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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 once in a while 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—as witness 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—concerning the farm situation and its alleged cures. 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 excuse 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*

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Business and Market Outlook

By KENNETH WARD*

Partner and Market Analyst, Hayden, Stone & Co.
Member, New York Stock Exchange

Market observer notes favorable business factors, reflected 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 Blue Chips; and certain groups recently selling "expopularity." 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.

Kenneth Ward

Appreciation and growth are characterized as offensive; stability and income are relatively defensive. Incidentally, 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 dividends over a period of years. Stocks like Dow, duPont, Owens-Corning 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 question 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 and then sticking

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*A talk by Mr. Ward at the 29th Annual Trust Conference, Pennsylvania Bankers Association, Harrisburg, Pennsylvania, April 6, 1956.

Can the Chemical Industry Maintain Its Rapid Growth?

By FRANCIS S. WILLIAMS*

President, Chemical Fund, Inc.
F. Eberstadt & Co., Inc., Manager and Distributor

Placing 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 plant projects for 1955-1957 at an estimated cost of $2.3 billion, of which 269 have already been completed at a cost of $772 million. Mr. Williams lists strength and weakness factors entering into frequently 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 shortage.

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

Francis S. Williams

(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; and

(6) Personnel highly skilled in research, engineering, production, sales and finance.

Despite these factors of strength, I am sure you recognize that the chemical industry is highly competitive and is subject more or less to most

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*An address by Mr. Williams before the Commercial Chemical Development Association, New York City.

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 36.

The Security I Like Best

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

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

This Week's Forum Participants and Their Selections

Reitman's Canada Limited — Washington Dodge, Partner, Cady, Roberts & Co., New York City. (Page 2)

Northwest Airlines, Inc.—William H. Moore, of G. C. Haas & Co., New York City. (Page 2)

WASHINGTON DODGE

Partner, Cady, Roberts & Co., New York City
Members New York Stock Exchange

Reitman's Canada Limited

In the Chronicle issue of July 12, 1951, I wrote about the above company as a "small, obscure growth situation." Under the able management of the Reitman brothers, who retain numerical control, this chain of women's specialty shops has continued to grow and to take advantage of the economic development of Eastern Canada. The accompanying table of net after taxes speaks for itself.

Washington Dodge

Although Reitman's shares still suffer from a poor market (on the Canadian Stock Exchange), this situation was somewhat improved by a three-for-one split in 1953, and may see further improvement after the two-for-one split effective March 20. Of course, the stock has fully reflected this growth: whereas in 1951 it was available at 5.7 earnings, it is now selling at the respectable figure of 17 times. But there still seems room for major expansion in the years ahead.

In 1951, the company operated 37 stores, many of them small units. At present there are 77, and during 1956 10 more will be opened and three old ones expanded. The company is taking full advantage of the trend towards shopping centers, has shown shrewdness in its understanding of real estate problems, and has maintained a strong centralized management which utilizes the most modern electronic accounting control procedures. An eye is always kept on developments in Western Canada, but thus far the East has offered sufficient opportunity for the well-planned, steady expansion which has characterized Reitman's. The stock offers none of the allure of the many metal and oil stocks in Canada, but for the patient investor should continue to be extremely rewarding.

*1955	† $472,000
1954	426,925
1953	378,586
1952	269,679
1951	222,506
1950	255,768
1949	242,637
1948	205,654
1947	119,532
1946	79,723
1945	53,490
1944	53,854
1943	44,745
1942	33,393
1941	25,264

* Fiscal years ending Jan. 31 following year. † Estimated.

WILLIAM H. MOORE

G. C. Haas & Co., New York City

Northwest Airlines, Inc.

In the present atmosphere of historically high prices for quality stocks, peak levels in business, and certain elements of uncertainty related to the Fall election, a security which appeals to me is one which I believe offers a measure of safety on the downside and an appreciation potential on the topside. That security is the convertible preference stock of Northwest Airlines, Inc., listed on the New York Stock Exchange. The par value is $25 a share, the cumulative dividend rate 4.60%, or $1.15, and the call price $25.25 upon not less than 30 days nor more than 60 days notice. This issue has a conversion privilege which expires Dec. 31, 1956, or redemption date should the company decide to redeem wholly or partially. Each share may be converted into one and one-half shares of the common stock.

Under unfavorable circumstances NWA preference should act reasonably well as the quality of the issue has improved demonstrably. The stock was offered originally May 1, 1947, in amount of 390,000 shares, and on Sept. 30, 1955, the amount outstanding was 307,707 shares, or 21% less than originally. At the end of 1947 the company had no long-term debt, but by the end of 1949, such debt was $15,395,000. Thereafter debt was reduced gradually and extinguished by the end of 1954. However, since the latter date, long-term debt has been increased to $8,750,000 as of Sept. 30, 1955.

When long-term debt was at a peak in 1949, net assets, after deducting long-term debt and other liabilities, were $21,983,000, or $56.36 per share of the 390,000 shares of preference stock then outstanding. As of Sept. 30, 1955, the comparable figures were $28,291,000 and $91.94 per share. NWA preference is also stronger on the score of income coverage of dividend requirements. The trend of net income from operations has been: 1950 $68,000; 1951 $1,792,000; 1952 $555,000; 1953 $1,340,000; 1954 $2,203,000; and the 12 months ended Sept. 30, 1955, $2,955,559. Annual dividend requirements on the 307,707 shares of preference stock presently outstanding amount to $354,000.

It is well to bear in mind also that the sinking fund provides an annual amount equal to 10% of net earnings, but not more than $292,500, to purchase the stock in the market at prices not exceeding $25 a share. Funds not so used revert to the company, but after 1957, the sinking fund becomes cumulative to the extent of 10% of net earnings for the year 1957 but not exceeding $292,500. The same amount must be provided thereafter if net earnings for the preceding calendar year were not less than $292,500 and any deficiencies must be made good from subsequent years' earnings. After 1957 these funds are to be applied to the purchase of the stock at not more than the call price, and if not so exhausted, will be applied to the redemption of stock. This would provide for the retirement of 11,500 shares annually assuming availability for purchase at $25 a share or less during 1956 and 1957.

Whether or not the purchase of NWA preference stock at the current price of 25 will be profitable would seem to depend upon the market action over the next six to nine months of the air lines stocks as a group. Groupwise they have been in a downtrend relative to the general market since July, 1955, and speculative interest seems to have been squeezed dry. It would seem possible, however, that better performance could become a reality before the end of 1956. For the industry as a whole, the quarters in order of importance as gross revenue producers are the third, the second, the first, and lastly, the fourth. If industry results for the first quarter should better those of 1955, investment sentiment towards the group might lift and then improve as expectations focus upon the relatively heavy revenue-producing second and third quarters. Therefore, I do believe the possibility is strong that airline stocks might attract an increasing amount of speculative and investment interest. If such is the case, then NWA preference stock could be an interesting situation since the common stock is not expensively priced presently (17) if earnings for 1955 materialize in the area of $1.75 to $2.

Business Man's Bookshelf

Management Policies in American Banks—Homer J. Livingston—Harper & Brothers, 49 East 33rd Street, New York 16, N. Y. (cloth) $3.

215 Successful Door Openers for Salesmen — David D. Seltz — Prentice Hall, Inc., 70 Fifth Avenue, New York 11, N. Y. (cloth) $4.95.

Using Your Bank — George L. Leffler—Pennsylvania Bankers Association (in cooperation with Pennsylvania State University)—Pennsylvania Bankers Association, Box 152, Harrisburg, Pa. (cloth) 80 cents (paper) 60 cents — quantity prices on request.

Willoughby & The Lorelei—Pamphlet on Bill HR 5550 and its effects on foreign trade and American manufacturers (paper) Trade Information Committee, The American Tariff League, Inc., 19 West 44th Street, New York 36, N. Y.

Bank Portfolio Management and The Money Market Outlook

By RUDOLF SMUTNY*

Senior Partner, Salomon Bros. & Hutzler, 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 analyses possible bull and bear money market arguments and conceives: long-term expansion aided by popular optimism, confidence and effective demand for goods; firm to gradual upward money price as crest of present money market stringency 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 curb a boom 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 free market.

The market aspect of the problem of large and small bank portfolios, judging from my numerous previous conversations with portfolio officers in both large and small banking institutions, can very easily be stated as simply this—when banks have money to put into the bond market, bond prices are too high, and when banks are short of funds and have to sell portfolio items to raise cash, bond prices are too low.

Rudolf Smutny

This state of affairs, of course, results in portfolio appreciation when you least need it, and portfolio depreciation when you least want it.

Actually, as we all know, this particular money market conundrum is part-and-parcel of the inter-relationship of our free economy and our commercial banking system. When loans are in demand securities are inevitably in supply, and vice versa. The portfolio manager who worries about taking portfolio losses in order to raise funds needed by the loan department reminds me of the sad plight of the farmer sorrowfully engaged in reaping a bumper crop. When asked why he was so unhappy about harvesting such a bountiful crop, he sadly shook his head and said—"It's sure been tough on the soil."

I guess we 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 to stay in business. 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 forms of economic enterprise which, together, make up the national economy. And the wherewithal of the bank portfolio consists simply of the required reserves and the residue of funds not employed in loans.

This market aspect of the bank portfolio problem could be solved by making lending operations subservient to investment operations, or by limiting investments, at all times and under all circumstances, to Treasury bills with 90-day or shorter maturities.

For a bank to pursue the first policy would be to deny to the community the banking service to which it is entitled. For it to pursue the second would be needlessly to curtail investment income. Since bankers are practical men neither of these superficial solutions of the bank portfolio problem possesses much attraction for them.

Of course, you can always dig up a few exceptions. Perhaps some here may recall that, a baker's dozen or so years ago, there was a banker here and there who gloried in liquidity and reveled in publicity. These fellows came to be called "100% Smith" or "105% Jones" or some such nomenclature. Their names hit the newspaper headlines, and their banks ceased to function.

Viewed in proper perspective, the bank investment department may be regarded as an outlet for funds temporarily made available by the loan department, and which may, at almost any time, have to be returned to the latter, depending on the rate of business activity in the bank, in its area of operations, or in the country at large. On the other hand, and for 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 moment, with the least possible exposure to risk, both as to credit and as to market. So, before checking a single market, or making a move to invest a penny of the funds at his disposal, the prudent portfolio manager will first

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*An address by Mr. Smutny at the Pacific Northwest Conference on Banking, State College of Washington, Pullman, Wash., April 6, 1956.

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Observations . . .

By A. WILFRED MAY

INVESTMENT LESSONS FROM A 10-YEAR-OLD

A prodigy in the investment field is significant in a number of ways. This has become evident to this columnist via a thrilling milk-permeated luncheon with 10-year-old Leonard Ross. Lenny, handsome upper seventh grade student from Tujunga, Calif., is in town beset with the toughest finance questions pitched to him on NBC-TV's $100,000 Big Surprise Quiz.

Young Lenny, with the aid of a prodigious memory, has built up a remarkable inventory of factual knowledge gleaned

Lenny Ross in Conference With A. Wilfred May

from reading statistical services routed through his father, an accountant. But, far more interesting, he possesses the most remarkable acute over-all intelligence and wisdom about the ethical, psychological and political behavior of the public.

Asked about the "ethical" elements 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 buying public.

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

The true son of an accountant, Lenny is excellent in math. Highly skeptical of forecasting possibilities, he concentrates on poring over the statistical, rather than the "survey" sections of Fitch's and other investment services. He ducks tips; believes that speculating, as contrasted with long-term investing, must be a full-time occupation, and then affording only limited possibility of success. "No tips for me. I don't know how to make millions." 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 premise 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 them appropriate for part of one's holdings for 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 inexpert "dopes"—but as for himself, he would rather make his own mistakes.

The Stock Split, he believes, often inveigles the public into a "senseless" 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 he considers not too important. What is vital is the issue's current dividend in relation to its ruling market price.

The "Human" Side

To us it is particularly interesting that even a genius runs up against certain imponderables in the market place. For example, although "our boy" is to a great extent a simon-pure investor, he likes to watch the ticker—knowing at least 150 of its symbols. Asked how this knowledge is useful to the real investor, Lenny quickly answered: "Very few of the things we *humans* do are actually useful."

Also following a widely-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 about 5% over-priced according to business criteria—with the proviso that imminent market action may not follow its logical stimuli. To our query whether the market usually does act logically, he countered that this is a "loaded" question.

Even this prodigy must play it partly by ear!

The State of Trade and Industry

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

Over-all industrial production for the country-at-large registered fractional losses in the period ended on Wednesday of last week. The level of output, however, noticeably exceeded that of the corresponding week in 1955. Slight reductions occurred in the production of steel, electric power, automotive vehicles and petroleum. On the other hand, output of coal, lumber, paperboard and food was somewhat above that of the previous week.

According to a Government report total civilian employment rose seasonally to an estimated 63,100,000 as of mid-March, up about 500,000 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 Commerce and Labor estimated total joblessness during the mid-March survey week at 2,800,000 or about the same as in the corresponding weeks of the two previous months. This was, however, about 350,000 less than the unemployed total a year earlier.

In a separate report the Labor Department's Bureau of Employment Security stated first claims for state unemployment insurance benefits edged down by 3,100 to 207,100 during the week ended March 31. The reduction in first claims was reported by 39 states and was attributed to a slackening of lay-offs in construction, lumbering and logging. First claims a year earlier totaled 228,740.

In the week ended March 24 the total of workers drawing state jobless pay declined by 38,000 to 1,422,400. The total of a year earlier was 1,593,530.

Personal income in February rose slightly, the United States Department of Commerce reported, with a decline in automobile industry payrolls offset by scattered gains in other industries.

The department stated Americans earned at a seasonally adjusted annual rate of $313,100,000,000 in February, compared with $312,700,000,000 in January and $293,200,000,000 in February, 1955.

The February rate, it noted, was $600,000,000 higher than the $312,500,000,000 level predicted by Treasury Secretary Humphrey for the full calendar year 1956.

The big question in the steel market is whether producers can maintain production at near capacity levels. Wear and tear on melting furnaces and rolling mills is terrific, states "The Iron Age," national metalworking weekly, in its current review of the steel industry.

With incoming orders running 10 to 35% above capacity, maintenance is becoming a real problem. Scattered work stoppages over local grievances have hurt production. Producers also are pushing blast furnaces to the limit in an all-out effort to restrain runaway scrap prices.

Meanwhile, the hubbub over prices and labor is raising the temperature of steel demand in an already strong market. The scramble to build inventory is increasing the pressure brought about by a strong economy, declares this trade magazine.

The most hopeful sign for steel customers may turn out to be the most frustrating. Demand will ease slightly in July but the mills will be fighting heat, vacations, and repair cycles. The net result will be little or no dent in standing backlogs and heavy demand for additional material.

The mills are continually being surprised by the depth of demand from a cross-section of the economy for so-called specialty steels, alloys and stainless as well as the carbon steels sold in heavier tonnages. It looks like tinplate 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 1941 when 1,129 occurred.

The rate of failures per 10,000 enterprises listed in the Dun & Bradstreet Reference Book declined slightly to 44 from 46. This rate compared with 39 failures per 10,000 a year ago, but remained appreciably lower than the prewar rate of 62 in February 1941.

Although the number of failures decreased, the liabilities involved rose 15% to $49,200,000, a level exceeded only once in the postwar period. All of the February rise occurred in failures involving liabilities of $100,000 or more.

Building permit valuations in February fell slightly below the year-ago level, but with New York City excluded, a substantial decline was recorded, Dun & Bradstreet, Inc., reports. The total volume of permits in 217 cities (including New York) during February was $437,782,749, a drop of 1.0% from $442,092,367 in February 1955, but a rise of 1.5% above the January figure of $431,357,658.

In the automotive industry last week an apparent budding consumer demand for "low-priced" automobiles created a reshuffling of production schedules among United States car makers, "Ward's Automotive Reports," stated on Friday last.

The statistical agency cited the case of Chevrolet, Ford and Plymouth, the trio accounting for 57.7% or 76,950 units of the past week's estimated output of 133,473 cars.

In comparison, said "Ward's," Chevrolet-Ford-Plymouth assembled 54.6% of all domestic cars made in 1955. In both January

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Creative Chemicals

By IRA U. COBLEIGH
Enterprise Economist

Some laboratory notes on expansion trends in the chemical industry; plus some current comment on certain chemical equities.

Writing about chemistry is like doing Pandora's news column, after she opened the box. Pandora never knew what she had let loose upon the world, and, indeed, in like manner, we never know today, what new wonders the chemical industry will bring forth tomorrow — except that chemical advances redound to the good of mankind whereas Pandora's releases had a lot of backspin on them!

Ira U. Cobleigh

But enough of this allegory. Let's take a swift look at this fabulous industry and see why it is that some of the smartest investors will blithely buy common stocks here at 20 or 25 times earnings, and on dividend yields of around 2%, and still make out better, over any five year period, than the classic old line investor who never purchases any stock unless it can deliver (at time of purchase) a 5%, or better, yield.

There's no doubt about it, there's magic in chemicals. For 25 years the per annum growth rate of chemical companies has been about 10%, against a little above 3% for all industrial production. Sales of chemicals for 1955 were $23 billion gross, up $2.6 billion from the preceding year; and you may confidently look for another 10% increase this year.

Why, you may ask, doesn't this perennially galloping industry slow down? Essentially because natural processes simply can't keep up with our technology and our buying power. Take rubber. We used to get most of it by tapping trees in far away Java or Malaya and melting down the sap into crude shapes that could be shipped to Akron. But today 54% of all our rubber is synthetically produced by chemical polymers. Soaps used to be made of animal fat; now 60% of all soaps and detergents are synthetic. Paints, too, are 60% synthetic. We used to cultivate our fields, gardens and lawns by bone meals and manures — now chemicals, parlays of nitrates and potash plus weed killers and insecticides have the task of increasing food production on constantly decreasing acres of farm land.

And what about health? We spend above $16 billion per year on medical care in the U. S. You've seen the curative advances created by sulfas, penicillin, and other anti-biotics, and vaccines such as the Salk one for polio. These but scratch the surface of therapeutic chemical attacks on major diseases. We have yet to overcome cancer and even the common cold. Even as it is, however, old fashioned herbs, poultries and potions have given way at the apothecary shop to chemical drugs. Eighty-five percent of all prescriptions today, are filled by pharmaceutic chemicals, unknown 15 years ago.

Then take plastics. Time was when everything about the house was of wood, glass or metal, cotton or wool. Take a look about your home today and what do you see? A radio with a plastic case, plastic lampshades, fiber glass curtains, plastic dishes, synthetic sponges, silicon dust cloths, plastic lawn hose, synthetic fiber in upholstery, rugs and carpets; and you walk about clad in Nylon, Orlon or Celanese. Yes we live in a chemical world, and it's no wonder the companies that make it so, succeed.

From the viewpoint of the economist, too, the industry assumes burgeoning proportions. It spent $1.1 billion on capital expansion in 1955, and will spend $1.4 billion this year. On research alone, this industry will spend above $300 million in 1956, and deliver at least 375 new products to an avid public. And from traditional areas of production outlined above, add a whole new field of technology in atomic energy by-products such as isotopes.

We've probably spent enough time painting with the broad brush, so let's get specific. In all this fascinating field, what are the companies that are doing the best jobs? Which common stocks (if any) are likely to continue to move ahead in the high market price plateau indicated by the Dow-Jones 520 market?

Of course, nobody really knows the answer to that question, but some board room and statistical gleanings may provide a little guidance. For instance, consider the important matter of cash flows. **Allied Chemical and Dye** reported 1955 per share net of $5.72 and on that basis sells at about 20½ times earnings. Yet add to that per share figure operating statement debits for amortization, depletion and depreciation, and the per share figure rises to about $9. Applying the same cash flow formula to **Union Carbon** and the reported $4.83 per share moves up to $8.56; and with **Hercules Powder**, $6.89 grows to $11.65. Using these cash figures, you will note that these eminent chemical equities can be purchased not at 20+ times earnings but somewhere between 12 and 13 times.

In other words, while many worthy chemicals appear high priced, actually because they plow back so much from the above bookkeeping item, and from net, undistributed in cash dividends, they build new capital bases each year; and on these new bases they show an earning rate duplicated in but few areas of our economy.

In no other area than chemicals can you better document the theory that share prices are the slaves of earning power. Cash dividends here are definitely a secondary consideration. When you have watched, for example, **Dow Chemical** tread water as it did for some months in 1954/5, and then see it move past 70, how do you account for it? A 52% increase in net earnings is surely an important part of the answer.

And now for a few market notes. The aforementioned Dow has its own name brand plastic SARAN, which is zooming; it turns out about 30% of the chlorine in the U. S.; and is the biggest factor on North America in that magic light metal, magnesium which accounts for 10% of Dow sales. Dow is important in silicones, and a factor in fiber glass as well. Fiscal year ending 5/31/56 should show $2.60 actual after about $3.30 in amortization and depreciation. If Dow-Jones is too much for you, then just stick to Dow!

American Cyanamid, with pharmaceuticals and biological products delivering nearly 30% of net sales, with a huge new petrochemical plant in Fortier, Louisiana, and recent acquisition of Formica Company (which grossed $36,417,588 and netted 3,123,740 in 1955), with all these and a tradition 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 bringing 1955 sales up $5.6 million over 1954 to $39.4 million, and increasing net by 9% to $4.04 a share. In the five year period 1950/55, Spencer doubled both its assets and its sales. Spencer is the third largest producer of nitrogen products and an increasing factor in polyethylene production. Spencer common sells at 63, and pays $2.40.

Union Carbon at the 130 level is a fabulous across the board value diversely drawing its income from plastics, gases, metallurgy, synthetic fibers; and for the future it's at work on lowering the cost of titanium production. No chemical has a bigger stake in atomics than Union. For 25 years, Union has averaged a new product every month. So if you like diversified chemicals, you can hardly help liking Union.

Marketwise Hercules and Monsanto seem not to have advanced as rapidly as some of the others; and we would expect a little livelier market action from them in coming months. Hercules common (after a 3-for-1 split) sells at 50. It should no longer be regarded as a powder company, what with its extensive cellulose and terpene production, and its rapid advance in polyethylene. **Monsanto** has not yet reflected to the full the benefits of its purchase of **Lion 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 heretic as inveighing against Motherhood, baseball or apple pie. So of course we, too, speak well of it—as a chemical, and also if you happen to like General Motors which delivers 28% of its earnings.

So again our salute to the chemicals. The majors seem almost never to be a poor buy!

Christopher Adds to Staff

(Special to THE FINANCIAL CHRONICLE)

KANSAS CITY, Mo.—Helen L. H. Reid has been added to the staff of B. C. Christopher & Co., Board of Trade Building, members of the New York Stock Exchange.

Joins Central Republic

(Special to THE FINANCIAL CHRONICLE)

OMAHA, Neb. — Ed J. Strathman is now associated with Central Republic Company, Farnam Building.

With First Cleveland

(Special to THE FINANCIAL CHRONICLE)

CLEVELAND, Ohio — William C. Porz, Jr., is now affiliated with The First Cleveland Corporation, National City East Sixth Building, members of the Midwest Stock Exchange.

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

Canadian 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 constructive world 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 fiercest challenge and the brightest promise that have ever fallen to one nation's lot in recorded history.

Cyrus S. Eaton

To occupy this now empty northern empire, master its rough terrain, conquer its stubborn climate, wrest its rich mineral resources, harness its mighty water powers, call for dynamic new pioneering. The leaders 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 broad knowledge of the miracles 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 that, 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 whose thought and action are exercising a profound influence on the course of Canadian and world history.

Let us examine the role of men of science in these exciting times in which we are living. On the constructive side, I like this tribute that one of the large mining companies recently paid your profession:

"An engineer is a trained, productive scientist who works with his hands, head and heart to combine resources, materials and techniques for human well-being. The mining, metallurgical and geological engineers have pitted their skills, imagination and perseverance against the challenges of resources locked in the earth."

On the somber side, the scientists, pure and applied, have invented the instruments of total annihilation. Science has, in fact, reached the advanced point where we may use it to lay civilization in ruins or to enter into an era of unprecedented plenty.

Modern Scientific Miracles Demand New National and International Concepts

The scientist is trained to be objective in his work, and to seek and accept the truth, however it may conflict with preconceived hypotheses. In his dedication to his specialty, he perhaps holds himself more aloof than he should from the broader consequences and implications of his findings. I should like to see the physicist, the engineer, the metallurgist, the geologist, the astronomer, the biologist and the chemist also devote themselves, with their trained detachment, to discovering how we can overcome international and racial hatreds and move on to the life of peace and plenty for which all mankind yearns. 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 and technical advances of our times necessitate new thinking to arrive at new relationships between nations and within nations. The scientist should play a full part in the shaping of these fresh national and international concepts.

