue face-amount in-
vestment certificates are Invest-
ors Syndicate of America, Inc.;
Investors Syndicate Title & Guar-

ty Company, and Investors

Syndicate of Canada, Limited.

Boston Fund

Assets Now Over $150 Million

Total net assets of Boston Fund, supervising a balanced portfolio
of common stocks, as of December 31, reached a high of
more than $150,000,000 at the end of

March, Henry T. Vance, Presi-
dent, reported at the annual meeting of the shareholders. This

comprises with net assets of $135,464,506 at the close of the previ-

ous fiscal year last Jan. 31. During

the year, the net asset value per share increased from $17.54 to $17.93 and the

number of shares outstanding increased from 8,920,605 to 8,940,839.

At the annual meeting, all directors were reelected. All officers have also

been reelected.

Delaware Fund, Inc., reports a 54.5% jump in its total net assets as

of March 31, 1956, compared with March 31, 1955.

Assets at the end of March, 1956, totaled $41,913,402 compared
with $27,133,532 on March 31, 1955. Sales at March 31, 1956, stood at $1,046,379, an increase of 40

over the $750,267 reported March 31, 1955. In the first quarter of the current year, the

Fund reported sales of $3,151,728 compared with $2,250,117 for the

same period in 1955, a boost of 35%.

de Vegh Mutual Fund, Inc., has announced that its net asset value

per share on March 31, 1956, was

$66.10. This compares with $61.75 on Dec. 31, 1955, and $61.04 on

Jan. 31, 1955. A distribution of

net realized capital gains amount-
ing to $7.36 per share had been paid in April, 1956. Amortization of

the capital gains distribution paid in April, 1955, the appreciation per share of the

Fund during the 12 months ended March 31, 1956 amounted to 22.9%.

Net assets on March 31, 1956 were $12,484,579, as compared to $11,

305,933 on Dec. 31, 1955, and $11,

456,010 on March 31, 1955.

Energy Fund, Inc., net asset value per share increased by

$1,754 to $13.61. The Fund's annual

meeting ended March 31, according to a report issued yesterday by the

Fund. At the close of the quarter, net asset value per share was

$15.30, as compared to $13.69 on

Dec. 31, 1955. This increase in

value amounts to more than 12% for the quarter, and follows an

increase of more than 9% in the

preceding quarter.

Devens Stresses Incorporated's Coal Holdings

One of the latest developments with one of the nation's largest
holdings of coal is that it has just taken a large position in

bitten coal. This was revealed by Charles Devens, Bos-

ton, President of Incorporated In-
vestors, a subsidiary of Kansas City investment people.

"As far as we know, this is the first instance of a mutual fund taking
such a position in coal, often thought of as an unpopu-

lar industry," Mr. Devens said.

The Incorporated Investors portfolio now contains invest-

ments in more than half a dozen coal companies, the total amounting
to more than $4,000,000 and $15,000,000. All of these have been

within the last quarter, he pointed out.

The company has been asked by many why we have taken this

stand, he said. He submitted these reasons:

Electric utility consumption of coal has doubled since 1947, and

tripled since 1955, despite a re-

striction of the use of coal for
domestic heating and by railroads.

Research indicates there will be increases in the number of

generating plants between now and 1958, the majority of them in

areas dependent on coal for util-

ity fuel. If the demand for elec-

tric power does not grow as ex-

pected, it will be there that it has in the past 10 years, there will be a total increase of

65% over the next year.

Competition from gas and residual fuels will be keen also. These

producers are learning to store

their product and so now have the

ability to dispose of it under stress in

summer months. Refiners are a

\* A.U. B., incorporated mutual fund pro-

ducer, domiciled in Canada.

Calvin Bullock

Established 1924

One Wall Street, New York 5

Fundamental Investors, Inc.

Diversified Fund Investors, Inc.

Manhattan Bond Fund, Inc.

Diversified Growth Stock Fund, Inc.

Prospects available on these mutual funds through local investment firms, or:

Hugh W. Long and Company, Inc.

Elizabeth J., New Jersey

The Commercial and Financial Chronicle . . . Thursday, April 12, 1956
Personal Progress

The Keystone Company of Boston, principal underwriter of the Keystone Steel and Refractories Company, has net assets of more than $325,000,000.

Mr. Henry C. Flory as a Vice-Pres ident, and the appointment of Mr. Robert A. L. Smith, a director of the Company's Estate Planning Department.