You can readily see from the broad responsibility I am suggesting you assume that I do not subscribe to the limited view that a witty Frenchman took when he described the main items of equipment of a geologist, for instance, as industry and a pair of legs. Scientific and technical training does not preclude knowledge and appreciation of art, literature, music, philosophy, religion and nature, any more than it closes the door to the practice of politics and diplomacy. The scientists bid fair to become the aristocrats of the future, in fact, if they so choose.

In a world where most nations are plagued by pressure of population and scarcity of basic raw materials, Canada presents a happy paradox. Her area of 3,800,000 square miles, extending from the Atlantic to the Pacific and from the Great Lakes to the North Pole, ranks her second only to Soviet Russia in continental size. Long a world leader in mining, she has barely scratched the surface of her limitless mineral resources. Her manufacturing industries are growing by leaps and bounds. Her electric power industry, upon which mining and manufacturing depend for their energy requirements, is capable of almost infinite expansion. The spirit of venture enterprise is increasingly capturing the imagination of her 15,500,000 able and vigorous people.

Canada Comes into Her Own

As Canada comes into her own, opportunities galore beckon to everyone willing to work. No longer is it necessary, as was so commonly the case in my Canadian boyhood, for young men to go to the United States for gainful employment. No longer is it necessary, moreover, for Canadians who have made their mark in business and industry to go to England to accept a title in order to belong to the aristocracy. In some quarters, I realize, there is a smoldering aversion to any concept of Canadians as "hewers" of wood and drawers of water.' I have always considered these and kindred occupations as stepping stones to higher places. In fact, I am proud to profess that my first paying job was as water boy for a construction crew when the old Inter-Colonial Railroad first pushed into our part of Nova Scotia, while my second employment for money was in the lumber woods of my native province.

A man's first moral obligation is to earn his living, and his second is to be intelligent. If, while he puts his back into his work, he keeps his mind alive and learns everything he can about the industry with which he is associated, he can almost certainly count on steady advancement to a well-paying position of importance and responsibility. The curse of today's big corporations, and big government bureaus as well, is the intellectual indolence that lets most employes content themselves with confining their perception to only what immediately concerns their own small department. Lack of broad knowledge of the business is often defended on the ground that a man does not want to encroach on a fellow worker's department, but this is merely a lame excuse for mental laziness.

Canadian North Offers Richest Rewards

For men who love to work, and who take supreme satisfaction in meeting and overcoming formidable obstacles, the Canadian North offers the richest rewards, spiritual and material. This is no playground for the easy-going and fun-loving folk who find their greatest happiness in the sultry pleasures of southern climes. But neither is it the barren and inaccessible wasteland, unfit for human habitation, that unimaginative and effete observers from a distance stamp it.

I have been fascinated by the northern tip of Quebec known by the romantic name of Ungava, with its mighty rivers and great mineral resources, especially its large tonnages of iron ore that roll right down to tidewater. Ungava means far away, and the Ungava country is tough as well as distant. The iron ore undertaking there will be a prodigious task. But I have been greatly encouraged by the forward-looking attitude of the Government of Quebec, by the cooperation of its Department of Mines and of the geologists, engineers and metallurgists of its great Laval and McGill Universities, and by the cordiality of the press.

Steep Rock Sets Pace for Northern Development

Let me illustrate the unlimited possibilities of the north by recalling the history of our Steep Rock Iron Mines. Steep Rock, of course, is not north in the same sense as the Yukon, the Northwest Territories, Ungava and Labrador, but, topographically and climatically, it provides a close parallel. Fifteen years ago Steep Rock was still a remote wilderness lake surrounded by moose pasture. Informed opinion in both Canada and the United States held it an engineering impossibility to uncover whatever iron ore lay buried deep beneath the bed of the lake. Jules Cross, the late Joe Errington, the late General Hogarth, Pop Fotheringham and I took a different view, for which, I might add, we were branded as impractical visionaries.

It is an old and forgotten legend, now that Steep Rock has become one of the world's major iron ore producers, possessing high grade reserves recognized as ranking among the most extensive and valuable that are known. The success story started when Jules Cross supervised a handful of Indians in staking the original claims. Then Pop Fotheringham, a youthful graduate engineer with seven years' experience in the Canadian gold mining industry, took his young and pretty bride, also a university graduate, to live in a one-room log cabin on the shores of Steep Rock Lake. Snow shoes were their customary winter-time mode of transportation, and hungry bears and wolves were more frequent visitors than human beings. A dedicated all-Canadian team of geologists, engineers, chemists, metallurgists and miners was gradually gathered at Steep Rock and they, with their wives and children, have made of nearby Atikokan a bustling modern residential and business community. Such essentials as schools, water, sanitation, hospital, library and recreation facilities have been evolved as joint projects of the community and the Steep Rock company.

Recreation as Well as Work Stressed at Steep Rock

Let me say a particular word about recreation, which I believe is almost as important as work. For the manner in which people

*An address by Mr. Eaton at the Annual Dinner of the Canadian Institute of Mining and Metallurgy, Quebec City, April 10, 1956.

spend their spare time has an important bearing on the freshness and enthusiasm with which they tackle their work. Reading is a pastime that can be pursued with pleasure and profit year around regardless of the weather. Real winter weather, such as we enjoy at Steep Rock, brings ideal conditions for invigorating diversions like skating, curling, 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 insistence that the headquarters of the Steep Rock company be 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 responsiveness 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 largely nullified distance, so that it is possible to keep in close and constant touch with metropolitan centers. Steep Rock's policy of on-the-job management can be adopted advantageously to create splendid new towns in the Canadian North.

Aid to Steep Rock Has Paid Off for Federal and Provincial Governments

The Federal government played a necessary part in the Steep Rock development by building a spur from the Canadian National Railways' main line to the mines and erecting an ore dock at the head of Lake Superior, and the CNR realizes a lucrative return from these facilities. The Ontario government made its first major contribution to Steep Rock's beginnings by bringing in electric power, on which the Ontario Hydro Electric Power Commission now makes a handsome profit. More recently the Provincial government has linked the once isolated area to the Lakehead by highway, and automobiles now abound in Atikokan.

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, as well as provide the electric power and transportation facilities to serve these new ventures. Money is simply not available in adequate amounts from private and public sources in Canada to meet the Gargantuan demands of the many mines to open, factories to erect, oil wells to drill, roads to build, railroads to extend, airports to construct, harbors to improve, rivers to make navigable, telephone lines to string and water powers to harness. Certainly Canadian investors should be encouraged to put their funds in Canadian enterprises, and Canadian wage earners should be educated to the advantages of stock ownership in the companies in whose success they play a vital role. 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 get 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 capital. 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 lusty Steep Rock infant.

Competition for New Capital Is 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 contemplating capital expenditures and material purchases totalling nearly $13,000,000,000 in the years 1956 through 1960. My own Chesapeake and Ohio Railway alone anticipates an outlay of $561,000,000 during this five-year period. The U. S. 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 $3,500,000,000 in the same years to provide added annual capacity of 18,500,000 tons. Where will all the money come from for these 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 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. The 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 have practically impoverished England weakened her capitalistic system and shifted the banking leadership of the world to America. Fortunate it was for the free nations that the new world had attained sufficient financial strength to be able to carry on where the old world was forced to leave off. Now that America has assumed the mantle, there is this significant difference that deserves to be weighed with care: however much American money pours into Canadian enterprises, the United States has neither the desire nor the power to reduce Canada to the status of 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 enjoyed the unique distinction, among neighbor nations of the world, of peacefully sharing 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. The two countries are the chief custodians of democracy and capitalism. In the postwar world, they stand out as the young and rapidly growing economic and political giants of the free world.

On the other side of the curtain, Soviet Russia has also emerged as a modern economic and political colossus determined to drive forward as rapidly as her 216,000,000 people can be inspired and persuaded to develop and utilize the immense and varied resources of her 8,500,000 square miles 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, under the communistic 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 390,000,000 tons by better than 50% to 593,000,000 tons, her 1955 steel output of 45,000,000 tons by better than 50% to 68,000,000 tons and her 1955 electricity output of 170,000,000,000 kilowatt hours almost 90% to 320,000,000,000 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 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 graduates from universities and secondary technical schools. Russia now has 890,000 engineers

Continued on page 32

Dealer-Broker Investment Recommendations & Literature

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

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

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

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

Call Money Rates vs Stock Yields — Bulletin — Francis I. du Pont & Co., 1 Wall Street, New York 5, N. Y.

Canadian Forecaster — Weekly 12-page bulletin analyzing Canadian mining and oil securities—eight weeks trial subscription airmail $5.00—The Canadian Forecaster, Dept. B, 111 Railway Exchange Building, Kansas City 6, Mo.

Capital Investment, The Budget & Monetary Policy (Canada) —Review—E. M. Saunders Limited, Victory Building, Toronto 1, Ont., Canada.

Chemicals as a Growth Industry—Review—Henry Montor Associates, Inc., 40 Exchange Place, New York 5, N. Y.

Chilean Copper Situation—Analysis—Bache & Co., 36 Wall Street, New York 5, N. Y.

Companies That Could Show a Gain in Earnings in 1956 and Could Also Increase Dividends—In current "Market Review"—Harris, Upham & Co., 120 Broadway, New York 5, New York.

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

New Share Offerings in the Japanese Market—In current issue of "Weekly Stock Bulletin," The Nikko Securities Co., Ltd., 5, 1-chome, Kabuto-cho, Nihonbashi, Chu-ku, Tokyo, Japan.

New York City Bank Stocks—Quarterly analysis of 13 stocks —Laird, Bissell & Meeds, 120 Broadway, New York 5, N. Y.

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

St. Lawrence Power Project—Progress report—Power Authority of the State of New York, Albany, N. Y.

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

* * *

American Maracaibo Company—Analysis—Cohu & Co., 1 Wall Street, New York 5, N. Y. Also available is an analysis of **Crompton & Knowles Loom Works**, and the **Cigarette Stocks.**

American Research & Development Corporation—Analysis—New York Hanseatic Corporation, 120 Broadway, New York 5, N. Y.

Arcadia Nickel Corporation, Ltd.—Bulletin—Aetna Securities Corporation, 111 Broadway, New York 6, N. Y. Also available are bulletins on **Hoyle Mining Company, Ltd., Edgewater Steel Company, Sorg Paper Company,** and **Jessop Steel Company.**

Archer-Daniels-Midland Company — Analysis — Herzfeld & Stern, 30 Broad Street, New York 4, N. Y. Also available is a memorandum on **Rheem Manufacturing Co.**

Blaw Knox Company—Review—Mellott, Thomsen, Pitney & Co., 29 Broadway, New York 6, N. Y.

Brooklyn Union Gas Company—Annual report—176 Remsen Street, Brooklyn 1, N. Y.

California Water Service Co.—Analysis—William R. Staats & Co., 640 South Spring Street, Los Angeles 14, Calif.

Campbell Soup Company — Analysis — Shearson, Hammill & Co., 14 Wall Street, New York 5, N. Y.

Colgate-Palmolive Company — Survey — Abraham & Co., 120 Broadway, New York 5, N. Y. In the same bulletin is a brief survey of **Oklahoma Natural Gas Company, Owens Illinois Glass Co.** and **Pittsburgh Steel.**

Drewrys Limited U. S. A. Inc.—Annual report—Drewrys Limited U. S. A. Inc., 1408 Elwood Avenue, South Bend 24, Ind.

Ford—Analysis—A. C. Allyn & Co., 122 South La Salle Street, Chicago 3, Ill. Also available are analyses of **Portland General Electric Company, Sorg Paper Company,** and **Worthington Corporation.**

General Capsule—Report—General Investing Corporation, 80 Wall Street, New York 5, N. Y.

Gillette Company—Analysis—Lee Higginson Corporation, 40 Wall Street, New York 5, N. Y.

Hodgson Houses, Inc.—Bulletin—Draper, Sears & Co., 50 Congress Street, Boston 2, Mass.

Hugoton Production Company—Analysis—G. A. Saxton & Co., Inc., 70 Pine Street, New York 5, N. Y. Also available is a comparative tabulation of Public Utility Common Stocks.

Kern Oil Company Limited—Analysis—Gruss & Co., 30 Broad Street, New York 4, N. Y.

Masonite Corp.—Memorandum—Walston & Co., 120 Broadway, New York 5, N. Y.

Mechanical Handling Systems, Inc.—Bulletin—White & Company, Mississippi Valley Bank Building, St. Louis 1, Mo.

Missouri Pacific Railroad Company — Analysis — First Boston Corporation, 100 Broadway, New York 5, N. Y.

National-U. S. Radiator—Today—Brochure—D. M. S. Hegarty & Associates, Inc., 52 Broadway, New York 4, N. Y.

Northeastern Turnpike—Progress report—De Leuw, Cather & Company, Farm Bureau Building, Oklahoma City 5, Okla.

Pacific Northwest Pipeline Corporation—Study—Kidder, Peabody & Co., 17 Wall Street, New York 5, N. Y. Also available is an analysis of **Vanadium Corporation of America.**

Pacific Uranium Mines Co.—Circular—Singer, Bean & Mackie, Inc., 40 Exchange Place, New York 5, N. Y.

Pan American Sulphur Company—Analysis—H. Hentz & Co., 60 Beaver Street, New York 4, N. Y.

Penn Controls, Inc.—Memorandum—Kiser, Cohu & Shoemaker, Inc., Circle Tower, Indianapolis 4, Ind.

Public Service Co. of New Mexico—Memorandum—Link, Gorman, Peck & Co., 208 South La Salle Street, Chicago 4, Ill.

Ralston Purina Company—Bulletin—Yates, Heitner & Woods, 320 North Fourth Street, St. Louis 2, Mo.

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

St. Louis-San Francisco Railway—Bulletin—J. R. Williston & Co., 115 Broadway, New York 6, N. Y.

St. Louis-San Francisco Railway Co. — Analysis — Vilas & Hickey, 49 Wall Street, New York 5, N. Y.

Southeastern Public Service Company — Report — Troster, Singer & Co., 74 Trinity Place, New York 6, N. Y.

Southern Company—Annual report—The Southern Company, 250 Park Avenue, New York 17, N. Y.

Sperry Rand Corp.—Analysis—Amott, Baker & Co. Incorporated, 150 Broadway, New York 38, N. Y.

U. S. Thermo Control Co.—Analysis—Unlisted Trading Dept., Ira Haupt & Co., 111 Broadway, New York 6, N. Y.

Worthington Corp. — Memorandum — McDonnell & Co., 120 Broadway, New York 5, N. Y.

Yale & Towne Manufacturing Company—Bulletin—Reynolds & Co., 120 Broadway, New York 5, N. Y.

NSTA Notes

SECURITY TRADERS ASSOCIATION OF NEW YORK

Security Traders Association of New York, Inc. (STANY) Bowling League standing as of April 5, 1956 are as follows:

Team	Points
Bradley (Capt.), C. Murphy, Voccolli, Picon, Hunter	38
Serlen (Capt.), Gold, Krumholz, Wechsler, Gersten	37½
Leinhardt (Capt.), Bies, Pollock, Kuehner, Fredericks	36
Kaiser (Capt.), Kullman, Werkmeister, O'Connor, Strauss	36
Barker (Capt.), Bernberg, H. Murphy, Whiting, McGovan	31
Growney (Capt.), Define, Alexander, Montanye, Weseman	30
Meyer (Capt.), Corby, A. Frankel, Swenson, Dawson Smith	28½
Krisam (Capt.), Farrell, Clemence, Gronick, Flanagan	28
Donadio (Capt.), Brown, Rappa, Shaw, Demaye	27
Leone (Capt.), Gavin, Fitzpatrick, Valentine, Greenberg	24½
Topol (Capt.), Eiger, Nieman, Weissman, Forbes	23
Manson (Capt.), Jacobs, Barrett, Siegel, Yunker	20½

5 Point Club	200 Point Club	
Hank Serlen	Jack Barker	229
Charlie Kaiser	Hank Gersten	200
	Ross Yunker	200

SECURITY TRADERS ASSOCIATION OF LOS ANGELES

The Seecurity Traders Association of Los Angeles will hold their annual spring party at the Biltmore Hotel, Palm Springs, May 4th to 6th.

COMING EVENTS

In Investment Field

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

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

May 4-6, 1956 (Los Angeles, Cal.)
Security Traders Association of Los Angeles annual spring party at the Biltmore Hotel, Palm Springs.

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

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

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

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

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

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

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

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

Oct. 4-6, 1956 (Detroit, Mich.)
Association of Stock Exchange Firms meeting of Board of Governors.

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

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

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

Now With Pruett Co.

(Special to THE FINANCIAL CHRONICLE)

ATLANTA, Ga. — Dwight L. Mote has become affiliated with Pruett & Company, Inc., 710 Peachtree Street, N. E.

Areas of Growth in The Chemical Industry

By ALAN A. SMITH*
Arthur D. Little, Inc., Cambridge, Mass.

Chemical industry analyst describes chemical sales and allied products growth rate and forecasts 15% 1956 sales gain and 15-20% profits increase. Phenomenal capitalization growth is reported including almost $1 billion new outlay in 1955 and expected $1.6 billion for 1956 and 1957. Mr. Smith attributes growth to research and depicts conservative outlook as "pretty good." Inevitable creation of temporary surpluses is characterized as self-correcting in time, and growth areas from fertilizers to synthetic rubber are analyzed. Petro-chemical industry now accounts for 25% of all chemical products and Mr. Smith believes 1965 figure will be 50%.

The first chemical plant in the United States was established in Boston in 1635 to manufacture saltpeter and alum. The first patent issued by the U. S. Patent Office, and signed, it so happens, by George Washington, appeared in 1790, and it covered a process for the manufacture of potash. It was not until 1850 that the chemical industry began to grow as such, but particularly as a result of the demand for gunpowder during the Civil War, the industry grew by 500% in volume during the 1860's. Even at that time, however, the industry was fairly simple, and based almost entirely on inorganic products—sulfuric acid, the alkalis, pigments, starch, and glue. Organic chemistry, based largely on work with coal tar, did not get started until during the 1880's. The production of chemicals with the help of electrical current began shortly before 1900, especially thanks to Hall's electrolytic process for producing aluminum, introduced in 1886.

Alan A. Smith

Shortly before World War I a number of today's leading chemical companies were formed, and as a result of the vastly increased wartime demand for chemical materials, they, and the industry as a whole, advanced to the status of a major segment of the U. S. economy. Capital investment in the industry doubled during the short interval 1913 to 1919.

Current Status and Growth Projections

Since World War I and during World War II, growth has been rapid. For example, between 1939 and 1954, sales of chemicals and allied products increased nearly fivefold—from just over $4 billion per year to over $20 billion in 1954 (See Table I). This works out to a growth rate of about 9.4% per year, except during the interval covered by World War II. Actually, if one considers only the industrial chemicals—namely, the heavy inorganics, alkalis, resins, rubber, fibers, and organic chemicals, the growth rate is even higher—12.6% per year, and the over-all growth rate of chemical sales is continuing at about 11.4% per year. From the $20 billion level of 1954, it is estimated that sales of chemicals and allied products, including such items as soap, drugs, paint, fertilizers, vegetable oils, and the like, increased to $23.5 billion in 1955—a 20% increase in sales just this last year. For 1956 a 15% gain in sales is forecast, and a 15-20% increase in profits — up to a level of about 10% before taxes and about 5% after taxes, according to one estimate.

TABLE 1
Chemical Production and Sales

	FRB Index— Industrial Chemicals	Chemicals and Allied Prod.	Chemical Sales Billion $ Monthly
1939	120	112	.362
1940	153	130	.405
1941	210	176	.546
1942	286	278	.609
1943	367	384	.734
1944	404	324	.838
1945	392	284	.844
1946	394	236	.915
1947	432	251	1.142
1948	442	254	1.197
1949	414	241	1.110
1950	455	264	1.334
1951	542	299	1.558
1952	570	302	1.555
1953	656	334	1.654
1954	652	338	1.700

*An address by Mr. Smith before the Investment Analysts Society of Chicago.

Translating this growth record into terms that represent the market value of chemical company stocks, we see an equally substantial growth record. In 1929, for example, there were available to the investor 74 stock issues of 49 companies, evaluated at $4.6 billion. By 1954, these numbers had increased to 125 issues of 84 companies, evaluated at $24.2 billion. And by 1954, the chemical industry had advanced to fourth rank among all manufacturing industries in terms of total assets, being exceeded only by coal and oil, primary metals, and foodstuffs. This growth in capitalization is still going on. In 1955, there was almost a $1 billion outlay for plant expansion and improvement by the chemical industry. Plant additions worth $1.6 billion are reported for 1956 and 1957.

Research

Over the interval of the past decade, research has come into its own as the driving force behind growth in the chemical industry, creating new products and even new industries — synthetic detergents, for example, plastics, and the like.

Research has been and continues to be essential to growth in the chemical industry. Synthetic products, born of research, account for anywhere from 25%-99% of the output in major chemical industry areas. A number of the leading companies owe a major portion of their current sales and earnings to products not known a few years ago, and yet the industry expenditure on research is increasing, with the total research outlay now well over $300 million per year, compared with only $6 million in 1933. The chemical industry alone accounts for about 13% of the total amount spent by all industries for all research, according to one estimate, and keeping in mind what research has done for the chemical industry in the past, it is to projects now in the research stage, or just recently out of it, that one must look for growth in the future.

Growth Projections and Temporary Oversupply

To put it conservatively, the outlook is pretty good. I should like to point out briefly the specific areas where we look for growth in the chemical industry, and by the very nature of the industry, these areas of activity are all based on research. You won't necessarily see rapid growth ahead in all fields—there may be temporary upsets as capacity exceeds demand for the time being. The reason is that as soon as any one chemical product begins to appear profitable, a lot of companies rush to enter the field. They build new plants, and for economic reasons, these plants have a fairly well-defined production capacity. So units of a given size are constructed, and their total output may exceed for a time the modest, but steadily growing demand. Thus, you frequently run into temporary oversupply, but it's a situation that will be righted as the secular trend in demand continues. I think that point—the almost inevitable creation of temporary surpluses—is frequently overlooked. Incidentally, there is a very good term borrowed from the statisticians, to describe those little dislocations—secular perturbations.

MAJOR GROWTH AREAS

Fertilizer

Now, one of the first areas where we would look for substantial future growth is in fertilizer (See Table 2). Use of fertilizer materials has essentially doubled during the past decade, so that this segment of the industry has grown more rapidly than the average. Growth is due to a number of factors, but mostly to the growing appreciation by farmers that their best approach to increased farm income is through the application of fertilizer materials. Even now, however, there is a surprisingly large proportion of our cropland, probably as high as three-quarters of the total, which does not receive any fertilizer materials, and fertilizer usage in many areas is substantially under the optimum level for economic working of the land. Plant foods are being removed from the soil at a substantial rate, averaging about twice the rate of application of fertilizer material.

All these factors, therefore, point to a continued rapid increase in the use of plant foods, but it must be recognized that it takes time for farm education programs of the governmental agencies and fertilizer companies to take effect, so that the future rate of growth may not exceed that of the past decade. There are major changes occurring in the fertilizer industry, however. These include a general trend toward more complicated chemical processing; increased use of plant food materials by direct application; a gradual shift to more high analysis fertilizers, which are far more economical to ship than the older forms; and greater use of liquid products that avoid the need for physical handling by the farmers. Taking all these factors into account, we project consumption of nitrogen and potash in 1960 at about 2.6 million tons of plant food, while the consumption for phosphates will be slightly larger.

Agricultural Chemicals

A group closely related to the fertilizers is the agricultural chemicals—insecticides, herbicides and hormones (See Table 3). Dollar sales of herbicides and hormones together show an over-all growth trend, dependent again upon educational and development efforts undertaken by government agencies and the major producers.

Growth in dollar sales of insecticides was spectacular from 1948 to 1951, but then there followed a sharp drop, due to a number of factors. For one thing, 1951 was a year of heavy crop infestation, and the producing companies built up tremendous stocks. Then, as these products were used, the insects were gotten rid of, so there was far less infestation, and consequently, far less demand in 1952. But the producers had been goaded into oversupply, so that simultaneously, there was a sharp drop in insecticide prices, and dollar sales in this segment of the industry fell off as indicated. With these various factors brought into balance, however, we project continued growth in the industry, and we feel that this growth will be based upon a number of important trends which should continue during the next decade—the greater use of systemic insecticides which permeate the whole plant's system; and the basically new concept, at least new to the farmer, of using insecticides to prevent infestation rather than to cure it after it has occurred. Not

TABLE 2
Fertilizers
(1000's Tons Plant Food)

	Nitrogen	Phosphate	Potash
1945	638	1416	751
1946	701	1553	807
1947	784	1736	858
1948	857	1853	921
1949	920	1942	1073
1950	1005	1951	1105
1951	1237	2110	1380
1952	1422	2199	1582
1953	1637	2270	1740
1954	1810	2230	1820
1955	1850	2200	1850
1960	2600	2800	2600

TABLE 3
Agricultural Chemicals
(Millions of Dollars)

	Insecticides	Herbicides & Hormones
1945	35	0.7
1946	35	3.6
1947	41	6.4
1948	30	11.1
1949	40	9.5
2950	71	9.2
1951	118	23.1
1952	75	29.8
1953	66	31.5
1954	66	28.0
1960	90	50

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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 or misinformed about banking and bank stock investment characteristics in emphasizing bank stock's compromise combination of common stock and bond characteristics, making it a desirable investment in all business cycle stages—particularly so "at the present time." Mr. Elliott gives advice in judging stocks, describes various bank tools of analysis, compares narrowing deposit significance between Country, Reserve City, and Central Reserve City Banks, and determines increased loan demand and higher interest rates 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 fixed interest rates 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 as good management, adequate supervision and enlightened legislation can make it.

Frank Elliott

Many of our banks through more than a hundred years of successful operation have proved that the earnings of a well-run bank are more than ample to provide for all losses, increase capital funds from operations and pay substantial dividends to stockholders.

The banking business is readily adaptable to mechanization and has 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 deterrent to material increase in bank earnings was fixed interest rates, which were gradually eliminated over the 1947-1951 period. Their elimination was no charity to the banks; it was a practical necessity because fixed interest rates proved incompatible with two way quantitative monetary control. Because elimination was a practical necessity reimposition of fixed interest rates is unlikely in the absence of a national emergency. In fact, since 1951 money management has embraced rapid change in short-term interest rates as a means of minimizing the up and down swings in our economy. The direction of business again determines the direction of interest rates and our money managers merely anticipate, amplify and hasten the change whenever business gives the signal. In my book, this constitutes a return to normal profitable bank operating conditions with an improved twist.

*An address by Mr. Elliott before the Institute of Investment Banking, Investment Bankers Association and Wharton School of Finance and Commerce, University of Pennsylvania, April 5, 1956.

Nature of Bank Stocks

Many investors and dealers are poorly informed or misinformed on the nature of the banking business and the investment characteristics of bank stocks. One moment they glumly proclaim that you cannot make money in bank stocks and the next moment they slyly remind you that you can lose money in bank stocks because, after all, they are common stocks, you know. It is curious that the inconsistency of these cliches seems to elude them. Obviously, the value of all securities from uranium stocks to Government bonds can and does fluctuate in varying degree, and on the record, quick speculative profits have been made in selected bank stocks in recent years due to realization of underlying value through merger or sale of banks. Substantial profits will no doubt be made in the future from bank stocks because they are common stocks and not fixed income securities but these profits will primarily derive from improving investment value or reappraisal of present investment value or both. In the process, some quick profits may be made by speculators if their timing is right but I advise speculators to devote their attention to speculative securities which characteristically give faster action — both ways. Incursions of speculators in the bank stock market are generally disappointing to them and harmful to the bank stock market.

Investment Characteristics

A bank stock is a common stock in that it represents pro rata ownership of a banking business and the earnings of that business, but it assumes certain of the characteristics of a bond because it is an indirect investment in fixed income securities. Under the law, a bank is an investor in prime bonds or a creditor. Interest income from a bank's bond account is substantially certain and the certainty of interest income from its loan account is dependent on the mere solvency of a diversified group of prime borrowers. A bank provides credit and essential services for all business and industry. A bank stock is therefore in a protected senior position in relation to business and industry in general. It offers the protection of a creditor position and an assured but not a limited income.

Banks derive income from use of the depositors' money as well as from use of the stockholders' money, but all bank funds are subject to the same conservative investment restrictions. This unusual combination of large leverage on income and relative safety of assets is the hallmark of the banking business and the reason why bank earnings are both protected and subject to substantial increase. Because of the nature of the banking business and the sources of bank income a bank stock is a good defensive investment in a period of recession which has attractive possibility of appreciation, increased earnings and dividend payments in an expanding economy.

Summarizing the investment characteristics of bank stocks at this point I would like to emphasize that a bank stock is a common stock in relation to the bank's business but that it occupies a protected senior position in relation to business and industry in general. A bank stock is not a fixed income security but a bank's income is derived from fixed income securities. Call a bank stock a compromise, if you will, and I will agree with you, but I will add and emphasize that a bank stock combines the most desirable investment characteristics in one package to an attractive if not outstanding degree. This is another way of saying that a bank stock is a desirable investment in all stages of the business cycle and may be a particularly desirable investment at the present time.

Bank Type Favorites

For at least the last ten years, most bank analysts have primarily recommended the purchase of three favored types of bank stocks, namely, the stocks of—

(1) Reserve City Banks rather than Central Reserve City Banks (New York and Chicago).

(a) Because of lower reserve requirements.

(b) Because of superior growth in deposits, loan demand and high interest rates received on loans. These factors applied particularly to Reserve City Banks outside of the Boston, New York and Philadelphia Federal Reserve Districts.

(c) Because of more volume of earnings assets in relation to capital funds and resulting higher rate of earnings on capital funds.

(2) Banks doing a retail as well as a wholesale banking business and therefore in position to benefit from improvement in both types of business and maintain earnings under difficult operating conditions.

(3) Multi-branch banks having the facilities to attract and service large numbers of small depositors and borrowers who collectively are the best source of growth in deposits and loan demand at high rates.

This was sound doctrine but investors were difficult to convince. Old ways of thinking and old associations were too binding. Years of habit and prejudice yielded only slowly to sound analysis in site of the golden and compelling opportunities which were available. In fact, it may be fairly said that many bank stock buyers delayed purchase of these stocks until much of the comparative advantage available by switching to them from other types of bank stocks had been washed out by relative market movements. Now with the zeal of converts many bank stock buyers are avidly seeking relative advantages which in individual cases may no longer exist or have even become negative where excessive enthusiasm may have relatively overvalued some

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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 the Great has the Supreme Court been under such critical scrutiny of Congress. The situation has resulted in the dusting off of a long dormant bill by Representative Howard Smith of Virginia, which is designed to check what an increasing number of Congressmen and Senators believe is a movement on the part of the Court to weaken the sovereignties of the States. The bill is on the order of the controversial Bricker Amendment to the Constitution which, however, is aimed at the President's treaty making powers.

Carlisle Bargeron

Since Warren became Chief Justice the high tribunal on at least four occasions has stepped on the toes of the States. Most controversial, of course, was its decision abolishing segregation in the schools and in municipal playgrounds, golf courses, swimming pools and the like.

More recently, the Court has overturned a Wisconsin law dealing with organized labor; it has ruled against the sedition laws set up by some 40 states, and just last Monday it denied the City of New York the right to dismiss a teacher who had invoked the Fifth Amendment before a Congressional committee.

All of this has come to give the Southern critics of the Court plenty of comfort from other sections of the country insofar as their Congressional representation is concerned. The Southerners are, indeed, viewing the developing situation with scarcely disguised glee.

Those Southerners who signed the manifesto denouncing the Court's decision on segregation and declaring they would do everything lawfully in their power to overcome it, have been labeled in the Eastern press as futile insurrectionists, as disloyal to the Constitution and the Government of the United States. They have been figuratively put in prison stripes. You can imagine their amusement now when a Pennsylvanian sidles up to them and says he is developing some sympathy with the Southerners, that the "Supreme Court is getting too big for its pants."

Pennsylvania had ambitions to put the Communist leader, Steve Nelson in jail for 40 years. The Court ruled that Pennsylvania had no jurisdiction over him under its sedition laws. It so happens that the Federal Courts can't put him away for anything like 40 years.

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 responsibility to protect the country against subversive activities. In the desegregation case, the Court, rightly or wrongly, changed the laws and mores which had existed for nearly a hundred years.

But it is hardly up to me to pass judgment on the Court. All I am reporting is that its recent decisions whittling away at the powers of state governments are coming to be of considerable concern in Congress. In its decision on the Nelson case the majority opinion went into considerable detail about the intent of Congress in passing the Smith Act by which the Federal Government hopes to try Nelson. This intent, the majority opinion said, was that the states should not have sedition laws of their own.

However, Mr. Smith, the author of the act, says Congress had no such intent and he defies the majority of the court to show him just where in the debate on his bill or in the language of the act itself, any such intent was expressed.

It is a commentary on something that the man under whose chief justiceship the court is being charged with becoming too aggressive, is a man who as Governor of California was not given to making hard and fast decisions. His political success was attributed far more to his ever ready smile, his seeming philosophy that everybody was good and right and that nobody was bad or wrong, and also that his three pretty daughters always accompanied him. Now, you hear grumbling in Congress that he is trying to be another John Marshall. It was Marshall who struck out boldly to make the Court important and out of his energy and power it became in reality one of the three equal coordinate branches of the Government.

His critics in Congress are complaining that Warren wants to make the Court more than that. I can't just see that about him but one can never tell, as the expression goes. Anyway, the Smith bill designed to "restore" the sovereignties of the states is likely to be one of the loudest pieces of proposed legislation before this session expires, although I doubt it will pass. But it might set the august justices to thinking.

With Federated Plans

(Special to THE FINANCIAL CHRONICLE)

WORCESTER, Mass. — Walter A. Fife is now with Federated Plans, Inc., 21 Elm Street.

With Andrew Reid Co.

(Special to THE FINANCIAL CHRONICLE)

DETROIT, Mich. — John N. Clark has joined the staff of Andrew C. Reid & Company, Ford Building, members of the Detroit Stock Exchange.

Joins A. C. Allyn Co.

(Special to THE FINANCIAL CHRONICLE)

FLINT, Mich.—Harold G. Geiken has joined the staff of A. C. Allyn and Company, Incorporated, Genesee Bank Building.

With Zuehlke & Grieve

(Special to THE FINANCIAL CHRONICLE)

ROCHESTER, Minn. — John F. Silliman is now connected with Zuehlke and Grieve, 11½ Second Street, Southwest.

Joins Mannheimer-Egan

(Special to THE FINANCIAL CHRONICLE)

ST. PAUL, Minn. — Joseph H. Sampair is now with Mannheimer-Egan, Inc., First National Bank Building.

Joins Reynolds Staff

(Special to THE FINANCIAL CHRONICLE)

RALEIGH, N. C.—Jennings V. Womble has become associated with Reynolds & Co., 120 South Salisbury Street.

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, Eniwetok Atoll test commander points out chemical firms: were selected to operate major atomic weapons production plants; are required almost entirely up to the point where matter is transformed into energy, and probably will be producing chemical commercial materials not now in production in tonnage lots and new markets will appear for existing chemistry products. General Hull urges further information declassification, consistent with national security, to permit increasing and continuing private peaceful atomic energy research, development and full protected capacity production. Pictures nuclear field growth as seriously decreasing chemist and chemical engineer supply available for rest of industry and teaching.

The harnessing of the atom is one of the great forward steps of fundamental research of all time. Putting this power to use in weapons has been a tremendous achievement over the past 15 years, has made an invaluable contribution to world peace and is necessarily a continuing development. Fortunately, we have now entered the era when this great source of energy can and will be applied to improve our way of life.

General J. E. Hull

I would not argue which is greater human achievement — the uncovering of some basic scientific fact or the turning of such fact to the broadest human utility. In the case of atomic energy we are now in this latter stage, and it is the phase with which most of us will be concerned.

I do not pose as a great expert in the industrial use of atomic energy. I have, however, had some experience in testing, evaluating and planning the development and use of nuclear weapons. Anyone who has done that cannot help but be impressed with the tremendous potential which could be developed to improve our way of life, if this source of power is channeled in this direction and it and the multitudinous by-products which would inevitably result, were made useful to us.

That there are tremendous technical obstacles to be overcome to do this is evident. There were tremendous obstacles to overcome in developing the weapons. I am told that at Alamogordo, when the first weapon was test-fired, some of the scientists who had worked on it were doubtful that it would go off. When I had charge of the first weapons tests at Eniwetok in 1948, even though we had considerable experience behind us, some of the scientists were doubtful that theoretical calculations would prove out and the weapons function.

I have often wondered where we might be today in the development of atomic energy for peaceful uses if the leadership, teamwork and effort which went into the weapons program had been devoted to this field. The greater part of this development lies ahead of us. This is something that many in the chemical industry have been aware of for some time. Appointment of the Panel on Peaceful Uses of Atomic Energy (McKinney Panel) by the Joint Congressional Committee on Atomic Energy last March to conduct a study of the subject has focused nation-wide attention on the potentialities of civilian applications. As most of you know, the Panel report has been published.

*An address by General Hull before the Engineers' Society of Western Pennsylvania, Pittsburgh.

Chemical Industry's Atomic Role

Considering the phenomenal growth of the atomic energy program to date, and its general identification with the weapons program, it is not surprising that the part played by the chemical industry may not have been fully recognized by many. More than is generally realized, chemists and chemical engineers played major roles during the early developments, as well as in subsequent weapons programs. This is confirmed by the fact that the Manhattan District selected outstanding chemical companies to operate the major production plants required by the weapons program.

Interest in peaceful applications of atomic science is now marked and is increasing among the membership of the Manufacturing Chemists' Association. This association comprises approximately 150 corporate members who account for more than 90% of the productive capacity for chemicals in the United States. We believe that the impact of the peaceful uses of atomic energy on our industry will be important, increasing and continuing.

From the experience of the weapons program, it was obvious that the chemical industry would inevitably play a major part in the development of peaceful applications. Up to the point where matter is transformed into energy, the problem is almost entirely chemical. With this in mind the Manufacturing Chemists' Association established a committee of outstanding experts from its member companies in the field of atomic energy. The committee made a broad study of the chemical industry and its relationship to this program and summarized its findings in a comprehensive report which was submitted to the McKinney Panel on Jan. 3. I would like to review some of these findings with you now.

Panel Findings

From the processing of the ores to the separation of the isotopes and the production of the fuels for reactors, we are dealing with processes which will require specialized as well as ordinary chemicals for their operation.

The development of improved reactors necessitates the previous production of more stable construction materials. Current trends toward high temperature operations, complicated corrosion problems, and the chemical processing of nuclear feed stocks and partially consumed fuel elements, emphasize the chemical industry's role in the nuclear field. The reprocessing of fuels is, in essence, 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.

It is admitted by most of the experts that one of the far-reaching effects of nuclear development will be in the field of power. And in the last analysis, nuclear power can be an important factor only if the electricity which it produces is competitive in cost with the electricity produced by a thermal station powered by fossil fuels. It should be emphasized, then, that current operating cost estimates of nuclear power plants indicate that reprocessing of fuels —a chemical operation—will be the major cost item. Herein lies the secret of perhaps the major development and impact.

It is estimated that by 1980 there will be in the United States a total generating capacity of possibly 600 million kw, of which approximately 140 million kw might be nuclear. When one considers that the total installed generating capacity of the United States in 1955 was 120 million kw, it is evident that nuclear power will constitute a very significant industry, provided the technical and other problems are solved. I have every confidence that they will be.

Evolutionary Changes

The impact of the atomic energy development on the existing chemical industry has already proved itself to be real and very important. It is expected, however, that as the program develops, changes will be evolutionary rather than revolutionary. It is still too soon for one to be able to see all of its ramifications—even though some are visible at present.

Radioactive tracers will help to achieve a greatly improved control of many processes and products, and will tend to facilitate research determinations. Radioactive by-products from the reactors appear to have uses for sterilizing certain foods and pharmaceuticals. It is becoming obvious that radiation will play a part in the production of new plastics. Radioactive pharmaceuticals are finding a rapidly growing place in diagnostic and therapeutic procedures. The use of radiation to initiate and catalyze new chemical reactions is under intense investigation. Production of special solvents to be used in purification processes will be important. The chemical industry is equipped to bring into play the basic know-how developed in commercial work over a period of many years for special problems.

There's another aspect of this problem which probably will affect all industry in the future. No longer will plants having high heat or power demands necessarily have to be located at sites convenient to cheap fuel or water power. Other considerations may become paramount. If and when the cost of atomic energy becomes lower, and this appears inevitable, it may well act to change the competitive position of certain products. "Energy where you want it" will change the geographical distribution of industry.

New Chemical Markets

As peacetime uses of atomic energy develop there will undoubtedly be new and expanded markets for some chemicals. Some not now produced commercially may be required in large quantities. This will be dependent upon the cost of radiation energy from nuclear processes becoming economically attractive.

The impact of atomic energy uses on the availablitiy of construction materials in the industrial field should be a relatively minor one in the years ahead. In certain categories, such as high temperature ceramics and plastics, and instrumentation, for example, there will be more significant changes than in normal materials like steel and cement.

However, in a generally expanding economy the development of new material, methods of substitution, and new sources of supply should be hastened. The production of critical items for nuclear and other construction should keep pace with requirements over the next several years barring a national emergency situation.

Manpower Needs

The demand for technical manpower for the nuclear field in the future will compete with scientists and engineer requirements in other fields as it does today. 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 requirement for them. As the nuclear developments expand, these requirements will continue to increase. It is inconceivable to me that we will not be able to correct this situation to the extent of meeting our major requirements in the future. I know we can correct it if we make the effort and this we must do.

It would appear that drastic changes in the standard science courses now conducted by our colleges and universities would not be warranted by this new development. On the other hand, such courses in chemistry, physics, engineering, and metallurgy should probably be modified to include those portions of nuclear science which are pertinent to the particular courses. Courses exclusively devoted to nuclear science might well be made available, possibly as an elective for undergraduate students, but more as a field for graduate student specialization. Our colleges and universities appear to be making satisfactory headway in dealing with this new challenge and the field of nuclear science, as such, should not have a major effect upon current fundamental training programs.

Declassification

The present Administration and the Congress have made signifi-

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Should a Chemical Company Make or Buy Raw Materials?

By THEODORE S. HODGINS*
Vice-President in Charge of Research and Development
Reichhold 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 Chemical to demonstrate "there is no hard and fast rule" governing adding or dropping raw material and/or final product facilities. Mr. Hodgins offers criteria to determine investment return: (1) realization of economically justifiable production volume; (2) logistical balance of ideal plant and shipping location; and (3) corporate growth needs most profitable horizontal-vertical integration investment allocation.

Growth almost always spawns a raft of make-or-buy decisions, and a company can't be too thorough in its evaluations. The main criterion for the make-or-buy decision should be return on investment. At best it should be maximum, at worst equal the average of the industry operating in the same area. Four major criteria in the determination of return on investment are:

Theodore S. Hodgins

(1) *Volume*. This must be large enough to justify economical production, yet small enough to maintain the original sphere of corporate interest.

(2) *Logistics*. Freight rates can often determine the make-or-buy decision.

(3) *Policy*. Procurement must be viewed in the light of horizontal and vertical integration.

(4) *Balance*. Essentially this means weighing investment accrual from raw material production against that from alternative uses of money.

Raw Material Volume

One of the first considerations that we make at RCI is the determination of the volume of a chemical we are purchasing in the open market. This volume has to be evaluated as to present and future trends, and a determination made through our market research group to see if the volume is of sufficient size that an economic plant can be considered. This does not mean that present volume has to be sufficient for an economic minimum-sized plant facility, providing that coupled with other growth items the volume will be sufficient to meet the minimum requirements in a period a few years hence. For example, RCI's present purchases of urea are in excess of 6,000 tons per year. According to Faith, Keyes and Clark, INDUSTRIAL CHEMICALS, it is believed that the smallest economic-sized plant should have a capacity of at least 10 tons per day, or 3,000-3,500 tons annually. From this determination it can be seen that, based on volume of purchases, RCI's requirements for urea are about double what is considered the smallest economic-sized urea facility. This volume would represent 10% of industrial uses or 1.3% of total urea capacity, to show the relative size of such a venture.

Freight and Other Costs

The determination of the logistics of supply will vary with each company depending on the number of plants and their locations. In the case of RCI, we have 11 plants located on the periphery of the country, together with two located in the heartland. A specific analysis of the use at each of these plants, together with the freight rate from a predetermined location, must be made. This study will help to determine the most reasonable location from the standpoint of movement of material. However, a determination of plant location with respect to power costs, raw material availability, and other costs must be made, and a give-and-take decision made balancing ideal raw material location against ideal shipping location.

Integration Direction

The determination of the corporate policy of vertical and horizontal integration must be made. For example, to simplify the problem, is it better long-range-wise to build more facilities for the production of polymers and plastics, or is it better to integrate vertically to produce the raw materials for the existent substantially horizontal organization? For instance, it might be shown that the erection of a new RCI plastics plant at Houston, Tex., might pay for itself in a short period of time based on freight saving compared to shipping the same material from the Chicago, Los Angeles, or Tuscaloosa plant, and at the same time might develop closer customer relationships by building a new plant in the end use area.

Likewise, a determination of present production sources for urea, and projections for the future, must be made. At the same time the corporation's projected future usage must be determined based on the growth of the company in the fields that it presently serves and plans to serve in the future. It's possible that this examination will show that the four plants presently in operation — namely, Du Pont, Allied Chemical, Deera, and Grace Chemical— have the capacity to supply nearly one-half million tons per year of urea. On the other hand, it may be determined that there isn't sufficient capacity to cover the needs of the growth-and-use pattern determined by the market research group.

Is it worth several million dollars to move into the urea-producing business? It's apparent that even some of the top chemical companies are at variance on that question. For example, on the one hand American Cyanamid has withdrawn a $7,500,000 application for a urea plant; on the other, Shell Chemical is going ahead with plans to put up the first such installation on the West Coast.

Cyanamid's decision to bring its embryonic urea enterprise to an abrupt halt reflects the consensus of chemical marketers that U. S. production capacity will soon be more than ample. Says Cyanamid: a new urea plant—now, at any rate—does not offer the best potential return for investment dollars.

Meanwhile, Shell Chemical's study of the same competitive scene has led to a different answer. Shell's recently revealed plan, involving Italy's Montecatini, calls for a 100-tons-per-day urea plant to be erected at Ventura, Calif., which is to be completed in time for the 1956-57 fertilizer season.

Why the business looks good to Shell and not to Cyanamid is one of those difficult-to-answer questions. But Shell is not alone in figuring that the pros far outweigh the cons of urea production.

An analytical determination of corporate needs and financial return on investment must be carefully made to determine whether vertical or horizontal integration will bring the better returns.

Greatest Investment Return

The fourth and final determination is the balance between return on investment in raw material production, and other returns on capital. For example:

Case I. RCI could upgrade a portion of its phenol production into chlorinated phenols to serve the southern market for an investment of $250,000, which would bring a net return on investment after taxes of 10-12%, or $25-30,000 net profit after taxes.

Case II. RCI could erect a new formaldehyde plant at its Detroit operations for a cost of $250,000, which would bring a savings of approximately the same order of magnitude.

Case III. RCI could put in new polymerization facilities for the production of polyester resins in the Chicago area for an investment of $250,000, with a net after-tax return on investment of 4-5%, or $10-12,500.

The above three cases again have to be related to sales. In the case of the chlorinated phenols, a sales job would have to be done in a highly competitive field in order to establish RCI's share of the market. In the case of formaldehyde, this would mean merely the production of a captive raw material that is presently being purchased by the Detroit plant, and no sales effort would be required. In the third case, the polyester facility at Chicago would partly be related to freight savings as compared to shipping the material from the Detroit plant, and the further development of a market for the products. In the instance of the above simplified cases, the decision would no doubt be to make the investment in the captive formaldehyde facility. However, it might be shown in still another case that the investment in a polymerization plant of the same order of magnitude as the above investments would show a return higher than the 10-12% level, say for example 15% after taxes, and in this instance it might be better to continue to buy the raw material, as outlined in the case on formaldehyde, and earn a higher return on investment dollar in the polymerization plant.

One of the best examples of the question of whether to make or buy raw materials rests with two competitive companies quite apart from the chemical industry: General Motors and Ford. Basically, General Motors' policy was to purchase all their raw materials; Ford, on the other hand, had a policy of basic integration.

General Motors concentrated on making automobiles and left the raw materials up to their suppliers. They have vigorously followed this same policy since their inception and have wound up as one of the largest businesses in the world by concentrating on the manufacture of fine motor cars.

Ford took the "make" road and went into the manufacture of steel, rubber, glass, tires; went into mining, forest management, coal, and all the basic raw materials that are necessary for the manufacture of automobiles. Ford held this policy for many, many years, then switched to a modified policy of manufacturing raw materials and purchasing raw materials, so that today the majority of Ford's raw materials are purchased but they still keep a hand in the manufacture of rubber, glass, and steel. Ford has become one of the largest automotive manufacturing concerns, second only to giant GM, yet each followed a different policy in the question of "make or buy."

Another example is a relatively new industry, glass thermal insulation. Owens-Corning decided to take the "buy" route and concentrated all their talents and knowhow on new uses for glass, leaving the problems of raw materials to their suppliers.

Reilly, Koppers, and Barrett are examples of corporations that took the "make" route and integrated all the way back to coal tar products as a base.