Mr. Flory, who was educated at St. Bonaventure College and a Ph.D. at Oxford University, was a specialist in the securities business in this country for five years with the R.A.P. during which time he was associated with Goodbody & Co. and Harris, Upham & Co. prior to joining Keystone in 1956 as Regional Representative in the New York area.

Mr. Cooley also reported gross sales of March this year at $213,236 compared with $218,156 in February, a decrease of $4,920 in the comparable period last year.

The fund's fiscal year ends Oct.

Axe-Houston's three mutual funds increased $2,670,391 or 8.7% in quarter 1 1956, according to the financial figures for the three-month period.

The three mutual funds were $4,518,509 on December 31, 1955, and $4,689,198 on March 31, 1956.

Axe Science & Electronics Corporation, a wholly owned subsidiary of E. W. Axe & Co., managed fund, reported its first year of operations on April 1, 1956, with a net income of $11,347,000.

The fund's net worth increased from $111,000 to $112,347,000 at the close of the first quarter.

This is because it is not an open-end fund (as its predecessor, the National Auto Stock Exchange) — and it was not expected to open, if at an early date. Its assets on March 31 were $112,347,000, lifting the total for all four funds to $342,347,000.

Managed Funds, Inc.'s 11 classes of mutual funds increased by $3,107,000 in the first three months of 1956.

During January, February and March, net assets rose from $417,500,000 to $440,600,000.

The major share of the gain developed in March, as assets increased by $3,388,000, while the share of Managed Funds' assets during the first quarter was due largely to favorable market conditions, it was said.

The picture has been "gratifyingly active" since the turn of the year.

Dean Witter Reports on Trust

The Employees' Profit Sharing Trust of Dean Witter, the New York investment banking firm, released its annual report to the participants in the plan. The plan was initiated in 1946 with the firm's original capital of $249,914. It has now grown to $4,652,000.

Total contributions to the plan, all made by the firm, have aggregated $3,800,000. In addition, the contribution of $551,000 for the last quarter was also included.

Following the adjournment of the shareholders' meeting, directors of Wellington Fund met and declared a 100% stock distribution to shareholders in the form of one additional share for each share held.

The stock, to be distributed out of capital surplus, has the effect of a two-for-one split.

The stock is payable April 23, 1956, to shareholders of record at the close of business on April 11.

This distribution, according to Wellington Fund counsel, is not taxable to shareholders.

A detailed prospectus would be furnished to those interested.
### Indications of Current Business Activity

#### AMERICAN IRON AND STEEL INSTITUTE:
- **Iron smelter output, tons (cist.).** | April 30 | 21,030,000
- **Steel mills output, tons (cist.).** | April 30 | 17,300,000

#### AMERICAN PETROLEUM INSTITUTE:
- **Crude imports, barrels (cist.).** | April 30 | 27,202,000
- **Crude sales, barrels (cist.).** | April 30 | 28,230,000
- **Distillation of crude, barrels (cist.).** | April 30 | 14,870,000
- **Gasoline sales, barrels (cist.).** | April 30 | 13,100,000
- **Other sales, barrels (cist.).** | April 30 | 1,000,000

#### ADVANCED TRANSPORTATION RAILROADS:
- **Revenue freight handled (number of cars).** | April 31 | 4,740,000
- **Revenue freight handled (tons of cargo).** | April 31 | 875,000

#### CIVIL ENGINEERING CONSTRUCTION—ENGINEERING
- **Total U. S. construction.** | April 30 | 1,003,000
- **Public construction.** | April 30 | 150,000
- **Private construction.** | April 30 | 500,000

#### DEPARTMENT STORE SALES INDEX—FEDERAL RESERVE:
- **Retail sales index.** | April 30 | 131

#### EDDISON ELECTRIC INSTITUTE:
- **Electric sales.** | April 30 | 1,046,000

#### FAILURES (COMMERCIAL AND INDUSTRIAL)—BANK & MORT.
- **Iron age composite prices.** | April 30 | 5.175
- **Paper prices.** | April 30 | 85.00
- **Burlap (per yard).** | April 30 | 85.00

#### METALS PRICES (F. & M. J. QUOTATIONS):
- **Copper.** | April 30 | 84.00
- **Lead.** | April 30 | 1.00
- **Silver (per ounce).** | April 30 | 1.00