Bakelite, one of the largest users of phenol in the resin field, at first manufactured their own phenol. Then in the '20s, because of the non-competitive sulphonation process which they were then using as compared to Dow's chlorination process, they dismantled their plant and became a buyer of phenol. Actually it was a case of being able to purchase phenol at a lower price than they could manufacture their own, due to technical advancement in the chemical industry. As Bakelite continued to grow in the phenolic plastics field, it became a buyer of probably 20-25% of the total production of this country's phenol. Following World War II, phenol became tight in supply, and Bakelite could not get enough phenol to satisfy its customers' needs. As a consequence, Bakelite lost customers because of the lack of control over its raw material supply. Then Bakelite reversed its policy on buying and built a new phenol plant based on modern technology to supply its own needs.

Reichhold Chemicals 20 years ago was essentially a buyer of raw materials. At the same time it was determined that available phthalic anhydride supply was not sufficient to meet the demands of the potential growth in the coatings resin and plasticizer markets. Therefore, RCI decided to go into the phthalic anhydride business in order to continue to expand its alkyd resin and plasticizer business. Reichhold's entry into the phenol picture was essentially one of building a war plant to supply military needs. After the war, being in basic phenol production, Reichhold was able to further exploit the phenolic resin laminating and adhesive fields. Without phenol production, RCI would not have been able to expand these two markets.

RCI's entry into the maleic anhydride field was again a question of protecting the surface coating market with available raw material supply and of being in a basic position for the development of the polyester market, and RCI will continue this policy of protecting its raw material supply lines.

In conclusion, it can be seen from the examples cited that there is no hard and fast rule for determining the make-or-buy route, but that the decision must be made by management in each individual case, based on the company's volume of production, geographical location, basic integration, and financial position.

*An address by Mr. Hodgins before the 12th Annual Meeting of the Commercial Chemical Development Association, New York City, March 9, 1956.

The Importance and Helpfulness Of Public Libraries

By ROGER W. BABSON

Mr. Babson states public libraries provide a better offer than do banks in the course of describing the value of books and what local librarians can do in being helpful. Reading as a lost art is decried.

Very few people appreciate the great value of books and our God-given privilege of being able to read. The most valuable asset of your community is its Public Library — not its Swimming Pool, Ball Park, or Golf Course.

Roger W. Babson

One of the first things in which I invested my savings was in books. I personally now have in my two homes a total of about 10,000 volumes. About 700 of these are reference books, including several different sets of Encyclopedias. As Thomas Dreier, Board Chairman of the St. Petersburg, Fla., Public Library so well says, "Public Libraries can feed one's brains as Supermarkets feed the stomach; actually, they should be advertised just as food stores are advertised." This is a good thought.

You often think you would like to listen to some famous man, yet you can go to your Public Library and bring home without cost all the important things which that man has ever said or thought. It is almost as if your local banker said to you—"Come and get without interest all the money you will use properly. All I ask is that you return this money to the bank in a reasonable time." Yet a better offer is being made to you by your local librarian.

Reading Becoming a Lost Art

Notwithstanding the tremendous help your Public Library can be to you people, consider seriously these five facts:

(1) Five out of every 10 people in your city read no book the past month.

(2) Nine out of 10 depend primarily upon newspapers, magazines, radio, and TV.

(3) Only 25% read books regularly—and these are your most successful people.

(4) Thirty-five percent have never used your Public Library.

(5) Ten percent of your people probably cannot read intelligently.

Every week I meet many successful people — manufacturers, merchants, machinists, builders, teachers, doctors, and preachers. My stock question to them is: "How do you recharge your mental batteries?" They almost unanimously reply: "By reading constructive books—especially biographies." I also asked the Public Librarian to please notify me whenever she sees a book which might help me in my business.

What Libraries Can Do for Us

Let me again quote my friend Tom Dreier as to how Public Library books will help us:

(1) Library books have been carefully selected by professional readers. They are classified so as to help us quickly get the books which we like and want.

Continued on page 47

General Business Prospects for The Near and Longer Range

By WALTER E. HOADLEY, JR.*
Treasurer, Armstrong Cork Company

Economic, political and confidence factors point to 1956 as another record year for general business, according to Armstrong Cork Economist, with a gain of 4 to 5% over 1955. Mr. Hoadley opines: (1) President's re-election announcement has restored near term outlook confidence and business confidence in longer-range prospects has never been greater; (2) periodic adjustment in specific industries or markets will be on a rolling basis rather than general; (3) prices on the whole will be firm to moderately higher and rising costs may make more difficult conversion of added sales into larger after-tax earnings, and (4) 1,200,000 homes may be built in 1956, at almost the same dollar volume as 1955, and volume of home repairs and modernization, aided by Operation Home Improvement and ACTION, may be almost as large as new home construction.

Many new all-time records have been established during the past 12 months. Since a year ago general business has moved forward about 6%, and total building activity roughly 1 to 2%. These increases represent widespread improvements across business and might well be considered measures of average performance over the past year. The bulk of the organizations represented here today have experienced still larger gains as a result of management ingenuity, expansion-mindedness, and an up-to-date product line.


W. E. Hoadley, Jr.

It's always a source of real pride to look back upon a year of record achievement. But records are for historians. What really counts now is **not what has** happened but what **will** happen, especially during the year ahead.

Some weeks ago—frankly, with our fingers crossed—we asked you to send us some economic questions which might be answered from this platform. We are pleased that many of you responded. Your questions formed the basis for our comments today.

As I recall, not one single question submitted dealt with the past. All concerned the future. Your questions 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 but in simplest terms the chief interest is whether the economy is on its way up? on its way down? or likely to remain roughly unchanged over the remainder of the year?

My quick answer is that general business will not change greatly from the present level over the next 6-9 months. There are good prospects, however, that new signs of strength will appear before the end of the year.

In recent weeks some slow-up in automobile production, continued relatively tight credit conditions, and scattered inventory adjustments have combined to halt the expansionary wave which was so pronounced throughout 1955. But don't for a moment underestimate the high level of business at the present time.

I've already said total economic activity now stands about 6% above a year ago. Looked at another way, general business currently is 4% higher than the average level for last year. Any slow-up following a period of strong upward movement understandably can create the impression that a down-turn has occurred. A reading of the most widely accepted general business barometers, however, now reveals no over-all decline, nor in my judgment is there any important general weakness in prospect over the months ahead.

For some time we've referred to 1956 as a year of "political prosperity." This description still seems very appropriate. Everyone knows that 1956 is Leap Year and, more important, a Presidential election year. There may be room for disagreement as to the specific measures which government should or will adopt this year. But not many people will question that government policies will be designed on the whole to bolster the national economy. However, let's not assume government has any foolproof means of preventing economic adjustments and certainly not for individual businesses.

Few forecasters have had much success concentrating their studies on strictly economic factors. Even when political considerations are included the forecast is often incomplete because of the factor of business and consumer **confidence.**

Confidence

All of us have the very human tendency to act in accordance with our feelings. Recent polls have shown some wavering in confidence among business leaders. The President's announced intention to seek re-election, however, has reduced a great deal of uncertainty toward the near-term outlook and restored confidence to a very high level in many quarters. Business confidence toward longer-range prospects never has been greater.

Changes in confidence among consumers occur less frequently than among business executives but can exert a powerful influence on business whenever they do occur. On the whole, the consuming public appears quite confident now about its ability to improve living standards further this year. But the desire of many families to reduce indebtedness has removed some of the public's urgency to buy.

Perhaps the principal danger is that the present high level of confidence across business and consumers may dissolve into varying degrees of complacency. This could mean trouble, but certainly seems unlikely now.

This brief summary of economic, political and confidence factors points to one simple conclusion—1956 will be another record year for general business in the United States. The amount of gain in 1956 over 1955—some 4 to 5%—is likely to be less than the 7% advance which occurred during the past 12 months. Nevertheless, general business definitely will provide a strong support for our lumber dealer business this year. But, you can see—we'll be more on our own to maintain our recent outstanding growth record.

It will pay us well continually to look beneath the surface of general business for cross currents which can affect our individual business operations. We should not be surprised by periodic adjustments in specific industries or markets but there is good reason to expect that these will occur on a rolling basis (that is, one by one) rather than accumulate into general economic distress as the year proceeds.

Profits and Price Outlook

Someone asked — what will happen to prices? The cross currents just referred to make it difficult to generalize, but my frank answer is that prices on the whole will be firm to moderately higher. Declines in farm commodities have offset rising industrial prices for some months. But this price pattern won't continue much longer. The March 1 advance in the Federal minimum wage law from 75 cents to $1 per hour, higher freight rates, advancing prices of many cost of living items, and new wage increases all indicate somewhat higher average prices this year. Unless these increasing cost factors are matched by improvements in manufacturing and distribution efficiency, a new squeeze on profits can result.

This last comment probably suggests the answer to another question—how about profit prospects? The higher volume outlook for the year ahead certainly indicates higher profit opportunities. But rising costs of doing business will make it more difficult in 1956 to convert added sales into larger after-tax earnings. But is this situation really much different from any other year? Keen competition always tests our ingenuity. Inefficiency is a sure road to failure. All we can ever ask for is the opportunity to expand profits. In my opinion we will have this opportunity in 1956.

Quarterly Outlook

Someone else asked—what will 1956 business look like by quarters? This is the kind of question which makes any forecaster squirm. But it is an important question and deserves the best answer we can give. Here it is.

The first quarter is practically history, so let's use it as a base for comparison with the remaining quarters. Prospects point to a slightly higher (up 1 to 2%) level of business in the second quarter as many seasonal buying activities get under way, affecting such important industries as automobile, housing, clothing, home furnishings and related items. The threat of a steel strike at the end of June could easily push up second quarter business abnormally in important steel producing and consuming sections of the country.

The third quarter very likely will witness some temporary lull in general business but not in building. Some over-all slow-up in customary for the summer season which is also marked by important change-over shutdowns in the automobile industry. During the third quarter steel inventories should be better balanced and the demand for steel may show some moderate slackening. Political conventions and campaign oratory also have a way of dulling the public's buying interest and the third quarter of 1956 should see no exception in this regard.

The fourth quarter should be marked by renewed strength in automobile production, home building, and several other industries which will have experienced moderate adjustments earlier in the year. The effect of government action toward taxes, farming, defense, highways, and credit should be evident, all lending new support to business. Confidence promises to be very high as well.

Government Policies

So much for the near-term business outlook. It's still very encouraging. Now let's shift our attention to the second group of questions which you submitted, namely, those relating to government policies.

We should never minimize the economic power of government to influence business trends and developments. At the present time Federal, state and local governments together are making about one-fifth of the nation's total expenditures, or more than $75 billion. Outlays of such magnitude and the necessary financial arrangements to pay for them simply make it impossible for responsible government officials to ignore the impact of their actions on the general economy.

In my judgment, a great deal of economic statesmanship is being demonstrated by top level government leaders in their present policy decisions affecting general business and the building industry.

How many new homes will be built in 1956? My guess is in the neighborhood of 1,200,000—slightly lower than Mr. Cole's [Housing Administrator] figure but we definitely agree 1956 will be another good year for new home building.

What will be the approximate dollar value of all these homes? Each house should average slightly higher than in 1955. As a result, last year's estimated more than $16 billion volume should also be a close approximation of the 1956 dollar level.

What will be the size of the home modernization and repair market in 1956? No one can give you a very accurate answer to this question. Comprehensive benchmark figures simply are not available. Nevertheless, we know definitely that the repair and modernization business is **big business.** In my judgment "fix-up" work this year will be nearly as large as the volume of new home construction. The strong promotion activities of Operation Home Improvement and the work of the ACTION organization should lift the "fix-up" volume at least 10% above last year's level, and a much greater opportunity is available to be tapped.

What's happened to the seasonal pattern of building activity? Years ago this question came up frequently but I can't recall it being raised for at least 15 years. It is difficult to generalize about seasonals because each type of construction is subject to different influences. Nevertheless, all official information indicates clearly that there is much less seasonal variation in building now than at any previous time. This does not mean it has been eliminated—especially in northern areas. Better planning, better materials, more efficient erection methods, and better balanced selling between new and "fix-up" work—all have combined to reduce the winter slump to a fraction of its importance a few decades ago.

*An address by Mr. Hoadley at the Ninth Annual Meeting of the Wholesale Distributors of Armstrong Building Products, March 22, 1956.

Friedlich With Bache As Promotion Director

Bruce Friedlich has joined Bache & Co., 36 Wall Street, New York City, members of the New York Stock Exchange, as director of sales promotion and merchandising, it was announced. Mr. Friedlich, formerly associated with "Fortune Magazine," will devote his attention to developing sales, and merchandising the many investment and brokerage services offered by Bache & Co.

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 recruit science students, Goodrich Chemical President reviews chemical industry's tremendous progress and potential future. Mr. Hoover observes: (1) chemical and allied products constitute 6-7% of total output but research expenditures are 25% of total spent by all industry; (2) 1955-57 new construction to total more than $2.3 billion; (3) industry is now America's fourth largest, with $23 billion 1955 sales, 825,000 directly employed and billion dollar average annual capital outlay in past decade; but (4) all this technological, commercial and investment achievement can stagnate if "talented, trained, dedicated people are not available."

Here we are, scarcely into the most dynamic, exciting, creative period of all history—an age of intense competition not alone among similar products but among different materials and products competing for the same expanding markets,—an age of rapidly advancing technology and innovation,—an age of confidence and bold planning by private enterprise. We are building surely, and not slowly, toward a $600 billion economy in this country. It can be a reality within a scant dozen years if we maintain the pace. Chemistry, the great innovator, which feeds and stimulates all industries and constantly creates new ones, will plan an increasingly important role in this story of progress.

John R. Hoover

The men of chemistry have planned and built well.

Industry's Growth

From small beginnings, their industry has grown to become America's fourth largest, realizing sales of $23 billion in 1955, a new all-time high. The industry employed directly more than 825,000 men and women, and made possible the employment of millions more in other industries working with chemical products.

During the past 10 years, investments in plants and equipment for chemicals and allied products exceeded $10 billion. The industry has grown five times in size over the past 25 years but major segments of it could double in the next 10. It is growing three times faster than industry generally, spends far above the average on research, employs more scientists and engineers.

While chemicals and allied products represent some 6 to 7% of the value of all industrial output in this country, our chemical industry's expenditures for basic research constitute 25% of the total spent for basic research by all industry.

New Capital Outlays

Most of you have seen the published results of a recent Manufacturing Chemists' Association survey which indicate that privately financed new chemical plant construction for the years 1955 through 1957 will total more than $2.3 billion. Projects costing $772 million were completed in 1955 and an additional $1.6 billion is committed for new construction through 1957. Nearly $70 million is being spent for new research facilities, comprising 59 new research laboratories.

*From a talk by Mr. Hoover before the Commercial Chemical Development Association, New York City, March 8, 1956.

The latest McGraw-Hill survey shows plans for 1956 capital investment by United States manufacturing companies 30% ahead of 1955, with primary metals and chemicals leading the pack. Nearly half the chemical companies reported already having plans to spend more in 1957 than in 1956.

Big plans! You commercial chemical development men have been prime movers in these plans.

Research Economics

There is, as you know, a growing opinion among some of our top economists that capital expenditures are becoming more and more a function of research and development expenditures; that the rate of growth of manufacturing companies can be correlated to their rate of research over a period of years; that companies who lay out, consistently, 3% or more of their sales dollars for well-directed research and development will show an average growth rate 2½ times faster than those who spend say 1%. Certainly, if this is true, emphasis must be placed on those words "well-directed!"

Research and long range planning have come of age in this dynamic, creative era in which we are fortunate to be active participants.

The economists who correlate research and industrial growth tell us further that the total of three years accumulated expenditures for research and development will tend to approximate 40% of the capital expenditures for the next following year.

During the past three years about $15 billion have been spent for research and development in our economy, which represents about 40% of the total business capital spending planned for this year. A huge pre-investment will therefore be wasted unless the related capital expenditure programs for 1956 and 1957 are carried out. The odds are they will be carried out.

Industry has a vested interest in maintaining its capital outlays. Research, growing at the rate of 10% a year, has become a built-in economic stabilizer of the first magnitude.

Again I say research and planning have come of age and you commercial chemical development men have had a big hand in this forward look. You have planned well. You have recognized that there is more to research than developing new products or improving old products; that it also means finding more efficient ways to produce these products. You have provided a new and more scientific basis for sound management decisions for chemical industry growth.

This growth is linked inseparably to the strength of our whole American economy. It is our paramount responsibility not to let it falter.

Far Sightedness

Now in this heydey of planning, should we not ask ourselves, searchingly, whether we are so preoccupied with plans that we are neglecting action on some of our broader responsibilities? Are we so wrapped up in our plans that we fail to cultivate some of the other essential ingredients of growth? Today I want to speak of only two of these; one is better public understanding of our industry, of its increasing impact upon the American economy and upon everyday life; the other is motivation of more young people toward careers in chemistry. They are closely related.

Let me tell you what one far-sighted man said about chemists and the chemical industry some years ago:

"It is fair to hold that the country that has the best chemists will in the long run be the most prosperous and the most powerful. It will have at the lowest cost the best food, the best manufactured materials, the fewest wastes and unutilized forms of matter, the best guns, and the strongest explosives, the most resistant armor. Its inhabitants will make the best use of their country's resources; they will be the most healthy, and the most free from disease; they will oppose the least resistance to favorable evolution; they will be the most thrifty and the least dependent on other nations. The education of its people in chemistry and the physical sciences is the most paying investment that a country can make. Competition today between nations is essentialy a competition in the science and application of chemistry . . ."

That statement is taken from an article by Peter Townsend Austen in "North American Review," March, 1896. It rings true today.

In March, 1950, "Fortune" said, "To understand United States industry in the second half of the 20th century, you must understand the chemical industry."

During each of the past two years our industry has joined in a Chemical Progress Week and will do so again this year, the week of April 23-28. I feel it is one of the best things this or any other industry has ever done in explaining itself to its plant communities and to the general public. Many of you have been or will be active in this program, helping to generate an improved understanding of chemistry's contributions to the health, comfort, convenience and abundance of everyday life, helping to point out the importance of a strong chemical industry to our national prosperity and security, telling of the programs that have made the industry's plants among the safest places to work, the progress made in abatement of air and water contamination, explaining that a modern chemical plant is a community asset, a good neighbor, a good employer, a good corporate citizen, — and finally but most importantly today, that the continued growth of this key industry will depend vitally upon more and better schools, more and better teaching of the physical sciences and mathematics, more of our fine young people preparing earnestly for careers in chemistry and engineering.

If those of you who are not already slated for a part in Chemical Progress Week wish to help, contact your company CPW chairman, or contact me or contact the Manufacturing Chemists' Association in Washington. We'll tell you who the chairman is in your area and I am sure you'll be enlisted.

You men understand this industry and what makes it tick. How about spreading the word among people who are not as close to it as we? This is a chance to fulfill part of our responsibility, to tell people what the chemical industry is, what it is doing, why it is important to their daily lives and to the future.

Future Chemical Personnel?

The big question, as all of you know, is who will do the research, the engineering, the commercial development of this expanding industry in the years ahead? Who will be the leaders? Full public understanding of this problem so as to get the force of public opinion and community action behind its solution, is our responsibility. Don't tell me that is the job of the public relations people or the job of the trade associations, or somebody else. It is our job, the job of everyone who has a stake in building this industry, the job of every citizen who understands the penalty if we should fail.

In January, 1954, according to a recent study by the National Science Foundation, there were 62,700 scientists and engineers working in the chemical industry, or one out of 12 of total chemical employment. Of these, some 26,000 were engineers, 23,400 were chemists. More than half of the executives in 75 chemical companies have degrees in science or engineering, or both, and this trend grows each year.

In our great concern with things and dollars, with facts, figures, estimates and potentials, in our preoccupation with plans, we sometimes forget the essential ingredient, people. In our devotion to molecules we may forget men.

Science Teacher Shortage

Today we are training only half the number of chemists, engineers, and scientists that will be needed to keep our economy growing at the rate you men have planned and are building for. Less than half of our high schools teach either physics or chemistry. The number of people becoming teachers of science has dropped 53% in the last four years. Between 250 and 400 thousand students now enrolled in high school science courses are learning from teachers not trained to teach science. All these factors add up to the estimate that we shall be short 100,000 scientists and engineers within four years.

By contrast, and I am sure this is not news to you because we've been hearing a lot about it recently, the Soviet Union is turning out twice as many technical specialists as we are in some fields. They have graduated some 200,000 more professional engineers than we have during the past quarter century. The Russians are not only training more scientists but they are improving their training to such a degree that we have reason to be concerned about the quality as well as the quantity of our future scientists.

The National Security Council calculates that in five years the Soviet Union will have a pool of scientists and engineers so much larger than ours that the Reds will assume the technological leadership that the United States has had in the development of military weapons up to now.

Certainly if industry growth is a function of research and development, then our national strength and prosperity will be dependent in large measure upon our technological strength and vigor.

In the Soviet Union specialization in science begins in the secondary schools where 40% of all instruction is devoted to technical subjects. As you would expect, however, a Russian technical graduate does not select his own job but is involuntarily placed in a position in line with his formal training.

Must Meet the Challenge

All this underlines the fact that the American people seem to have a remarkable capacity for letting a national problem develop until it reaches serious proportions. We also have a remarkable capacity for solving such problems with private initiative and leadership! I cannot help but feel that Russia's regimented program of science cannot compete with our way on an equal footing, if we accept the challenge now. Our way will develop more than numbers of technicians. It will develop leaders.

So why don't we stop talking to ourselves so much about this science education problem and start talking with and helping the youngsters, the educators, the school boards, the leaders in each community?

The situation is more than slightly reminiscent of our chronic American "gripe" about the conduct of politics and politicians, when so few of us are willing to get into the act and do anything about it,—even though we know from history that vigorous action at the community level can have far reaching impact and influence.

You and I know that many things are already being done to attack the whole educational problem. Last November 2,000 educational and business groups and leaders from all parts of the nation attended the President's White House Conference on Education to contribute ideas which could be correlated and implemented at state and local levels. The chemical industry was strongly represented by the Manufacturing Chemists' Association and presented a report which was the result of months of work by a dedicated Educational Advisory Committee. This committee is still at work formulating programs to be used in stimulating local action. Some of you probably attended the panel discussion on the subject "How Your Company Can Inspire Youth Toward Careers in Science" at the semi-annual meeting of M.C.A. last November in New York. I was impressed that the most effective contributions to that discussion were by men who were personally participating in local programs, serving on school boards, helping science teachers, helping to motivate young people to prepare for science careers. Those men were not just talking, they were doing.

We can't leave this all to the committees or to a few. It's too big a job.

Solicit Potential Material

I am proposing to you that each of us embark upon a personal "Do-It-Yourself" program in which every week of the year is Chemical Progress Week. We know we cannot continue to build our chemical industry by technology alone, nor alone by commercial development, nor solely by investing in new, better and bigger plants. We need all of these, but the essential ingredient is the individual, the scientist, the engineer, the teacher, the leader. The essential ingredient in our building for the future is the builder. Our well-laid plans will stagnate if these talented, trained, dedicated people, these builders are not available.

The young builders of tomorrow must be preparing today for the adventure ahead. Get out and tell them from your own experience what a wonderful adventure it's been for you. Tell them there is no field in modern times that will offer a greater opportunity nor a more exciting challenge to their imagination and effort than this business of taming nature's molecules to meet the ever-growing needs and wants of man.

As you talk with them, some of you older men will envy these young people who have so very much to look forward to in the adventure of shaping a better world in which to work and live. There is nothing an old chemist would rather be than a young chemist!

Don't tell them it's going to be easy! Tell them honestly it's a tough, hard challenge, as you all know it is. But tell them also of the deep satisfactions of creative work, the high rewards of leadership. They will respond! Our youngsters are not as soft as we sometimes think but they need our advice, our stimulation and our help. They need it now.

Talk with the young men and women. Work with them and with their teachers. Don't wait for someone else to do it. Do it yourself!

Will such a "Do-It-Yourself" program pay off? Think ahead with me a moment.

I am thinking of a young man. He is about to graduate from a college or university, let's say the class of 1963, after specializing in chemistry or chemical engineering. He studied many other subjects, with particular attention to mathematics. He has learned to communicate effectively in the English language. He reads and talks and takes a broad interest in such things as history, politics, art, economics. He likes people and has a basic faith in human nature.

He is filled with curiosity; always asking how? and why? and he feels impelled somehow to make a contribution, in his own way, to finding the answers. His imagination soars when he thinks of these things and he dreams of helping to make the world a better place for his fellow men to live and work. He wants the excitement, the adventurer of pioneering in the new fields which he knows lie ahead. This young man wants to discover, to break down barriers, to change things for the better.

He doesn't know the impossible can't be done.

He is ready for hard work and keen for the challenge of competition.

He knows his education has only just begun when he graduates; that he must never stop learning.

This young man wants and he will find opportunity, — but he hasn't thought much about security. Perhaps he already realizes that his only real security in this fast moving world will be his own ability to adapt himself to change.

Yes, gentlemen, it will pay off.

MOP Exchange Offer Completed

It was announced on April 9 that $22,220,300 of Missouri Pacific RR. Co. collateral trust 4¼% notes due March 1, 1976 were taken in exchange, par for par, for a like amount of first mortgage bonds of New Orleans, Texas & Mexico Ry. pursuant to an exchange offer.

In accordance with a contract of purchase dated March 14, 1956, a group of underwriters headed by Halsey, Stuart & Co. Inc., agreed to purchase at 100% of the principal amount and accrued interest up to $23,000,000 principal amount of the Missouri Pacific RR. notes not taken in exchange. The balance of $779,700 principal amount has been taken up by the underwriters.

American Secs. Add

(Special to The Financial Chronicle)

DENVER, Colo. — Pierre E. Olivan has been added to the staff of American Securities Company, 509 Seventeenth Street.

Two With FIF

(Special to The Financial Chronicle)

DENVER, Colo. — John M. Mueller and Alfred R. Philips have become connected with FIF Management Corporation, 444 Sherman Street.

Honnold Adds Two

(Special to The Financial Chronicle)

DENVER, Colo. — Branford Clarke and Lars C. Prestud have joined the staff of Hannold and Company, Inc., 524 Seventeenth Street.

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 credits to public issues is as inflationary as bank credit inflation for an "overwhelming majority of subscriptions is financed with the aid of liquid funds [deposits] which would otherwise have been kept idle." Blames political palatableness of disinflationary measures for its not being taken seriously by labor, employers and investors who appear to thrive on the policy of "making an omelette without doing more than cracking eggs."

LONDON, Eng.—Quite recently the vocabulary of economics has become enriched by a new term. For years we have now been talking about "creeping inflation" — by which we mean a slow but persistent inflation, resulting in a gradual rise in prices, barely perceptible in the short run, but highly damaging in the long run. The chairman of one of the industrial firms, in his annual report to the shareholders, has now coined the term "creeping disinflation." By this he meant the prolonged but moderate credit squeeze experienced in Britain ever since the beginning of 1955. Sir Oscar Hobson, City Editor of the "News Chronicle" referred to the same thing as a "gentlemanly" credit squeeze. Both terms seek to convey the idea of an unduly timid approach of the task of disinflation.

Dr. Paul Einzig

Gentle Disinflation

The desire of politicians to make disinflationary omelette 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 in a matter of weeks or months, but which would be a painful and risky process. Instead, they prefer to inflict on the country the prolonged inconvenience of a gradual process, involving dear money over a period of years and chronic scarcity of credit.

In retrospective it now appears evident that the correct solution would have been the application of a very drastic credit squeeze early in 1955 as soon as the need for disinflation became evident. Had Mr. Butler caused the Bank Rate to be raised to, say, 8% a year ago, in all probability he would have been in a position to restore it to 3% within a month or two. As it is, British business had to settle down to dear and scarce money throughout 1955 and during the first quarter of 1956. And the chances are that dear and scarce money will continue during the greater part of this year.

Poor Results

Unfortunately, there is very little to show for the disinflationary effort exerted to date. The wages spiral continues unabated. The disinflationary drive is not sufficiently dramatic to frighten the Trade Unions into postponing their wages demands for better times. Nor is it sufficiently drastic to force employers to abandon their attitude of taking the line of least resistance in face of wages demands. The implied conspiracy between employers and employees to put up wages, prices and profits at the expense of the long-suffering consumer continues unabated.

The extent of the credit squeeze has not been sufficient to induce employers to resist wages demands for fear that they may not be able to pass on to the consumer the additional costs.

Total Credit Scene

It is true, there has been an appreciable decline in the volume of bank credit since it reached its peak level last summer. What has been happening to a large extent is that large firms which find it difficult to obtain increased bank credits have been making public issues instead. The volume of loans and shares issued during the first quarter of this year shows a considerable increase compared with any previous corresponding postwar periods.

In many quarters this is held as evidence of the success of the credit squeeze. It is argued that this method of financing production is less inflationary, since it does not lead to an increase in the volume of bank deposits, and since it means drawing on the savings of the public instead of creating additional credit. Those who argue in this sense fail to appreciate the fact that subscriptions to new issues almost invariably involve a conversion of idle deposits into active deposits. Although it is just conceivable that some subscribers decide to invest funds which they otherwise have spent, the overwhelming majority of subscriptions is financed with the aid of liquid funds which would otherwise have been kept idle. In many instances the subscribers themselves have no idle deposits but have to sell existing investments in order to subscribe. In that case it is the idle deposits of those who buy their investments that become active.

Idle Deposits Used

On balance the result of the transactions is that, even though the total value of bank deposits remains unchanged, the velocity of their turnover increases. In other words, the same amount of deposits is financing a larger amount of business by changing hands more frequently. The effect is fully as inflationary as if the additional amount of business had been financed through the creation of an additional amount of deposits.

That British firms find it so easy to place an increased amount of stocks and bonds in the market is itself 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 owners of funds to subscribe to new issues. This at any rate was always the effect of dear money and tight money in the past.

It seems, however, that the general assumption that in the postwar world no government is able or willing to carry disinflation too far has made a fundamental difference. This optimistic assumption is largely responsible for the lack of response of the British economy to the disinflationary drive. The fact of the matter is that, owing to this optimistic atmosphere nobody is inclined to take disinflation too seriously. It has failed to induce the Trade Unions to moderate their wages demands. Equally it has failed to induce employers to put up a stiff resistance to wages demands. Finally, it has failed to induce investors to abstain from subscribing to new issues the result of which largely nullifies the disinflationary effect of the credit squeeze.

Everything is of course largely a matter of degree. If the credit squeeze were more brutal and less "gentlemanly," everybody—employees, employers, and investors—would be made to take notice. Sooner or later the British authorities may have to realize this. But at the moment they still appear to believe in the possibility of making an omelette without doing more than cracking eggs.

Jonas C. Andersen

Jonas C. Andersen, partner in Kuhn, Loeb & Co., passed away April 4 at the age of 62 following a long illness. Mr. Andersen had been associated with Kuhn, Loeb & Co. since 1949. In the past he was an officer of Blair & Co. Inc. and E. H. Rollins & Sons and prior thereto was an officer of the Chase National Bank.

With Reinholdt & Gardner

(Special to The Financial Chronicle)

ST. LOUIS, Mo.—Don L. Clugston is now with Reinholdt & Gardner, 400 Locust Street, members of the New York and Midwest Stock Exchanges. Mr. Clugston was previously with Dempsey-Tegeler & Co.

Monetary and Fiscal Policies: What They Can and Cannot Do

By C. CANBY BALDERSTON*
Vice Chairman, Board of Governors
Federal Reserve System

Federal Reserve Vice Chairman ascribes 1953 Spring recession not to credit restraints but "largely to curtailment of governmental defense expenditures" which was not scheduled when monetary restraints were imposed, in illustrating the difficulties in coordinating and timing fiscal-credit policies pursued here as well as abroad. Monetary timing is found more effective than fiscal stabilizing measures when dealing with inventory accumulation and excessive credit, but not as effective on total disposable income—i. e., taxes and public expenditures. Mr. Balderston does not expect the next speculative fervor to be stock market speculation and doubts fiscal or monetary, or both, policies can succeed if group psychology runs rampant. Concludes: (1) rediscounting rise of last November "had to be taken at an unpropitious time"; (2) when funding and long-terms are most desirable, the Treasury does not usually agree, and (3) built-in stabilizers are "invariably incomplete."

My purpose is to examine governmental financial policies as to their strengths and limitations. As a basis for such appraisal, it may be helpful to mention without discussion the **objectives** of monetary and fiscal policies, the **tools** available, and the **agencies** charged with responsibility over them. My background discussion will, therefore, merely recite objectives, tools, and responsible partners.

C. Canby Balderston

The objectives sought are two-fold:

(1) To foster orderly economic growth and sustain employment at the highest feasible level.

(2) To maintain the financial equilibrium of the economy, both internal, by protecting the purchasing power of the monetary unit, and external, by keeping international payments in balance. The last of these is currently of much concern to Britishers.

The tools used for general monetary controls (and I will not be discussing selective or direct controls such as those over stock market margins and consumer credit) are the well-known three: open market operations, rediscount rates, and reserve requirements. I have listed them in the 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 or misuse of the monetary tools are the Federal Open Market Committee for open market operations; the Federal Reserve Bank directors, with review and determination by the Board of Governors, for rediscount rates; and the Board of Governors of the Federal Reserve System for reserve requirements. These bodies all exist as a result of a delegation by the Congress of authority over money.

Debt management is the primary obligation of the U. S. Treasury, whereas changes in the form and rate of taxation are the ultimate responsibility of the Congress, as is the power to appropriate government funds. Although the executive branch initiates most changes in revenue and expenditure, and determines the rate at which appropriations will actually be used, Congress has the real responsibility as to the rates of taxing and spending by the Federal Government. Of course, the amount of tax revenue actually collected moves up and down with the economic tides, and the latter also influence certain types of governmental spending such as crop supports and unemployment insurance.

Congress may also direct the use of Federal spending or of guarantees to stimulate particular portions of the economy. An example is the boost given to residential construction by encouraging the growth of mortgage credit, which has been mounting at a monthly rate of over $1 billion. So much for a recital of the governmental guns that may be trained on the two objectives, and those responsible for aiming and firing them.

How successful they will be in achieving economic growth and stability (the two objectives) turns upon the coordination and timing of their use by the team of partners who carry the several responsibilities, and by the psychological climate in which they are employed. My observations as to their strengths and weaknesses will be focussed, therefore, upon problems of coordination, timing, and group psychology.

Coordination

Coordination in the use of credit and fiscal tools is complicated by conflicts inherent in the objectives sought.[1] In Great Britain, brimful employment has been achieved, with job opportunities far exceeding the number of job seekers; but excessive domestic demand is diverting goods from exports as well as inflating imports, and wage and price increases, unless stopped in time, may well threaten the country's ability to compete in foreign markets. In consequence, the country is faced with serious difficulties in her efforts to keep her foreign accounts in balance.

The tools themselves need to be coordinated. A well - publicized example was the impact of the "pegging" of government bond prices, however needful to finance World War II, upon the functioning of monetary controls after the war had ended. In the language of former Chairman Eccles, it was a "built-in engine of inflation." Inflation continued, incidentally, despite large governmental surpluses. An example from abroad is Great Britain's reliance in 1955 upon monetary controls without adequate support from the budget. Despite two sharp increases in bank rate, despite moral suasion directed at banks to restrict advances, and despite the imposition of direct controls on consumer credit, inflationary pressures did not abate sufficiently to avoid further monetary and fiscal actions this year.

In Australia, after a lengthy period of frustrated attempts to combat inflation without coordinating fiscal and credit policies, combined action embodying important restrictions in both fields had to be taken recently. Further examples of the need for coordination are provided by the Scandinavian countries. In Sweden and Norway restrictive monetary policies have been adopted to supplement fiscal restrictions in some sectors, and to offset the stimulation of continued governmental assistance in other sectors, such as housing. In Denmark, restrictive monetary policies proved insufficient until supplemented by restrictive fiscal policies.

Examples are not lacking, however, of coordination that has succeeded. In India, a planned budget deficit was offset by appropriate monetary policies. In Japan, inflationary developments were stopped in 1949-50 and again in 1954-55 by the combined application of both fiscal and monetary measures. The same result was accomplished in Austria in 1952. Of particular interest is the case of West Germany. The German "basic law" requires the government to present a balanced budget. Nevertheless, the Finance Minister has accumulated large unspent funds, which are kept idle on deposit with the central banking system. This circumstance has assisted the monetary authorities to avoid inflationary developments in the face of an unprecedented boom.

Our own country seems, in the absence of a shooting war, to be about to reap the benefits of fortunate support of monetary policy by fiscal policy. A Federal cash surplus in each of the fiscal years 1956 and 1957, if sizable, would help to combat the inflationary impact of a prospective large expansion of industrial and other private investment. Moreover, a large number of Congressmen as well as administrative officials appear to view a boom period as one in which reductions in tax rates would be inappropriate.

But coordination is not easy. Take the problem posed for both the Treasury and the Federal Reserve at the time the discount rate was raised in November of last year. For some months, business confidence had been mounting. It was evidenced by the rise of industrial orders and of loans, by rising stock prices, by business plant expansion, by a scarcity of steel, cement, and glass, and by increasing prices of many important industrial materials and products. The discount action that such a situation might have indicated was delayed by the economic uncertainties stemming from President Eisenhower's illness in late September. That these uncertainties dissolved in the sober relections of businessmen seemed to be indicated when the McGraw-Hill survey of capital additions forecast an over-all increase of 1956 plans over 1955 of 13%. The return of ebullience plus high seasonal demand for loans caused the Federal Reserve Banks, with the approval of the Board of Governors, to raise their rediscount rates in November even though the Treasury faced a refunding in December of over $12 billion. The Federal Reserve action, necessary as it was, made a more difficult problem for the Treasury in refinancing its maturing obligations in December. The action had to be taken at an unpropitious time despite some risk of unsettling the market for government and private securities.

Debt Funding

The "funding" of short - term debt tends to have anti-inflationary effect through reducing the liquidity of holders. Examples of its successful use are to be found in the United Kingdom (1951) and the Netherlands (since 1953). As already indicated, however, "funding" is frequently hampered by a reluctance to burden the Treasury with higher interest rates as seems to have been the case in Scandinavian countries before they ended their "cheap-money" policies in 1953-54. If "funding" cannot be employed at these times, then the other tools must be relied upon more heavily, as British authorities are discovering. Unfortunately, "funding" is most appropriate for the economy in times of inflationary danger when interest rates tend to be high, but to be most attractive to the fiscal authorities in times of deflation when interest rates tend to be low and the economic effect of the operation undesirable.

A problem illustrating one of the obstacles to coordination would appear to be in the making in Great Britain. The rigorous restraint now imposed by the Bank of England and by the government would be strengthened, one would suppose, if governmental borowing were on a long-term rather than a short-term basis. But a rank rate of 5½% discourages a long-term commitment to pay a high rate on borrowed funds and tempts the use of short-term borrowing in the hope that cheaper money may be available in later years. The debt managers, it must be recognized, are expected to pay attention to borrowing cost as well as to the best policy to pursue in terms of stabilization goals. This fact serves to underscore the essential complexity of the problem of attaining stable growth without inflation.

Proper Timing

So far we have discussed coordination in terms of concerted action through maximizing the mutual assistance of monetary and fiscal policies. We turn now to another aspect of coordination: proper timing. Timing difficulties tend to hamper the effectiveness of fiscal measures as stabilizing tools more than that of monetary measures. Fiscal policies have a less direct and immediate influence than do monetary policies upon such causes of disequilibrium as inventory accumulation and the excessive use of mortgage or consumer credit. It is not that changes in fiscal policy are less potent; they are just less responsive and flexible. Fiscal decisions, since they are necessarily long in the making, may come at just the wrong time to improve business stability.

During recession, it is usually not difficult to have tax cuts enacted. It is more difficult to have tax increases enacted in times of boom. However, such measures have been passed in Belgium (1955), Denmark (1954-55), the Netherlands (1955), Norway (1955), Sweden (1955), and the United Kingdom (autumn 1955). The Netherlands has enacted a provision compelling corporations to prepay their taxes in order to reduce the excessive liquidity of the economy (1955). Tax changes for cyclical purposes have frequently taken the form of changes in tax-privileged investment allowances for business firms. Such allowances have been increased to combat recession, and decreased or abolished to combat boom conditions in the Netherlands, Scandinavian countries, and the United Kingdom.

Incomplete Automatic Regulators

The political difficulty of taking unpopular fiscal measures has led to the adoption of "built-in stabilizers" that would automatically offset inflationary or deflationary developments. However, these offsets are invariably incomplete even though they operate in the right direction. To cite a single example, a reduction of corporate profits in this country is offset only in part by a proportionate decline in the 52% of profits that must be paid out as income taxes.

A further deterrent to the use of tax rate changes as cyclical remedies is the lag between the announcement of a new rate and its effect upon business decisions. Because of the practice of accruing taxes, rate changes that become effective at some time other than the start of a company's fiscal year may not exert their full impact upon executives' thinking as to price setting and expansion until they prepare the budget for the ensuing year. Not only do time lags detract from the effectiveness of fiscal measures, but they may cause a given measure to take effect at the very moment when the opposite type of measure is needed. For example, the Netherlands, in spite of efforts to adjust its fiscal policy to the cyclical situation, had large deficits in 1954 and 1955 when the country was experiencing an unprecedented boom. But in the far less prosperous year of 1952 the country did have a surplus.

Fiscal policy, however, tends to have a more direct effect than monetary policy on total disposable income, especially in the case of changes in taxes and public expenditures. It tends therefore to be subject to more pressure by special interest groups. Tax cuts have frequently been enacted and public expenditures increased at times when economic stability is threatened by inflationary pressures. Recent cases occurred in the United Kingdom, spring 1955; the Netherlands, 1954; Sweden, 1954; and Australia 1954.

Taxes Affect Growth

The structure of tax changes does contribute to growth. As a social objective, we seek a tax structure that is equitable and nonrepressive in its influence on normal economic incentives. Both corporate and individual taxes have a powerful impact upon the incentives to venture, to experiment, to expand, and to generate the economic forces so necessary to high employment and a rising scale of living. A recent example is the apparent stimulus to plant expansion afforded by provision for accelerated depreciation during and after World War II. The more we can contrive forms of taxation that enhance entrepreneurial incentives and diminish decentives, the more closely will financial authorities manage to achieve stabilization. But the tax structure problem is a separate one from the problem of whether a given fiscal policy is inflationary, neutral, or deflationary. The latter problem has mainly to do with the relationship of total tax revenues to total governmental expenditures.

Of the monetary tools, open market operations are responsive in the extreme. Buying and selling can be modified from day to day, and even from hour to hour, to adapt to fluctuations in the tightness of the money markets, and still work in the direction of economic stability. Open market operations, flowing from the instructions of the Open Market Committee, have the sensitivity of an automobile accelerator.

Discount operations are also responsive and sensitive, even though discount rate changes are only made from time to time to adjust to changes in levels of market rates. Discount rate changes signalize a recognition on the part of the Reserve System that a fundamental change has occurred in supply-demand conditions in the credit market. Open market and discount operations are closely related functionally—so closely related, in fact, that they are basically supplemental

Continued on page 34

*An address by Mr. Balderston before the Seventeenth Annual Pacific Northwest Conference on Banking, State College of Washington, Pullman, Wash., April 5, 1956.

1 See article by Karl Bopp on "The Rediscovery of Monetary Policy — Some Problems of Application," in the *Business Review* of the Federal Reserve Bank of Philadelphia, August 1955.

Securities Salesman's Corner

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 attested by the billions of dollars which have been "exported" north of the border during past years. Likewise true, however, is the fact that a considerable number are prone to look upon enterprises in the Maple Leaf country as out-and-out speculations. True it is that in Canada, as in this country, there are stock-selling ventures which definitely will fail to "pan out." 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, *"Canada: Haven for Blue Chip and Enterprise Capital,"* which appeared on the cover page of the "Chronicle" of March 29. In this authoritative study there is an abundance of evidence of the sturdy, long-term consecutive cash dividend paying stocks which abound in Canada. Some of the issues included in the tabular record of consistent dividend payers have maintained dividend payments for as long as 127 years. Moreover, the approximate yields available on this imposing list of Canadian "blue chips" is particularly arresting.

The article in question, together with the list of Consecutive Dividend Payers, is being made available by the "Chronicle" in pamphlet form to fit into a Number 10 envelope at the following prices: 1 to 199 copies at 15c each; 200 or more copies at 12c each. "Compliments of" and the dealer's name in the line below is imprinted in the space provided for this purpose when 100 copies or more are ordered. These reprints could be used very effectively to stimulate qualified leads for your sales organization.

A Suggested Advertisement

Using a double return 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 whose common stocks have paid cash dividends consecutively for 5 to 127 years. A free booklet, *"Canada: Haven for Blue Chip and Enterprise Capital,"* will be sent you on request—no obligation, of course.

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Without cost or obligation please mail me a copy of your pamphlet on *"Canada: Haven for Blue Chip and Enterprise Capital,"* containing data on listed stocks that have paid consecutive cash 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 investments is an important one and should be of interest to "growth" stock investors. The second is that I feel certain that one of the most profitable types of advertising any firm can do is to offer high grade investment literature that is informative and educational. If you will re-read this March 29 article in the "Chronicle" 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 you are going to make money on that salesman's work and so will it be with him. But even the best and most conscientious salesman can waste time and energy calling 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 salesmen a dignified and proper reason to make a call. I don't believe in cold canvass, although some men and some firms say it works 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 leads—by 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)

LOS ANGELES, Calif.—Asa B. Carmichael, Jr., is now affiliated with Paine, Webber, Jackson & Curtis, 626 South Spring Street.

Joins Staats Staff

(Special to THE FINANCIAL CHRONICLE)

LOS ANGELES, Calif.—Robert H. Schock has joined the staff of William R. Staats & Co., 640 South Spring Street, members of the New York and Los Angeles Stock Exchanges.

With Sutro & Co.

(Special to THE FINANCIAL CHRONICLE)

LOS ANGELES, Calif. — John Muc has become connected with Sutro & Co., Van Nuys Building.

Two With Witherspoon

(Special to THE FINANCIAL CHRONICLE)

LOS ANGELES, Calif. — L. Drake Forbes and Ralph E. Phelan, Jr., have become associated with Witherspoon & Company, Inc., 215 West Seventh Street. Mr. Forbes was previously with King Merritt & Company, Inc.

Sulfur: Industry's Versatile Yellow Magic Work-Horse

American annual sulfur per capita consumption is reported at 73 pounds. Industrial users of this versatile chemical are listed, including the automobile which requires 35 pounds before coming off the assembly line.

According to the March-April issue of "Chemical News," the world's major sulfur source is Texas and Louisiana, and America's output increased 20% since the time of Korean crisis. Continuing, the article says:

"Sulfur has been called the cheapest chemical available. This is fortunate for 73 pounds of it were consumed last year for every man, woman, and child in the United States. Sulfur fills an outstanding role in virtually everything that we eat, wear or use, and yet few people know anything about the yellow magic that comes from the ground.

"Historians report that sulfur was used 20 centuries before the birth of Christ by priests in religious ceremonies. Its bright, ethereal blue flame and pungent odor added mysticism to temple sacrifices and purification rites. Such early use may well have been responsible for the concept of hell being of "fire and brimstone," for the brimstone of the Scriptures is but another name for the chemical, sulfur.

"Today, the world as we know it would be a different place without sulfur. Each automobile requires about 35 pounds of sulfur by the time it comes off the assembly line. It takes sulfur to make the rubber in the tires, the steel in the frame and body, and the gasoline that keeps the car running.

Agriculture Large User

"But it is in the field of agriculture that the yellow mineral has made its most valuable contribution to the health and prosperity of this country. More than one-third of all sulfur mined goes back to the soil in forms of fertilizers. To the farmer, it is almost as necessary as earth and water. Today superphosphates and concentrated superphosphates are widely used fertilizer materials with sulfuric acid a vital element in speeding up fertilizing action.

"The first commercial sulfur in modern times was produced in Sicily early in the 15th century. But it was not until 1735, when a process for the manufacture of sulfuric acid from sulfur was developed, that the nations of the world began to vie for control of the element. The American sulfur industry did not begin until Dr. Herman Frasch, a German pharmacist who came to this country at the age of 19, developed his epoch-making plan to mine sulfur not as a solid but as a liquid. The first melted sulfur was pumped by Dr. Frasch in 1894 with commercial production by the Frasch process starting in 1901.

The Frasch Process

"The process itself appears simple. Every chemistry student knows it. Three concentric pipes are driven into a sulfur deposit. Hot water is pumped down one pipe to melt the sulfur; compressed air is driven down another to force sulfur to the surface through the third pipe. The sulfur flows out like molasses. It congeals into a yellow, odorless, rock-like mass, better than 99% pure sulfur. Even the newest mines today still use Frasch's basic method.

"The giant salt domes of Texas and Louisiana, along the Gulf Coast, are the major source of the world's supply. As abundant as America's resources are of the yellow mineral, the Korean crisis brought a sulfur shortage. However, since that time seven new Frasch mines have been put in operation and America's production has leaped 20%. Two more mines are now in the process of being built.

"But salt dome deposits are by no means the sole source of supply. Alternate sources include hydrogen sulfide in sour natural gas and refinery gases, sulfur dioxide in smelter gas and even coal, zinc, and pyrites. The development of these sources has increased until today there are more than 65 separate operations in the United States for obtaining sulfur in some form from non-salt domes.