#### MOODY'S BOND YIELD DAILY AVERAGES:
- **U. S. Government bonds.** | April 30 | 93.50
- **Aaa.** | April 30 | 98.50
- **A.** | April 30 | 100.50
- **Aa.** | April 30 | 101.50
- **Baa.** | April 30 | 103.50
- **B.** | April 30 | 105.50

#### NATIONAL PAPERBOARD ASSOCIATION:
- **Corrugated.** | April 30 | 341.00
- **Plywood.** | April 30 | 280.00
- **Furnace stocks.** | April 30 | 299.00

#### TOTAL ROUND-LOT STOCKS ON THE N. Y. STOCK EXCHANGE
- **Round-lot stocks.** | April 30 | 152,500

#### UNIONS OF CIVIL SERVICE:
- **Unions of civil service.** | April 30 | 54,904

#### TOTAL ROUND-LOT STOCKS FOR ACCOUNT OF MEMBERS:
- **Short sales.** | April 30 | 576,900
- **Purchase.** | April 30 | 15,524,000

#### FARM AND RURAL LIFE
- **Non-Farm real estate foreclosures.** | March 31 | 2,800,000

#### RAILROAD EARNINGS CLASS 1 ROADS (ASSOCIATION AMERICAN-RAILS.—Month of February
- **Total operating revenues.** | February 29 | $837,000,000
- **Operating ratio.** | February 29 | 46.5
- **Freight revenue.** | February 29 | $713,000,000
- **Commuter revenue.** | February 29 | $124,000,000
- **Total net income (estim. net income).** | February 29 | $73,000,000

#### THE UNITED STATES GROSS DIRECT AND GROSS INDEBTEDNESS—(As of March 31)
- **General fund.** | March 31 | $87,000,000
- **Net debt.** | March 31 | $1,000,000

#### COMMODITY PRICE INDEX—1914-1919
- **Chicago.** | March 31 | 138.0
- **New York.** | March 31 | 140.0

The following statistical tabulations cover production and other figures for the latest week or month as 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:
**The Importance and Helpfulness of Our Public Libraries**

(3) To prepare us for making and living in our present civilization, and to help in that process.

(3) To prepare us for life at home — and in helping to bring our families up.

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**Allis-Chalmers Mfg. Co.**

MILWAUKEE, WISCONSIN

**NOTICE**

**ANNUAL MEETING OF STOCKHOLDERS**

The annual meeting of stockholders of the Allis-Chalmers Mfg. Co. will be held at the Biltmore Hotel in Chicago on Thursday, March 19, 1957, at 11:30 A.M., for the transaction of such business as may come before the meeting.

**NOTICE IS HEREBY GIVEN that the Directors of the Allis-Chalmers Mfg. Co., have fixed Thursday, March 19, 1957, at 11:30 A.M., as the day and time at which the annual meeting of stockholders will be held in the City of Chicago, State of Illinois, for the transaction of such business as may come before the meeting. All persons holding shares of capital stock of the company, as of the close of business on Wednesday, March 15, 1957, are entitled to attend the meeting and to vote at the meeting. The address of the meeting will be the Biltmore Hotel, Chicago, Illinois.

**Mortgage Discounts**

"Within the general capital market, we have unique opportunities in acquiring mortgage paper at discounts which would ultimately require the payment of very small amounts in order to accomplish the desired purchase."
WASHINGTON — The Carter Administration is being accused of creating two kinds of income tax this year: a tax for those who are innocent of anything wrong and a tax to punish those who aren’t. The tax on the innocent is being called the Federal Reserve income tax, and it may well become the most widely felt tax in the United States.

The Federal Reserve income tax is not as bad as it sounds. It is not a tax on income, but rather a tax on companies and individuals who are found to be in violation of the Federal Reserve Act. The tax is based on the amount of money lent by the company or individual to the Federal Reserve System, and it is calculated as a percentage of the amount lent.

The Federal Reserve Act was passed in 1933 to provide a central bank for the United States. The Federal Reserve System is the central bank of the United States and is responsible for regulating the money supply. The Federal Reserve Act gives the Federal Reserve System authority to set interest rates and regulate the supply of money in the United States.

The Federal Reserve income tax is not a new tax. It has been around for many years, but it has never been as widely felt as it is today. The tax is calculated as a percentage of the amount lent by the company or individual to the Federal Reserve System and is assessed annually.

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