Basic to Many Products

"More than three-quarters of the sulfur produced in the U. S. is turned into sulfuric acid before it is channeled into industrial uses. Eighty-eight of the 150 most important chemicals in the U. S. require sulfur in their processing. We consume three times as much sulfur as aluminum, four times as much as copper and five times as much as lead or zinc. And as our economy expands, the demand for sulfur grows. It is basic to the petroleum, metals, fertilizer, plastics, paint, paper, rubber, film, rayon and dye industries to name but a few.

"The rubber industry, for example, uses more than 80,000 tons of sulfur annually to vulcanize rubber to give it toughness, elasticity and moldability. The steel industry uses sulfuric acid in its pickling bath to remove rust and mill scale. In papermaking, sulfur dioxide is the active agent dissolving impurities in wood pulp. In the manufacture of viscose rayon, one pound of sulfur is required for each pound of rayon.

"The golden chemical has worked for man for 4000 years. Luckily, this 'workhorse' of the chemical industry remains one of the most plentiful of elements. When America needs more of the yellow magic, sulfur spokesmen say that vast untapped reserves are available to satisfy the demands of industry and agriculture for generations to come."

Ed Welch to Leave On European Tour

CHICAGO, Ill.—Edward H. Welch, Sincere and Company, Chicago, will leave April 20 on the S. S. Exochorda for an 8 weeks' tour of Europe. Mr. Welch plans to spend 6 weeks traveling by car and 2 weeks on a Mediterranean cruise.

Edward H. Welch

With Financial Investors

SACRAMENTO, Calif.—Don B. Harris has become connected with Financial Investors Incorporated, 1716 Broadway.

THE MARKET . . . AND YOU

By WALLACE STREETE

The stock market put on its own technical reaction this week in the complete absence of any new developments that could have been used for an excuse. As anticipated, a good portion of the selling seemed to stem from profit-taking in bargain purchases made last October which have 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 surprise element left in that situation.

* * *

That the six-month period for purchases made last fall was about up, plus 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 520 range on a more-or-less uninterrupted two-month 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 du Pont and Bethlehem Steel annual meetings were told that no stock split is imminent. Both managements indicated they had no present plans to enter the new money market where a split would be somewhat important to bring the price tags down to within reasonable reach.

* * *

Some of the speculative attention has been shifting from the top grade steel issues to the secondary ones. So far this 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 than the general market while for the first three months issues of the Jones & Laughlin and Bethlehem grade actually showed small declines for the year. The same pattern is somewhat apparent in the chemicals, too. The better performances have been turned in by issues like Filtrol, United Carbon and Jefferson Lake Sulphur.

The Well-Acting Oils

About the best group record of any so far this year has been that of the petroleum issues with only TXL 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 forecasts in the annual reports also helped to keep sentiment constructive. One of the better reports was that of Texas Gulf Producing which was able to boost net income by around 20% or about double the percentage improvement general for other companies. The company is about to start exploration work in Libya where it holds concessions on some 6,000,000 acres.

Upturn for United Fruit?

An issue that might be at an important turning point is United Fruit which has had continuing setbacks in tropical countries for a couple of years. The 1954 results were considerably short of sensational and only slight improvement was recorded last year, so that this year is the one that will show whether prospects for good crops will start an earnings revival. The stock has shown complete indifference to the bull swings elsewhere in the market.

* * *

The auto situation is still far from clear and investors have been in no rush to load up on these issues. It didn't help, either, that a couple of auto parts suppliers announced intentions of getting out of that phase of the business because of unsatisfactory profits, and the fact that auto firms have been making more and more of their own needs. Ford has been something of a laggard, appearing with some regularity on the list of new lows; but generally the group has been able to shrug off market heaviness well since there is still hope that there will be a good spring upsurge in new car buying.

* * *

White Motors, which has been carving out a larger share of the heavy duty truck market, has been able to put on a superior market performance although it is still selling at a rather substandard times-earnings basis than is general. Recently the price has been around seven-times last year's earnings and the yield of about 6% is also a better-than-average return. The company has been widening its vista, too, by acquisitions and development work in the diesel engine picture where the applications are many. High hopes are held for a new type of lightweight, compact diesel engine the company has been developing for a couple of years which is now going into production.

Some Diversifiers

Among the companies once in the one-product lineup but which have now made good strides in diversifying is Ferro Corp. A dozen or so years ago the company relied on porcelain frit alone for four-fifths of its business. It has now trimmed this reliance down to about one-fifth. The company's electrical equipment business already is contributing importantly to profits and it is believed on the verge of important developments in titanium and fibre glass, as well as in powdered metallurgy which, in time, will help enhance profits.

* * *

Emerson Electric is one of the secondary companies in the electrical equipment field that has so far been anything but a market wonder despite some projections that give the company a good chance to increase its gross business some 50% this year. It is the largest producer of fans and has a wide line of electric motors for appliances, industrial applications and power tools. In addition, the company is heavily involved in missiles, rocket launchers and electronic controls for a wide range of defense applications.

* * *

Standard Brands has been something of a diversification item recently, the specific step being a proposal to acquire some of the important assets of Clinton Foods, several of them showing wide profit margins. In addition, rumors of other acquisitions by Standard Brands are starting to circulate, all of it serving to focus new attention on this large food processor. Statistically, there is plenty of room for improved results this year since inventory losses in coffee during last year's wide gyrations were a pronounced drag on profits.

* * *

For a dominant corporation, Fruehauf Trailer is the giant of them all in the trailer business, producing around half of the national total. The stock has built up a good following lately and, unlike the case where the Street analysts are usually much more optimistic than the management, its own officers have set a sales goal of $350,000,000 for this year, which would be a fat improvement over last year's $234,000,000. The gross last year was a 54% increase and net income was up 92%, so even though there is some skepticism that the company could turn out its projected volume, a gain in 1956 net income is seen as sure as any such prediction can be.

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

New Chemical Construction Spending Reaches $2.3 Billion

Chemist Association survey reveals $772 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 1956 and 1957, according to a survey made public by General J. E. Hull, U.S.A., Ret., President, Manufacturing Chemists' Association. The MCA survey also disclosed that privately financed chemical construction projects completed during 1955 totaled $772 million.

The survey covered 599 projects, 269 of which were completed during 1955. The additional 246 projects now under construction will cost an estimated $1.1 billion. The survey also reported 84 projects definitely committed which will cost an estimated $507 million.

The total of projects completed in 1955, plus those under construction or definitely planned for completion within the next two years, reaches $2.3 billion.

In commenting on the survey, General Hull said:

"The continued high rate of construction of new facilities to produce chemicals is another example of our country's economic good health and industry's faith in the future. In addition to making more products of chemistry available to more people, it is particularly significant that this construction is strengthening the local economy in 356 communities in 43 states from coast to coast.

"It means jobs, paychecks, tax revenues, and adequate capacity to meet the growing demand for products upon which we all depend, such as plastics, medicines, man-made fibers and the hundreds of industrial chemicals necessary to the production of nearly all consumer goods.

"The projects in this survey are all financed by private funds, either from former earnings of the companies themselves or invested by the American public. They are also the logical outgrowth of the chemical industry's intensive research. These new plants are all being built to use results of this research to supply new products, improved products, or existing products at lower cost."

General Hull pointed out that last year 426 new chemicals and chemical products were introduced, bringing to over 8,000 the number of chemical products available today.

Geographical Distribution

The MCA survey reported chemical construction projects in 43 of the 48 states. All geographical areas are represented with the South and Southwest, Far West, and Middle West showing the greatest expansion.

On an individual state basis, Texas, currently the third ranking chemical producing state, led the way in new chemical construction with 66 projects costing an estimated $414.8 million completed, under way or definitely scheduled. California was second with 49 projects valued at an estimated $185.8 million. Ohio, with 38 construction projects, amounting to $152.6 million, was third.

Louisiana, West Virginia and Georgia showed chemical investments of more than $100 million each.

Florida, a comparatively recent arrival in major chemical manufacturing, continued to grow with a 1955 estimated investment of $93.2 million in 15 projects, the survey showed.

Among the traditional leaders in chemical production, Illinois added 32 projects valued at an estimated $90.5 million. Tennessee showed a sizable investment of an estimated $88.5 million in 15 new chemical plants or plant expansions.

New Jersey, ranked first in chemical manufacture, showed 53 projects, costing $81.6 million, 27 of which were completed in 1955.

Product Classifications

Consolidation of completed, under construction or planned figures shows that in 1955 the industry made its heaviest investment, $633 million, in heavy and fine organic chemicals. The second largest investment, $481 million, was in the field of inorganic chemicals. The third largest, $433 million, was for fertilizer chemicals.

The fourth largest, $288 million, was for plastics and resins. Added facilities for the production of man-made textile fibers accounted for $155 million. New construction and expansion of synthetic rubber facilities brought an investment estimated at $117 million.

The industry invested an estimated $154.7 million for chemical production of metals and alloys. More than $68.8 million is being spent for new research facilities. Other chemical construction totaled $46.8 million.

Publicly Financed Construction

Not included in the MCA survey is a reported $3.3 billion of government-financed chemical construction under way or completed in the calendar year 1955, most of it under contract with chemical companies. This construction includes seven expansions and two new chemical plants for the Atomic Energy Commission as well as various other government chemical installations.

CHEMICAL INDUSTRY CONSTRUCTION SURVEY (1955)

By Category

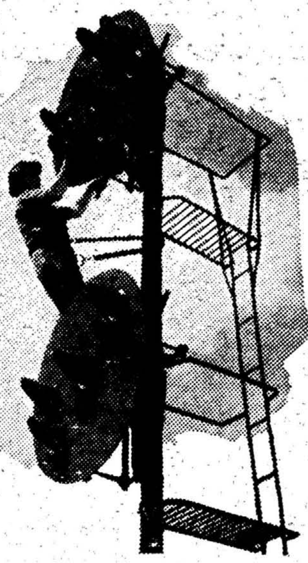
(In Thousands of Dollars)

Category—	Planned	Under Construction	Completed	Total
Fertilizer Chemicals	$ 90,800	$246,050	$ 96,050	$432,900
Inorganic Chemicals	55,725	238,085	187,238	481,048
Organic Chemicals	125,190	257,347	250,467	633,004
Metals	65,500	73,000	16,200	154,700
Petroleum & Natural Gas	12,875	8,086	25,825	46,786
Plastics & Resins	65,100	99,587	123,576	288,263
Rubber	46,200	68,450	2,250	116,900
Textile Fibers	40,000	70,000	45,000	155,000
Laboratories	5,950	37,220	25,652	68,822
Total	$507,340	$1,097,825	$772,258	$2,377,423

A. L. Vanden Broeck Co. To Be Formed in NYC

As of May 1 Alfred 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. Leiber, Claude S. Vanden Broeck, and Theodore J. Israel, Jr., member of the Exchange. Mr. Leiber and Alfred L. Vanden Broeck will retire from partnership in Oppenheimer, Vanden Broeck & Co. April 30.

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

	1955	1954	1953	1952	1951
Earnings per share of Common Stock	$6.70	$4.52	$4.83	$5.05	$5.31
Dividends declared per share —					
Adjustment Preferred Stock	$1.00	$1.00	$1.00	$1.00	$1.00
Common Stock	$3.75	$3.50	$3.50	$3.50	$3.50
Taxes (millions)	$44.3	$27.5	$37.1	$39.6	$49.4
Expenditures for Property and Equipment acquisitions and improvements (millions)	$16.4	$17.7	$32.4	$28.8	$28.5
Debt Outstanding (millions)	$35.8	$35.8	$35.8	$35.8	$41.9
Times Fixed Charges Earned	27.97	19.24	20.60	20.25	18.83
Number of Share Owners	32,372	31,818	31,022	29,500	26,551
Bituminous Coal Tonnage (million tons)	51.7	40.1	45.5	46.5	52.7
Other Tonnage (million tons)	18.7	16.2	18.2	17.7	19.0
Average Revenue per ton carried one mile (cents)	0.980	1.038	1.050	1.025	0.947
Gross ton miles per freight train hour	77,547	72,670	71,991	68,820	68,280
Miles of road operated	2,128	2,134	2,135	2,135	2,135

CONDENSED INCOME STATEMENT

	1955	1954		Increase or Decrease	Per Cent
REVENUES AND OTHER INCOME:					
Freight—Bituminous Coal	$124,766,364	$ 92,387,158	Inc.	$ 32,379,206	35
Other	70,738,346	65,640,612	Inc.	5,097,734	8
Passenger	3,706,167	4,049,316	Dec.	343,149	8
Mail, Express and Miscellaneous	9,680,286	7,982,653	Inc.	1,697,633	21
Total Railway Operating Revenues	208,891,163	170,059,739	Inc.	38,831,424	23
Rent Income—Equipment and Joint Facilities—Net	11,999,718	9,139,335	Inc.	2,860,383	31
Other Income—Net	2,221,037	1,646,380	Inc.	574,657	35
Total	223,111,918	180,845,454	Inc.	42,266,464	23
EXPENSES AND OTHER CHARGES:					
Way and Structures—Repairs and Maintenance	25,272,080	24,704,904	Inc.	567,176	2
Equipment—Repairs and Maintenance	41,778,644	35,891,876	Inc.	5,886,768	16
Transportation—Operations	60,309,071	53,682,136	Inc.	6,626,935	12
Other Expenses	11,359,891	11,351,500	Inc.	8,391	
Total Railway Operating Expenses	138,719,686	125,630,416	Inc.	13,089,270	10
Taxes—Federal Income	30,500,000	14,900,000	Inc.	15,600,000	105
All Other Taxes	13,829,953	12,592,170	Inc.	1,237,783	10
Total Taxes	#44,329,953	27,492,170	Inc.	16,837,783	61
Interest on Funded Debt	1,431,668	1,431,668			
Total	184,481,307	154,554,254	Inc.	29,927,053	19
NET INCOME	38,630,611	26,291,200	Inc.	12,339,411	47
DIVIDENDS ON ADJUSTMENT PREFERRED STOCK	909,608	887,108	Inc.	22,500	3
	*37,721,003	25,404,092	Inc.	12,316,911	48
SINKING AND OTHER RESERVE FUNDS—APPROPRIATIONS	420,876	450,876	Dec.	30,000	7
BALANCE	37,300,127	24,953,216	Inc.	12,346,911	49

#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.

Norfolk and Western Railway

NEWS ABOUT BANKS AND BANKERS

CONSOLIDATIONS
NEW BRANCHES
NEW OFFICERS, ETC.
REVISED CAPITALIZATIONS

Election of Carl J. Gilbert as a member of the board of directors of **J. P. Morgan & Co. Incorporated** was announced on April 5 by Henry C. Alexander, Chairman. Mr. Gilbert is President of The Gillette Company, Boston. He is also a director of Raytheon Manufacturing Co. and Pepperell Manufacturing Co. His late brother, S. Parker Gilbert, was a partner in J. P. Morgan & Co. from 1931 until his death in 1938.

Carl J. Gilbert

* * *

More than 2,000 members of the Quarter Century Club, of **First National City Bank and City Bank Farmers Trust Company of New York** attended the 20th annual banquet of the organization on April 5 at the Hotel Sheraton Astor. Howard C. Sheperd, Chairman of the Board, addressed the diners briefly and Club Chairman Walter J. Dowd was toastmaster. Around-the-world membership in First National City's Quarter Century Club—those who have served 25 years or more—now totals 3,257; 2,427 in the U. S., and 830 overseas, where many banquets were held simultaneously. The group was formed in 1937 with a total enrollment of 254. Today's membership represents aggregate service years in excess of 100,000.

* * *

Richard G. Croft, partner of J. H. Whitney & Co., has been elected a Trustee of **The Hanover Bank of New York.** Mr. Croft also is Chairman of the Board of Great Northern Paper Co. and a director of several corporations.

* * *

Directors of **The First National City Bank of New York** announce the appointment of Sheldon McK. Monroe as an Assistant Vice-President. Formerly an Assistant Manager, Mr. Monroe will be associated with the group in charge of the bank's office which will be opened in the new Socony-Mobil Building in May.

* * *

The appointments of Henry G. Hopper as Vice-President, Henry F. Heil as Assistant Vice-President, Claude F. Shuchter as Secretary, and Donald E. Berner and Everett G. Henderson as Assistant Secretaries of the **United States Trust Company of New York,** were announced on April 5 by Benjamin Strong, President. Robert C. Shriver, former Secretary, will devote his entire time as Vice-President in the Banking Division. Mr. Hopper has been associated with the company's Real Estate and Mortgage Division for over 23 years and has been an Assistant Vice-President since 1951. Mr. Heil, who joined the bank in 1935, has been an Assistant Secretary for the past four years specializing in Trust and Estate Administration and Estate Planning. Mr. Shuchter joined the company in 1946, after serving as a Naval Lieutenant in World War II. He was appointed an Assistant Secretary in 1954. Mr. Berner has been with the company for 18 years. Mr. Henderson joined the company in 1929; he is presently in charge of the Central Order Department.

* * *

Plans to increase the capital of the **Hempstead Bank, of Hempstead, Long Island, N. Y.** from $1,200,000, in 120,000 shares, par $10 each, to $1,350,000, in 135,000 shares of the same par value, were approved by the New York State Banking Department on April 2. On the same date the Banking Department gave its authorization for the carrying out of plans for the merger of the **Wheatley Hills National Bank of Westbury, Nassau County, N. Y.** into the Hempstead Bank, reference to which proposal appeared in these columns Feb. 23, page 956.

* * *

A stock dividend of $15,000 has resulted in bringing the capital of the **Long Island National Bank of Hicksville, N. Y.** up to $765,000 from $750,000, the new capital having become effective April 2.

* * *

The New York State Banking Department approved on April 2 plans of the **Security Trust Company of Rochester, N. Y.** to increase its capital stock from $5,196,100, consisting of 207,844 shares, par value $25 each, to $5,352,350, consisting of 214,094 shares of the same par value. At the same time the Banking Department made known that the Security Trust had received approval on April 2 for the merger into the company of the **Stewart National Bank of Livonia, New York.** In February, as noted in our issue of March 15, page 1343, the **State Bank of Shortsville, at Shortsville, N. Y.** was merged into the Security Trust Company.

* * *

T. Philip Reitinger, President of **The Montclair Savings Bank, of Montclair, N. J.,** announced on April 11 the election of Theodore O. Rudd, to the Board of Managers of the bank. Mr. Rudd is President of the Kerite Company with which he has been associated in various capacities since 1926. He has been a director of the company since 1946 and President since 1955.

* * *

The Board of Governors of the Federal Reserve System reports that as of March 29, **The Dauphin Deposit Trust Company, of Harrisburg, Pa.,** a State member merged under its charter and title with the **Penbrook Banking Company, of Penbrook, Pa.,** an insured nonmember. A branch was established by the Dauphin Deposit Trust in the former location of the Penbrook bank.

* * *

A merger certificate was issued on March 30 by the U. S. Comptroller of the Currency approving and making effective, as of the close of business March 30, the merger of **The First National Bank of Cressona, Pa.,** with common stock of $100,000, into **The Pennsylvania National Bank and Trust Company of Pottsville, Pa.** with common stock of $300,000. The merger was effected under the charter and title of The Pennsylvania National Bank and Trust Company of Pottsville. The Comptroller of the Currency's announcement added that at the effective date of the merger, the receiving association would have capital stock of $300,000, divided into 15,000 shares of common stock, par value $20 each; surplus of $800,000; and undivided profits of not less than $91,858.

* * *

The sale of new stock to the amount of $150,000 by the **Central National Bank of Jacksonville, Fla.** has resulted in bringing the bank's capital up to $350,000 from $200,000, the enlarged capital having become effective as of March 21.

* * *

As of March 12 the **Elmhurst National Bank of Elmhurst, Ill.** enlarged its capital to $600,000 from $500,000 as a result of the sale of $100,000 of new stock.

* * *

With combined capital and surplus of $600,000, of which $375,000 represents capital and $225,000 surplus, a charter was issued as of March 30 by the Comptroller of the Currency at Washington, D. C., for the **National Bank of Royal Oak, at Royal Oak, Mich.** Arthur E. Blow is indicated as President in the Primary Organization and Kenneth C. Aldrich as Cashier.

* * *

The directors of the **Batavian National Bank of La Crosse, Wisconsin** announce the election of Ross E. Hunt as Executive Vice-President of the bank.

* * *

The Second National Bank of Lexington, Ky. reports a capital of $300,000 as of March 29, increased from $150,000 by a stock dividend of that amount.

* * *

A capital of $1,000,000 is reported as of March 20 by the **First National Bank of Kingsport, Tenn.** the amount having been increased from $600,000 by a stock dividend of $400,000.

* * *

The issuance of a charter on March 30 for the **Boulevard National Bank of Miami, Florida,** was made known by the U. S. Comptroller of the Currency on April 9. The bank's capital is announced as $600,000, and it has a surplus of $400,000. C. H. Alcock is indicated as President and Howard Kane as Cashier.

* * *

The Britton & Koontz National Bank in Natchez, Miss. reports a capital of $200,000 as of Feb. 24, increased from $100,000 as a result of a stock dividend of $50,000 and the sale of $50,000 of new stock.

* * *

Hollywood State Bank of Los Angeles, Calif. was merged into **California Bank of Los Angeles** on April 6, and opened as the Highland and Santa Monica Office of **California Bank** on April 9, Frank L. King, President of California Bank, announced. Concurrently with the merger, Victor M. Carter, former Chairman of the Board of Hollywood State Bank, was elected to the board of California Bank. Mr. Carter is President of the Builders Emporium in Van Nuys and he is likewise active in various civic bodies. Wade E. Bennett, former President of Hollywood State Bank, was elected Vice-President of California Bank and will have administrative supervision of the bank's offices in the Hollywood area. Howard L. Plumer, former Senior Vice-President of Hollywood State Bank, L. L. Billings, Vice-President and Cashier, and S. S. Rubino and Paul H. Toy, Vice-Presidents, were also elected Vice-Presidents of California Bank. John C. Hartshorn, Daniel McUlvan, Frank C. Miller, Luther E. Miller, and Edward Robbins, former Assistant Vice-Presidents, and E. W. Sandbloom, were elected Assistant Vice-Presidents of California Bank. An item bearing on the merger was given in our April 5 issue, page 1691. As a result of the merger, resources of California Bank were increased it is stated by more than $40,000,000, to an approximate total of $800,000,000.

* * *

First Western Bank and Trust Company of San Francisco announced on April 3 it has applied to the California State Banking Department for a permit to establish an office in the North Beach district of San Francisco. Approval of the Federal Deposit Insurance Corporation is also required. The new office would be the bank's first in this area of San Francisco, although it already has six offices elsewhere in the city, in addition to its head office at 405 Montgomery Street. The new office will be in the main business section of the district, which has a population of about 25,000.

* * *

The Chartered Bank of India, Australia and China (London), had a net profit of £759,340 in 1955, compared with a net profit of £723,147 in 1954, according to the annual report of the bank issued in **London** on April 4. Total assets of the bank increased to £223,968,987 at Dec. 31, 1955 from £203,685,695 at the end of the preceding year. In his address to the stockholders. Vincent Alpe Grantham, Chairman, attributed the increase in assets in part to an increased volume of international trade, and to the higher prices of some of the staple Eastern commodities, notably rubber and tin. Net profits, he said, increased "in spite of increasing working costs" in all countries where the bank operates. "Fortunately these increased costs have been more than covered by increased business," he added. To offset the closing down of its branches in China, Mr. Grantham said, the bank must expand elsewhere. Consequently, the bank is seeking to revise several provisions of its Royal Charter, and has "accordingly petitioned Her Majesty the Queen for the grant of a consolidating Royal Charter." He added that "Her Majesty's Treasury have intimated that they approve of the changes proposed." An interim dividend of 7½% was paid Sept. 30, and directors have recommended a final dividend of 7½% payable April 5, making 15% for the year. A 15% dividend was paid in 1954.

Chicago Analysts Appoint Two Chairmen

CHICAGO, Ill.—The Investment Analysts Society of Chicago announce that Robert E. Peckenpaugh has been appointed Chairman of the arrangements committee for the balance of the year to succeed J. Robert Cole. Elgin E. Narris has been appointed Chairman of the Milwaukee Group succeeding Herman H. Peterson.

Joseph A. Allen will act as co-ordinator for members of the Society who plan to attend the convention of the National Federation of Investment Analysts to be held in Boston May 20-24. While Mr. Allen will not undertake any transportation or hotel reservations, he will act as a clearing house to bring members together for the Convention.

Announcement has also been made that the members of the Society have been invited on an all-day railroad tour through the Chicago Industrial District sponsored by the Chicago Junior Association of Commerce and Industry. Tickets for the tour are available at $6 each and may be obtained through the Executive Secretary of the Association.

David Elks Opens

NEWARK, N. J.—David Elks is engaging in a securities business from offices at 81 Lincoln Park. Mr. Elks was formerly with First Investors Corporation, King Merritt & Co. and First California Company.

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

SAN ANTONIO, Texas—The Texas Group of the Investment Bankers Association will hold its 21st annual meeting at the Robert Driscoll Hotel, Corpus Christi, Texas, April 26-28.

W. Wallace Payne

George W. Davis

George Davis, Davis, Skaggs & Company, San Francisco, President of the Investment Bankers Association, will be speaker at the business meeting on April 27 and will also conduct a forum for young men in the industry. Dr. Harold Vagtborg, President of the Southwest Research Institute will speak on "A Prediction of the Future Use of Atomic Energy in Industry."

On Saturday there will be various committee reports; W. E. Tinsley, Executive Director of the Municipal Advisory Council of Texas, will report on the year's work of the organization. E. S. C. Coppock, publisher of "Trendex," will speak on "Taking the Risk Out of Investments."

On the lighter side, entertainment will start with a cocktail party and buffet at the Terrace Room, sponsored by Central Power & Light Co., with Lon C. Hill, Chairman of the Board, as host.

April 27th luncheon in the Terrace Room will be followed by golf, beach party, boat rides, or Buccaneer Days Celebration, as desired. There will be a cocktail party and formal dinner and dance in the evening.

W. Wallace Payne, First of Texas Corporation, is Chairman of the Texas Group. Milton E. Allison, M. E. Allison & Co., Inc., San Antonio is Chairman of the meetings and entertainment committee. In charge of the various events at the meeting are:

SOCIAL EVENTS

John P. Henderson
M. E. Allison & Co., Inc.
San Antonio

Men's Golf—Russell Kirkland, Merrill Lynch, Pierce, Fenner & Beane, Corpus Christi.

Beach Party—William A. Beinhorn, Russ & Company, San Antonio.

Ladies' Reception Committee—Mrs. Russell Kirkland, Mrs. Fred Bolton, Mrs. William A. Jeffers and Mrs. William G. Hobbs, Jr.

TRANSPORTATION

San Antonio—Milton Halpern, Rauscher, Pierce & Company.

Houston—Arthur E. Goodwin, Jr., Rowles, Winston & Company.

Corpus Christi—Lee McMillan, Merrill Lynch, Pierce, Fenner & Beane.

SAN ANTONIO OPEN HOUSE

Fred Bolton, Chairman
Muir Investment Corporation
San Antonio

W. A. Jeffers, Dittmar & Company; Edward H. Keller, Texas National Corporation; Arnold J. Kocurek, Rauscher, Pierce & Company; William F. Parvin, Austin, Hart & Parvin.

Fishing—Joe Nelson, Dewar, Robertson & Pancoast, Corpus Christi.

Tickets—Weldon Carter, First of Texas Corporation, San Antonio.

Hotel Reservations—E. James Seal, M. E. Allison & Co., Inc., San Antonio.

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

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

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 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.

Continued from page 9

Areas of Growth in The Chemical Industry

to mention the need to develop newer formulations to use against bugs that have learned to thrive on DDT.

Synthetic Detergents

Turning to another major segment of the chemical industry, we can examine the growth record for the synthetic detergents (See Table 4). These products—definitely the products of research—have grown over tenfold in consumption during the past decade, from about 150 million pounds in 1945 to over 2.3 billion 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 up to 1960. Much of this, of course, will be due to the continued effective promotion of the synthetics. But synthetic detergents, on the basis of their superior performance, have already captured many of the markets where they are most suitable, and a substantial amount of soap will continue to be used, for example in bar and specialty forms where synthetics have some drawbacks. On the other hand, detergents are expected to increase in usage more rapidly than soap declines, because of growth in many industrial areas, where they find their way into lubricating oils, concrete, plasterboard, and the like. Non-household applications for detergents already account for nearly half of the total, and industrial uses are expected to grow fairly substantially during the next decade.

Synthetic Fibers

There is considerable growth ahead as well for the synthetic fibers (See Table 5), both because of their consumer appeal as replacements for some of the old standbys, and because of the growth and profit potentials which they represent for many of the major companies. The leading contenders among man-made fibers have, of course, been viscose and acetate, which have experienced growths of about 42% and 25% respectively during the past 10-year period, but there are even more dramatic increases in the sales of newer types of synthetic fibers. As an example, nylon has increased almost 12-fold in consumption during the past decade to the current production level of about 250 million pounds per year, and even more is coming on the market as new facilities are put into operation. Nylon, in fact, has gotten considerable recent publicity as a replacement for viscose in heavy-duty tire cords, so here you have a new man-made fiber replacing an older one, and the older one itself had already replaced a natural fiber-cotton in the same application.

The acrylic type of fibers, Acrilan, Orlan, and Dynel, and the polyester fibers, specifically Dacron, have grown to account for a combined production of about 90 million pounds. Growth for all these materials is expected to proceed at an increased rate, as some of the early problems encountered in manufacturing and marketing have been overcome. Consumption of Acrilan and the other acrylic fibers is expected to grow to about 175 million pounds by 1960, and the polyesters should jump from their present 30 million pounds per year to about 75 million. All these new synthetic fibers have their particular advantages and limitations, but they will find their proper places in the market based on their unique properties, used either alone or in blends with more familiar fibers.

Plastics

You cannot overlook plastics when you are looking for the outstanding growth areas in the chemical industry (See Table 6). Granted, the word plastics itself is no longer novel, but there has been continued growth and development of the older, established resins, and there have been a number of additions to the fold —newer classes of materials expected to find markets beyond those which plastics already serve.

(A) **Thermosetting Resins:** One major class of plastics comprises the thermosetting resins — those that set up, or become rigid, upon being heated. The traditional types, including the phenolics, the ureas, and the melamines, have experienced an over-all growth of 2.7 times during the past decade, but they are still finding increasing usage in new outlets, and they should continue their over-all growth trend. Of special interest in this class is the introduction of the newer classes of resins, the epoxies, the polyurethanes, and the polyesters.

The epoxies, which impart excellent properties of adhesion and durability to coatings and adhesives, and find further uses in the electrical industry, have already grown to 30 million pounds per year and may reach 100 million pounds by 1960.

The polyurethanes have been widely publicized as a possible substitute for foamed rubber in cushioning materials. We expect they may reach 50 million pounds by 1960.

Polyesters, most familiar in combination with glass fibers, find increasing use in heater ducts, tote boxes, truck bodies, and the like. Consumption of 100 million pounds of polyesters per year by 1960 seems reasonable.

(B) **Thermoplastic Resins:** The second major class of plastics comprises the thermoplastic resins —those that soften when they get too hot. This category includes some of the glamor materials such as polyethylene, the fluorocarbons, and the silicones, but it also includes some of the better established products, such as the acrylics, the cellulosics, the styrenes, and the vinyls.

The acrylics, especially, have become popular in the form of cast sheet for signs, such as the brightly lighted translucent signs familiar in sidewalk signs advertising beers. Add to this the use of acrylics in molding, and you reach a probable consumption of 100 million pounds in 1960.

Polystyrene continues to be the work horse among thermoplastic molding materials, especially in some of its forms that incorporate butadiene to improve impact resistance, but on the other hand, we expect increasing competition from some of the newer materials, especially low pressure polyethylene—so our projection of growth is modest.

Vinyl resins are also versatile, going into such applications as film and sheet, wire coating, gasketing, garden hose, flooring, coated fabrics, etc. We expect growth in present uses as well as development of some new areas to lead to a volume of at least 925 million pounds by 1960, and of that, some 700 million pounds will be accounted for by the vinyl chloride resins.

Turning to the glamor class, there are first the silicones, a new family of chemical compounds whose uses range from lubricating oils and water repellents to greases, rubbers, and resins. By and large, they enter markets where temperature resistance and inertness are required, and although they remain at high price levels compared to the average plastics, we expect a doubling or tripling in volume by 1960.

Fluorocarbons, again, are noted for their extreme temperature resistance, and their chemical resistance as well. Their price is even higher than that of the silicones, with the consequence that their total consumption is expected to remain small, and is projected as only 20 million pounds by 1960. We expect, however, that as the fluorocarbons are used increasingly for gaskets, tubing, coatings, and other fabricated forms, they will continue to grow substantially in sales importance.

Certainly, polythylene is the leading glamor product, but it must be remembered that we are now really talking about two different products. One is the conventional type, produced at high pressure, and going into such applications as film or packaging, molded articles such as the familiar squeeze bottles, flexible pipe for industrial and agricultural use, and the like. The new low pressure types of polyethylene, with increased rigidity and temperature resistance, will enter many of the same markets, but they will also have unique properties which will permit them to be used in vacuum-formed packaging, hot water piping, molded products competing with polystyrene, and in many other areas. The growth record of polyethylene is outstanding. Volume of the newer low pressure type alone is expected to be over 300 million pounds by 1960—the most rapid growth ever achieved by any of the major plastics materials. Taking the high pressure forms into consideration as well, one arrives at a projection that by 1960 total polyethylene consumption will reach 850 million pounds, and not long after that, this glamor material should achieve the status of being the first billion pound plastic.

Rubber

As a last illustration of growth, we have charted in Table 7 the outlook for the rubber industry, which has long been influenced by government control of the major manufacturing units. Now that GR-S capacity has been turned over to private ownership, however, we expect that the rate of consumption of synthetic rubber in fabricated goods will be considerably increased, and that new tailor-made forms—the so-called special-purpose rubbers—will be developed to meet specific needs. In this connection especially, we can note the development, by three of the major rubber companies, of synthetic rubbers which closely duplicate the physical and chemical characteristics of natural rubber.

SOURCES

Finally, it is worth noting that there may be substantial change in the sources of many of the chemicals already mentioned. The petrochemical industry, for example, which gets its products out of oil or natural gas, now accounts for about 25% of all chemical production, and this figure may grow to half of the total during the next 10 years. Growth in use of many of the principal derivatives — ammonia, ethylene chemicals, plastics, and rubber — should assure this increase in petrochemicals manufacture, whether from conversion of natural gas or the processing of refinery gases. Especially as some of the newer processing techniques, such as hydrogenation and low pressure carbonization, are developed, coal and lignite may become active competitors of other raw materials used in chemical manufacture.

TABLE 4
Synthetic Detergents
(Millions of Pounds)

	Soap	Detergent
1945	3574	150
1946	2928	275
1947	3552	400
1948	3142	550
1949	2962	815
1950	2955	1249
1951	2444	1434
1952	2210	1749
1953	1850	2100
1954	1800	2350
1955	1750	2500
1960	1300	3200

TABLE 5
Synthetic Fibers
(Millions of Pounds)

	Nylon	Acrylic & Polyester	Rayon	Acetate
1945	20	--	578	214
1946	24	--	624	230
1947	30	--	693	282
1948	50	--	747	378
1949	65	--	674	322
1950	95	4	816	444
1951	125	10	865	429
1952	148	20	806	329
1953	184	36	876	320
1954	198	52	820	265
1955	248	90	960	300
1960	375	250	1200	500

TABLE 7
Consumption of Rubber
(in 1,000 long tons)

	Natural	GR-S	Specialty
1945	105	598	95
1946	278	631	130
1947	563	446	113
1948	627	334	96
1949	574	299	98
1950	720	388	124
1951	454	617	131
1952	454	649	139
1953	553	612	160
1954	596	483	136
1955	640	615	145
1960	500	880	220

TABLE 6
Production of Resins and Plastics
(Millions of Pounds)

Year	(T) Acrylics	(T) Cellulosics*	Epoxies*	(T) Fluorocarbons	Ureas & Melamines*	(T) Pet. & CT*	Phenolics*	Polyesters*	(T) Polyethylenes	(T) Styrenes*	(T) Vinyls
1960	100	160	100	20	465	425	650	100	850	650	925
1955	44	135	30	7	300	270	500	55	325	575	630
1954	41	123	18	5	265	219	434	49	200	481	524
1953	38	129	10	4	257	207	485	30	150	508	516
1952	36	98	5	3	227	166	376	15	115	387	420
1951	35	117	--	--	237	177	474	11	85	373	476
1950	28	130	--	--	219	144	451	9	55	340	381
1949	24	91	--	--	134	101	291	7	42	237	268
1948	28	86	--	--	150	n.a.	377	6	19	164	195
1947	28	100	--	--	112	n.a.	284	4	16	106	177
1946	27	133	--	--	91	n.a.	224	1	13	73	156
1945	35	104	--	--	74	n.a.	188	4	6	22	123

*Dry basis (includes resin, plasticizer, filler, colorant, stabilizer, etc.); all other net resin basis. (T) Thermoplastics.

Wright and Ingalls Elected Directors

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

Roscoe C. Ingalls   John Story Wright

Paper Corporation, it was announced by John L. Riegel, Chairman of the board. The elections increase Riegel's board from 15 to 17 members.

Mr. Wright is a partner in the investment banking firm of Morgan Stanley & Co. and Mr. Ingalls is senior partner of Ingalls & Snyder, also a well known investment firm.

With Mutual Fund Assoc.

(Special to THE FINANCIAL CHRONICLE)

SANTA ROSA, Calif.—James O. Stevens and Fred L. May have been added to the staff of Mutual Fund Associates Incorporated, 4671 Sonoma Highway.

Reeves, Nuss Open

CHICAGO, Ill.—Reeves, Nuss & Associates has been formed with offices at 919 North Michigan Avenue to engage in a securities business. Partners are Robert C. Nuss, Thomas R. Reeves and William T. Higgs.

Reynolds Adds

(Special to THE FINANCIAL CHRONICLE)

SAN MATEO, Calif.—Robert N. Crosby has become affiliated with Reynolds & Co., 12 Third Avenue.

Joins Reynolds Staff

(Special to THE FINANCIAL CHRONICLE)

SAN FRANCISCO, Calif. — Charles C. Miller is now with Reynolds & Co., 425 Montgomery Street.

With Shelley, Roberts

(Special to THE FINANCIAL CHRONICLE)

BEVERLY HILLS, Calif.—Ronald E. Cardiel and Albert I. Iskvan have become connected with Shelley, Roberts & Co., 9486 Santa Monica Boulevard.

L. J. Stander Formed

L. J. Stander & Co., Inc. has been formed with offices at 80 Wall Street, New York City to engage in a securities business. Officers are L. Jay Stander, President and Treasurer and Sully Michaels, Vice-President and Secretary. Both were formerly with Stein, Botwinick & Co.

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, it was announced by George H. Walker, Jr., of G. H. Walker & Co., President of the club. This year's outing will be the 32nd for the Bond Club and will take place at The Sleepy Hollow Country Club, Scarborough, N. Y.

Sydney Duffy of Blyth & Co., Inc., has been named Field Day Chairman this year. He will be assisted by four general chairmen —Avery Rockefeller, Jr., of Dominick & Dominick; Philip K. Bartow of Wood, Struthers & Co.; and Orin T. Leach of Estabrook & Co. and Robert L. Hatcher of The Chase Manhattan Bank.

Thirteen 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.

Golf — Robert H. Baldwin of Morgan Stanley & Co.

Attendance—Philip D. Baker of White, Weld & Co.

"Bawl Street Journal" — Raymond D. Stitzer of Equitable Securities Corporation.

"Bawl Street Journal" Circulation—William Renchard of Chemical Corn Exchange Bank.

Special Features — Walter W. Cooper of F. S. Smithers & Co.

Food & Beverage — Harold H. Sherburne of Bacon, Whipple & Co.

Tennis—J. Raymond Boyce 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.

Horseshoe—Nelson R. Jesup of Clark, Dodge & Co.

Publicity—William H. Long, Jr. of Doremus & Co.

Phila. 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 16, 1956.

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

With Hamilton Managem't

(Special to The Financial Chronicle)

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

Hamilton Managem't Adds

(Special to The Financial Chronicle)

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

Forming Graves & Kirkner

SUMMIT, N. J.—John W. Kirkner and Carl T. Graves are forming Graves & Kirkner with offices at 77 Canoe Brook Parkway to engage in a securities business.

Rudd Partner

WASHINGTON, D. C.—Rudd & Co., 734 Fifteenth Street, Northwest, members of the New York Stock Exchange, on May 1 will admit Albert T. Brod to partnership.

Mahaffay & Easterling Open in Oklahoma City

OKLAHOMA CITY, Okla. — Mahaffay & Easterling, Inc. has been formed with offices at 1123 Northwest 28th Street to engage in a securities business. Officers are Chester 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 $230 million of their 2⅝s 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 1930s, of Land Bank bonds with a maturity of more than 10 years.

The new consolidated Federal Farm loan bonds will consist of two issues, $170 million due in one year, the rate to be announced on or about April 12, and $60 million of 3½s 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, 130 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 352,000 loans for $1.5 billion outstanding to farmers on Dec. 31, 1955.

J. H. Mantel Opens

NEW EGYPT, N. J.—J. Henry Mantel, Jr. is engaging in a securities business from offices on Maple Avenue. Mr. Mantel was formerly with Sutro 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. Winner to partnership.

Bank and Insurance Stocks

By ARTHUR B. WALLACE

This Week — Bank Stocks

The appearance of the first quarter income accounts and statements of condition of the leading New York City banks brings out clearly the continuation of the trend out of Government bond holdings and into loans and discounts. While the average decline in Government bond holdings was about 21.2% in the 12 months, the increase in loans and discounts was 17.8%. Earnings, exclusive of securities gains and losses, averaged about 13.6% higher for the 12 months to March 31, one of the biggest 12 months' gains in years. This comes as no surprise as the banks are realizing more every day from the higher interest rates.

It was in November last that the prime rate on loans went from 3¼% to the present 3½%. Obviously, a rate change of this sort does not affect loans already on a bank's books. It does affect these loans as they are renewed, or brand new loans that are made. There is thus a 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 accommodation 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 sizeable on any renewals of these loans. Only a few days ago the call loan rate went to 3¾% and 4%. In the case of these loans the banks may institute the new rates at any time as the loans may be called at the bank's option. There has been speculation that this move is a forerunner to a further increase in the prime rate to industry and business from the present 3½%, but this is not probable as matters stand at present; it will probably require a continuation of the economic boom.

There was some loss of deposits at the New York City banks, attributed by some authorities to corporations taking advantage of the high short-term money rates to place their funds in very short Government paper. This, of course, could help along the trend toward higher rates as it makes money lighter.

In view of the repetitious 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 1956 first quarter, as losses (or profits) on securities sold:

	Investment Securities Losses (or Profits)	Per Share
Guaranty Trust	—$214,750	—$0.04
Chemical Corn Exchange	— 16,182	---
Chase Manhattan	+ 207,752	+ 0.02
Irving Trust	+ 7,148	---
Bankers Trust	— 63,009	---
New York Trust	+ 4,587	---
First National City	—1,812,999	— 0.18
J. P. Morgan & Co.	+ 94,268	+ 0.31

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 First National City's, have been, relatively, "peanuts." 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 maturities. At the end of 1956 a number of them held no bonds maturing 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 expedient to do some selling to establish tax 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. This 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 Company, was elected a director of Consolidated Water Company at the annual meeting. The company, through subsidiaries provides water service in Wabash, Greenwood, Rockport, Newburgh, French Lick and West Baden in Indiana.

N. B. Smith Opens

LAS CRUCES, N. Mex. — Norman B. Smith is engaging in a securities from offices here.

Harry Sobel Opens

(Special to THE FINANCIAL CHRONICLE)

BEVERLY HILLS, Calif.—Harry Sobel has opened offices at 242 South Beverly Drive to conduct a securities business.

Continued from page 3

Bank Portfolio Management and The Money Market Outlook

make a thorough study of the operational fundamentals of his institution.

Deposit-Loan Study

To be as sound as possible, under any and all circumstances, the portfolio program should be based on a thorough knowledge of the past behavior of the sources of the funds to be invested. Since portfolio funds are primarily derived from the bank's deposits, a deposit study is the logical starting place from which to arrive at a sound conclusion regarding the portfolio program.

Such a study must take into consideration the probable future trend and movement of the bank's deposits. What, for example, has been the deposit pattern? How have these deposits been grouped? How much have come under the heading of business deposits? How much have been classified as public deposits? Personal deposits have made up what part of the total? How much have fallen into the time deposit category? And of this last, how much have been of the nest egg variety, and how much have actually been of an investment character? Have some deposits been strictly seasonal in character, and how much do they amount to?

The answers to these questions, together with a detailed examination of an extensive sample of the largest accounts in the bank may afford valuable information to the portfolio officer, and shed some light on the matter of deposit vulnerability. From a study of this type he will be able to determine which funds are merely seasonal, and which, therefore, will be at this command only for a matter of months, and which funds are apt to remain with him for longer periods. From it he may also find that there is on deposit a certain amount of what might be called more or less permanent surplus funds. Such investable funds arise when depositors place on deposit more money than acceptable borrowers care to use. I must admit that there doesn't seem to be much of this kind of money around these days! If, however, your study does uncover them, then it becomes necessary to estimate how long such funds are likely to remain on hand. And, of course, the same kind of questions must be asked with respect to the bank's loans. How have loans behaved seasonally, and so on.

Influencing Factors

The answers to these deposit-loan study questions are closely related to the economic situation in your bank's area of operations. This, in turn, brings up questions of still broader scope. Does the bank's service area have the benefit of wide economic diversification, and many varieties of industrial, commercial and agricultural activity? Or does it depend on a few industries and closely connected lines of business? If the former, then your banking picture may tie in more closely with national economic developments. If the latter, more emphasis may have to be placed on local developments as distinct from the national scene.

In any event, in addition to local factors which affect the individual bank, the investment officer should also have some idea about what lies ahead in the national economy, for changes in the national scene influence the banking system as a whole, and may affect his bank, and the portfolio he administers, in particular.

As is apparent, there is no ready answer to these onerous questions. Each bank must make its own analysis and determination of its own situation. And only by so doing can it estimate how long deposits will stay put, and whether loans will be more apt to increase, decrease, or stay unchanged. Once these estimates have been made the bank can formulate a working pattern—a flexible state of deposit-loan-investment balance capable of weathering any kind of economic climate.

Liquidity Factor

These studies will provide valuable help to the investment officer in determining prudent limitations regarding the size and the nature of the bank's portfolio. They are essential in arriving at that 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 the work of estimating what more or less permanent residual funds may remain available for longer term investment.

Sometimes the question is raised — why make provision for liquidity in the form of a secondary reserve since declines in deposits tend to be matched by declines in loans? The answer seems to me to be that every bank ought to provide an extra margin of safety for its own comfort. It will come in mighty handy if your deposits should decline faster than those of competing institutions, or, if loan collateral, in a declining market, turns out to be less liquid than it once seemed. It's also helpful if, in times of stress, you have to take some unanticipated losses in the process of contracting your poorer loans. And, in these days of relatively high yields on prime short-term securities, you are well compensated financially, as well as psychologically, for your caution, for long-term investment brings in so little more income it isn't worth the risk.

These studies permit the portfolio officer logically to determine the soundest set-up for his bond account, that is, what proportion of funds should be put into his secondary reserve, for liquidity on short notice, and how much may safely be allocated to the investment account for income over a period of years.

His set-up will probably take the following form, first, fixed or slow assets, such as the physical structure, Federal Reserve Bank stock, etc. Second—the minimum amount of necessary cash, and bank balances, that is, cash in till, and legal reserves. And, finally, the portfolio, consisting of first, the secondary reserve, and second, the investment account.

Bond Market Choices

Now we come to the problem of what to buy and for what term. The bond market affords a wide variety of choice.

First, the obligations of the United States Treasury. These are technically described as bills, certificates of indebtedness, notes and bonds. Bills are sold on a discount basis and are usually issued for 90-day terms, although the Treasury has also brought out tax-anticipation bills for longer periods of time. Certificates of Indebtedness generally run for 12 or 13 months; notes, for periods of up to five years; and bonds, for terms of five years or more.

Next come the obligations of the governmental agencies, the quasi-governments. These are the debentures of the Federal Intermediate Credit Banks, the Federal Land Banks, the Federal Home Loan Banks, the Central Bank for Cooperatives, and the Federal National Mortgage Association. With minor exceptions, all these are, like straight United States Treasury obligations, eligible for bank investment without respect to capital and surplus limitations.

Then come general market bonds — the obligations of corporate enterprise such as the railroads, the public utilities, and industrial corporations. In this category also, for all practical purposes, come the issues of foreign governments, and the bonds of the Canadian Government, the provinces and the municipalities. Here, too, may be grouped the debentures of the International Bank for Reconstruction and Development.

Most general market bonds are not particularly suitable for commercial bank investment, even if purchases are confined to the "A" or higher rated credit classification established by the Comptroller of the Currency. Of course, a few general market bonds which are very short in term either because they are to be redeemed prior to maturity, or because of early maturity, or serial maturities, as in the case of the equipment trust certificates, are sometimes candidates for commercial bank investment. As a rule, however, bonds in this category don't show yield spreads sufficiently greater than the yields available on similar maturity governments to make it worthwhile for the small bank to take on the added risk involved. An exception to this rule probably should be made in the case of very short term finance company and industrial corporate paper which sometimes does afford the small bank a suitable medium for the investment of short-term funds.

Then again, the banking institution large enough to set up an investment department able to keep a close check on the items which comprise its portfolio would probably find it advantageous to invest in certain corporate bonds when yield spreads are favorable vis a vis Treasuries. Timely purchases of top-grade corporate issues with heavy sinking funds can work out very well. And at times during the past few years, even top-grade corporate convertible bonds have, on occasion, been suitable for commercial bank investment. Needless to say, such investment opportunities come rarely to the bond market and professional investment training and market experience are needed to detect them.

The small bank usually can't afford the price of such personnel. However, a small bank with trust department ambitions and a desire to reap a better than average yield on its portfolio may sometimes acquire the services of veteran investment men who have retired from large banking institutions and securities firms but who aren't ready for the rocking chair yet. I know of several such instances which have worked out very well. However, such veteran investment talent is not easily come by, and so the small bank might better limit its portfolio to the following types of securities—first—U. S. Treasuries; second—the quasi-governments; and finally—the tax-exempt obligations of states, counties and municipalities.

Market Risk

I think it is reasonable to say that the first two categories involve no credit risk. This doesn't, of course, eliminate market risk. The only way to cope with that is by trying to time purchases and by spacing maturities. But most of you will agree, I believe, that the Treasuries, and the quasi-governments have superior safety of principal and interest as compared with other classes of bonds; have as good, or better marketability; and have far better availability. In addition, they either run to maturity free from the threat of involuntary redemption which may be raised by money market changes, or they are non-callable for a long term of years, whereas most corporates are callable at any time on 30 days' notice. However, nowadays, a growing number of directly placed corporate issues do have a stipulation freeing them from the threat of early call. This movement, which has long been urged by the large insurance company investors, finally appears to be bearing fruit.

Treasury bonds and quasi-governments also tend to have a better collateral value than other types of bonds. And, although we now have a free market in Government bonds, their price level is, in the final analysis, still a matter of public concern. Also, the administration of a government bond investment list requires less supervision and so, less management expense. Finally, Treasury bonds are highly regarded by depositors and stockholders.

It is clear, therefore, that government bonds do have very substantial portfolio advantages as compared with corporate obligations and hence, investment in the latter can only be justified by a generous yield differential in their favor.

Bank's Tax Position

Another study the portfolio manager ought to make before committing his investment funds to the market concerns the tax position of his bank. For the most important item in a bank's income account is not gross income but net income after taxes. So, depending on what your tax position is, tax-exempt investments may very well occupy a prominent place in your bond portfolio.

In figuring out the whys and wherefores of tax exempt investment, a number of considerations must be taken into account.

For one thing, how much taxable income does the bank actually earn? If it doesn't earn enough to bring it up into the corporate tax bracket then there is little incentive to buy tax exempt income. If, on the other hand, its earnings do place it in the 52% category, a tax computation should be made and rechecked at appropriate periods so that the bank is kept informed of its tax liability. This will enable the management to utilize the tax liability to help offset portfolio and credit losses when desirable.

Each bank must calculate its own tax position, and besides using its tax liability to offset portfolio depreciation and other losses, it should also employ tax-exempt bonds to prevent tax losses as well. Of course, after the bank's tax position has been estimated if a tax-exempt purchase doesn't afford a particular bank a sufficient after-tax income differential as compared with a taxable government bond investment there is no point in buying the municipal bond. Because, despite their very great advantage taxwise, municipal bonds have very real disadvantages marketwise.

In the case of most municipal issues there is virtually no secondary market such as exists in government and general market bonds. There are a number of reasons for this lack of a secondary market in municipals. For one thing, trading is in basis figures rather than in dollar quotations. This, in itself, is awkward and cumbersome and slows down trading. For another, most municipal issues are not sufficiently large in size to create the floating supply needed to maintain a secondary market. Most, also, are serial in term which makes for a multiplicity of maturities none of which has any substantial size in dollar amounts. All in all, in municipals the two way trading market is the exception, rather than the rule, and the spread between bid and asked is generally so wide that a turn-around trade would probably cost its maker as much as one year's coupon on the issue traded, perhaps more.

Of course, the new toll road 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 unsuitable for all but time deposit investment of the nest egg variety.

So, in order to overcome the market hazards of municipal bonds, investments in them should be made with the idea of keeping them to maturity. As already stated, such obligations are usually issued in serial form so it is relatively easy to space your investment in the maturities desired. As your spaced maturities come due, your running score on your tax position will enable you to decide whether or not it is then desirable to replace them with more tax exempts or with taxable government bonds.

Now I should like to recapitulate some of the points made here for purposes of emphasis. Temporary investment funds ought, at all times, to be invested in securities which come due within the period of time during which such funds will have to be paid out. Usually such funds will be allocated to your secondary reserve, which is always either expanding or contracting in order to absorb and offset the fluctuations in deposits and loans.

Secondary reserve fund investments are generally call loans, bankers acceptances, commercial paper, and finance paper, if available, and bonds due in from one to, perhaps, three or four years.

The investment account proper can 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%'s of 1995.

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 10 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 current yield 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 Treas-

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Bank Portfolio Management and The Money Market Outlook

uries seem worthwhile. Another word of caution. In making corporate investments, be sure the price you pay is not out of line with the call price of the issue concerned.

One Administrator

In the smaller bank the officer in charge of investments is apt to have other jobs besides the one of managing the bank's portfolio and, under such circumstances, a spaced maturity program is highly practical. It keeps you in tune with the marketplace with a minimum of effort. It affords a good average return on investments, plus fairly constant buying power in low, as well as in high priced markets.

I should like, also, to mention the matter of administering a portfolio program once policy has been defined and limitations set. There seems to me to be a tendency in banks to lodge investment operations, as well as investment policy, in the hands of a committee. This, I think, is a mistake. Under such circumstances, everybody's business is all too apt to become nobody's business. Besides, the bond market rarely waits for a committee to get together. Best results are obtained by making one person responsible and accountable for portfolio operations as part of his daily job.

Now let's take a look at the money market, as a whole, today.

Today's Money Market

Most money market analysts, during the past 20-odd years, devoted a lot of time and learned dissertation to the yield curve, the so-called pattern of rates. A whole generation of bank portfolio managers acquired a good deal of their bond market experience at a time when the pattern of rates concept, ranging from the lowest rate on the shortest maturity to the highest yield on the longest maturity, seemed to be as certain as two plus two equals four.

This notion of a fixed pattern of rates began back in the days of the depression, when economic activity remained persistently low, private loans obstinately refused to perk up, Treasury debt suddenly bulked large in the money market in time of peace, and a steady stream of funds from abroad sought safety in our country. Today, however, the economic state of affairs which gave birth to this idea no longer exists, and, consequently, the money market techniques and expectancies which were formulated to deal with economic depression are no longer appropriate.

Disappearing Yield Curve

In our present dynamic economy the yield curve is disappearing. It's flattening out. In today's market for equipment trust certificates, for example, the early maturities are scaled to yield very nearly as much as the intermediate maturities, and the intermediates almost as much as the longest maturities. Now, up until the last two years, when new equipment trust issues came to market the shorter maturities usually sold out immediately while the longer ones moved out over a period of time. Currently, longer maturities are moving as rapidly as shorts or intermediates, perhaps even a little faster. And the same sort of market action is also taking place in the municipal bond field.

The reason for this new set of market preferences is clear. You gentlemen are experiencing such a strong demand for loans that you have not had sufficient funds to put into the bond market to satisfy the demand for funds from that quarter, and consequently, short term bond prices have worked lower. And, of course, this dearth of funds has been deliberately intensified by the monetary authorities for fear that the economic expansion we have been enjoying would get out of hand and wind up in a bust.

An illuminating side result of the tightening money market during the past year has been the disappointing performance of short and intermediatee term corporate and municipal obligations as secondary reserve investment media. Such bonds, despite substantial price concessions have proved to be not so readily convertible into cash as previously supposed. Hence, the price premiums commanded by their presumed liquidity may not be justified in the future should a well-sustained high level of economic activity continue to require a large volume of commercial bank lending.

Counter-Cycle Timing

The money market does not exist in a vacuum. What takes place in it is the result, not only of fiscal developments, but of economic and political conditions as well. The credit policies of the Federal Reserve authorities, and the debt management policies of the Treasury, are now, and very properly, subordinated to the over-all well being of the national economy. Moreover, since the burden of maintaining economic balance is a very heavy one, and any failures in this respect are sure to draw prompt, merciless and even unjustified criticism, the monetary authorities are usually quick to adopt anti-deflationary measures, but more reluctant to do anything which might not only drastically curb a boom but, in the process, lead us into a decline in business activity and employment. In the past, whenever business activity turned down after credit restrictive measures were adopted by the monetary authorities, they have been subjected to severe criticism, not only by politicians, but by many bankers and businessmen, as well. Some here may recall the bitter criticism to which the Federal Reserve Board was subjected after the collapse of commodity prices in the 1920's. Many of you may remember the criticism leveled at the Federal Reserve Board after the decline in business activity in 1937. And I am sure that all of you are familiar with the maledictions heaped on the Board, as well as the Treasury, when, in 1953, they adopted credit restrictive measures in order to maintain economic equilibrium and a sound dollar.

It is not surprising, therefore, that during the past year the authorities have applied credit restraints with caution. Moreover, their restraining moves have been made with great skill and I believe we may safely assume that any slowdown in business activity will result in prompt financial counter-measures to ease the restraints.

People's Confidence

Now let's look at another angle of the matter. During the past few years, for the first time in a generation, our people seem to have regained the confidence, and the will to achievement, which was the outstanding characteristic of our country prior to the great depression. I believe the reasons for this renewed spirit of confidence and desire for progress are based, at least in part, on the following considerations.

The people at large, in spite of political attacks, have developed great confidence in the present Administration. I believe this confidence is justified. In the field of foreign affairs, this Administration has brought to an end the war in Korea and, naturally, the prospect of peace in the foreseeable future was bound to have a favorable impact on popular psychology.

Turning to the domestic field . . . I believe the people at large have such a full measure of confidence in this Administration that they are convinced it can, and will, if necessary, arrest any decline in business activity by prompt and appropriate action. This wave of confidence, naturally, has helped business activity in general . . . and the securities markets in particular.

You and I well know that sustained strength in the stock market has a favorable influence, not only on the spending of individuals but on that of corporate enterprise as well. We know, too, that the reverse is also true. The lessons of the depression have not been forgotten.

So, along with sustained strength in the equity markets have come substantial increases in consumption expenditures—and in capital expenditures of corporations. The Federal Reserve Board's latest survey of consumer buying intentions indicates that the American people are planning to spend as much this year as they did last, for houses, cars, appliances, furniture, and hard goods in general. And in the first two months of this year, retail sales, including automobiles, were running ahead of January and February, 1955. The SEC estimates that capital expenditures of business will run 22% higher this year than they did last. And in the first two months of this year outlays for industrial construction were up 22% over the same period in 1955.

Assuming no increase in international tension, no curtailment of consumer credit by legislative fiat, and no general price markups of sufficient size to goad the Federal Reserve Board into further and more restrictive measures, this year could see a rate of economic activity at least equal to, if not greater than, that of 1955.

Money Market Outlook

The outlook for money rates will depend, in large measure, on how long this high level of economic activity will be sustained. If, as seems likely, business activity is maintained at peak levels, interest rates should hold at present, or even slightly higher, levels. Bear in mind, however, that two considerations will continue to operate to put a ceiling on further advances. One is the fear of upsetting the economy. The other is the political fear of the ill effects of too great an increase in the cost of carrying the public debt.

If business activity should slacken, then money rates would normally be expected to ease, but hardly to the extent of touching off a jet propelled price markup in the bond market such as occurred in 1953. For, after all, the bond market decline of the past 12 months has not, fortunately, duplicated the drastic sell-off which took place in the first six months of that year.

Naturally, there is, as usual, a division of opinion as to how the economic picture will develop during the remaining months of the year. The bulls argue that wages in general are increasing along with the increase which took place when the minimum wage went from 75 cents to a dollar; that construction continues at a high level; that public works are large: and that, in an election year, nothing is ever done to interfere with prosperity. All this may be true, but our wave of optimism certainly faltered while the country anxiously awaited the President's decision to seek re-election. Business grew apprehensive and the rate of capital expenditures was uncertain. The bears argue as follows: Private indebtedness has increased at a rate which cannot be maintained indefinitely; the rapid increase in debt has resulted in placing greater purchasing power at the disposal of people than ever before, and this, in turn, has resulted in more spending than can comfortably be maintained; that, should people decide to repay part of this debt, and should such repayment exceed total new borrowing, then, obviously, the demand for goods will decline. However, the Federal Reserve's "Survey of Consumer Intentions" lends little support to this position. An additional cause for concern is the continuing decline in farm income despite huge government expenditures to maintain farm prices. Finally, it is argued, money is tight and bond prices have declined. Interest rates have risen. The Federal Reserve rediscount rate today is 2½%, the highest in more than 20 years. Bank prime rates have also risen and the availability of bank credit has been curtailed. On this score I can only say that, should economic need arise, money rates can, and probably will be eased so fast that no one need feel constrained to curtail activity simply for fear that credit restrictive measures will be continued into a declining economy.

That, roughly, is, I believe, the reasoning followed by the contending schools of thought. Which will prove to be correct, I won't attempt to guarantee, but my recent experience has made me optimistic on the business outlook.

Now, as to the outlook for money rates. The demand for credit is strong and the monetary authorities have been following a credit restrictive policy. As a consequence, banks can replenish reserves either by selling bonds at a loss in the open market or by borrowing from the Federal Reserve Banks. In the immediate future the demand for money continues to hinge on popular confidence and business optimism which remains high, and as long as this situation obtains, the demand for money will continue great, and, consequently, money will remain tight, and interest rates will trend upwards, unless and until the monetary authorities decide that the high level of business activity constitutes no threat to our economic equilibrium and portends, not a boom, to be followed by a bust, but is rather a normal concomitant of an era of economic expansion.

Here I should like to observe that the present restrictive policies of the Reserve authorities, while consistent and steady, are, for that very reason, not constant. Therefore, there are bound to be times when the market will give the appearance of ease. But, for the present, in my opinion, unless a drastic economic decline sets in, money rates are likely to remain fairly firm, and interest rates are not likely to show much change. This, of course, means that bond prices, especially of short maturities, are apt to stay at today's level rather than to move upward. Long bond prices under present conditions can't behave bullishly. While the bond market, as a whole, has been relatively thin, it has also been very orderly. And even if a reversal in the trend of bond prices should get under way this year, I expect it too would be orderly and moderate.

Putting this problem in the frame of reference of the bond dealer . . . right now the crest of the present money market stringency may not yet have been reached. The new issue calendar of scheduled bond offerings is still building up. The new issues don't go out the window on the first day of trading unless price concessions from seasoned bond prices are apparent. Perhaps short-term rates may still creep upward. And while they do, there is no incentive for banks to increase their exposure to risks by lengthening bond portfolios. Indeed, it is even conceivable that the flattening interest curve may go into a reverse curve with short-term bonds yielding more than long terms for brief periods of time.

I have already stated that I believe we are in an era of long-term economic expansion, if popular optimism and business confidence can be maintained. Tightening money rates may have insured us against inflationary excesses. The firming of rates, if this thesis is correct, won't of itself stop the expansion. But, on the other hand, when money eases again, it will certainly help quicken the economic tempo, for, an era of dynamic economic expansion needs huge amounts of credit, and, the more favorable the rate of interest, the faster the pace.

Prosperity, it is evident, depends not so much on minor changes in the price of money, as on effective demand for goods and services, and on popular confidence in the future. I would not be surprised if, confidence in the future persisting, the price of money gradually continues to advance. As a matter of fact, such an advance might be one way of helping to stimulate voluntary savings, and so aid in bringing about a balance in the demand-supply equation for long-term funds.

I think we face a future of boundless economic opportunity; that under such circumstances changes in the price of money will be gradually upward; that the influence of such changes may be mildly deflationary on bond prices, the downward trend of which may be cushioned, from time to time, by brief appearances in the money market of the ghost of the late depression, the easy money ladder of interest rates. But don't let such appearances disturb you. Money is going to continue to be in demand. You'll be able to lend all the money you can get your hands on because the American economy is going to continue to expand. I am firmly convinced that it presents to all of us an opportunity unlimited.

With Carroll & Co.

(Special to THE FINANCIAL CHRONICLE)

DENVER, Colo. — William G. Abbott, Leonard R. Kline, Mark H. Logsdon and Charles W. Marion, Jr. are now with Carroll & Co., Denver Club Building. Mr. Marion was previously with Columbia Securities Company.

Now Clisbee & Co.

TULSA, Okla.—The firm name of Clisbee, Thompson and Company, Daniel Building, has been changed to Clisbee & Co., Inc. Officers are Charles M. Clisbee, President; A. M. Clisbee, Vice-President; and Marjorie Jordan, Secretary-Treasurer.

Kalb, Voorhis Admits

WASHINGTON, D. C. — Ferdinand A. Nauheim will become a partner in Kalb, Voorhis & Co., members of the New York Stock Exchange, on May 1. Mr. Nauheim makes his headquarters in the firm's Washington office, in the Woodward Building.

Now With Paine, Webber

(Special to THE FINANCIAL CHRONICLE)

CHICAGO, Ill.—Robert G. Parsons is now affiliated with Paine, Webber, Jackson & Curtis, 209 South La Salle Street. Mr. Parsons was formerly with Bache & Co.

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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 lay 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 planned is a lot of purely 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 at the moment; their 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, according to those who have made surveys 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, 1955. In some instances their plans appear to exceed their performance last year.

And as for business, it is planning capital expenditures for plant and equipment far above last year, which was not a record year, but certainly not a particularly niggardly one either. All this appears to be taken largely at face 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 pity, then embrace." But there are a number of special circumstances which may account in considerable part for what at first glance would appear to be very ambitious plans of the business community. First of all, the extraordinary pace of the march 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 diatribes 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 higher rate of activity in business generally, is placing all kinds of business under the incentive to substitute machinery and automatic equipment for expensive manpower on all fronts. Moreover, the persistence 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 heights. The willingness 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 continuously, upward with nothing more than pauses now and then seems to have gained rather wide currency, and may be one of the reasons for extraordinary optimism in this an election year. For a good while, probably, the economy of this country was held unduly in check by recollections of the terrible depression beginning in 1929, and by an eternal fear of its return. It may be that we have now gone to the other extreme, and begun to suppose that nothing of the sort is possible in the future no matter how badly we abuse the natural economic forces about us.

Time only will tell how all this finally works itself out. It is probably true that in years past uneasiness at election times and the feeling that it was necessary to be excessively cautious have cost us a good deal. It is well if we can avoid that error now and in the future. At the moment the danger seems greater of an unwarranted optimism about the future.

Washington Branch Of Exchange Elects

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

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

Joins White & Co.

(Special to THE FINANCIAL CHRONICLE)

BLOOMINGTON, Ill.—Edward H. Davison is now with White & Co., 216 West Washington Street.

Joins Bear Stearns

(Special to THE FINANCIAL CHRONICLE)

CHICAGO, Ill.—Samuel Silverstein has joined the staff of Bear, Stearns & Co., 135 South La Salle Street.

Floyd Cerf Adds

(Special to THE FINANCIAL CHRONICLE)

CHICAGO, Ill. — Irving Rothman has been added to the staff of Floyd D. Cerf Jr. Co., Inc., 120 South La Salle Street.

With E. F. Hutton

(Special to THE FINANCIAL CHRONICLE)

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

Rejoins Mid Continent

(Special to THE FINANCIAL CHRONICLE)

CHICAGO, Ill.—Gerald R. 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 Straus, Blosser & McDowell.

Reynolds Adds to Staff

(Special to THE FINANCIAL CHRONICLE)

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

Joins S. A. Sandeen Co.

(Special to THE FINANCIAL CHRONICLE)

ROCKFORD, Ill. — Charles S. Purnell is now with S. A. Sandeen & Co., Talcott Building.

With Schirmer, Atherton

(Special to THE FINANCIAL CHRONICLE)

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.

(Special to THE FINANCIAL CHRONICLE)

BEVERLY HILLS, Calif.—Nissim M. Malabel has become associated with Columbia Securities Co. Inc. of California, 225 South Beverly Drive.

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Business and Market Outlook

to them, and by constantly consulting all the instruments, such as earnings, dividends, sales, book value, and many other investment factors, can we hope to achieve a safe and successful flight from one point to another.

Prior to my recent three-week business trip to South America, the market, in terms of the Dow-Jones Industrial Stock Averages, was flirting with the magic 500 mark. Ike had just announced his candidacy for a second term, but many Wall Street professionals, as well as private individuals, were taking profits on the theory that this news had been discounted already in the market, and that the business picture, as they saw it, didn't justify another large advance superimposed on the one already achieved over the past 2½ years. The 500 Dow-Jones level locked high enough, at least temporarily to many and this profit taking caused the market to undergo a brief backing and filling period, which some people wrongly interpreted as a major top on the bull market.

The Presidential Boost

However, as time went on it became more and more evident that the President's decision had given industrial investor confidence a terrific boost. Because of brighter GOP chances at the polls next fall and increased prospects for another prosperous four years, industry had suddenly revised upward its record-breaking expansion budgets previously announced. Also, consumers simultaneously boosted their spending plans, so that instead of the possible mild recession, that was so fashionable to talk about in February, the economy began to embark on the next leg of an inflationary upswing. Instead of an average business year, it began to look and it looks now as though 1956 might very well exceed even last year's record levels. With the readjustment period ended and the stock market reaching successive new highs on the averages, here is how the instrument panel board of business looks to me at the moment.

(1) On the basis of first quarter estimates, Gross National Product is running at an approximate annual rate of $403 billion, as against a rate of just over $397 billion in the final quarter of 1955.

(2) Although further monetary controls, or even higher margins, may very well be imposed should business and the stock market advance too rapidly, the rise has been orderly so far and the FRB will likely maintain a hands-off policy as much as possible in this election year.

(3) Steel is booming and a record output was probably achieved last month. Regarding labor, my guess is no strike and that the steel people will go along with most of labor's demands. To offset this, higher steel prices seem almost a certainty.

(4) Spending by industry for expansion and improvements this year may increase to about $35 billion versus $29 billion in 1955. The latter factor is especially significant, because it indicates industry's confidence and a belief in peace and a continued healthy economy. In other words, industry is betting—laying it right on the line, so to speak—that U. S. business will keep rolling forward over the next several years. If it doesn't, there may be some sweeping changes in top level management. However, my experience has been that corporate executives generally have more than one good reason for starting things.

Labor-Saving Devices

In addition to confidence, industry's recent stepping up of expenditures, for example, may also be based on the belief that huge quantities of labor saving devices and other improvements are an absolute must, if production is to increase substantially with the available labor force foreseen over the next 10 years. It also hinges on the assumption that war will be outlawed eventually and, that although we will doubtless maintain armament production for many years, as a form of insurance protection, the program visualized by management seems primarily geared to peace. Such a program encompasses aggressive research, and the increasing development and application of electronics and atomic energy.

Meantime, the outlook for the automobile and building industries — the two weakest spots in the economy last fall—seems to be looking up. As a matter of fact, construction activity may be larger this spring than last, when it was at a record level. January-February construction contracts were 21% over the 1955 level. Even residential building contracts were up 6% over last year, probably stimulated by the greater availability of mortgage credit and the longer terms allowed. While total residential starts in 1956 may still be slightly under the 1955 total, the continued high and rising level of institutional, commercial and industrial construction, together with the trend toward larger, more expensive homes, suggests that final 1956 results will be surprisingly good, compared with some of last January's rather gloomy estimates.

Auto output last year was at an all-time high of 8 million cars. However, and this is an important point, even if it should drop to around 6½ million this year, as some have forecast, but which I personally doubt, 1956 would still be the third largest year for automobiles, and the car makers can still profit substantially at those figures. In fact, if sales hold up as well as they have so far and 1957 models in August appeal to the public the way Detroit expects, the stage would be set for a last quarter spurt that could lift this year's sales to a level not too far below the 1955 result. My estimate is that the industry will sell 6,800,000 cars.

These are only a few of the basic facts and figures. Quoting Sumner Schlichter, the well-known economist, who has had an outstanding record over the years: "The 1956 outlook is for little change in the level of production during the first three quarters of the year, and a rise in production in the fourth quarter." This sounded like a pretty optimistic statement at the time it was made, but it looks now to have been well-founded.

Of course, comparing a forecast with the final result is the acid test of any analyst's ability. And I suppose that some of you will be comparing my comments today with what actually takes place in three to six months. There is a good chance that I will be right on some of these forecasts, but I may also be just as wrong on others. No one can be right all the time. If they were, they wouldn't make a speech, write a magazine article, or even go to the office anymore. In this connection, I should like to point out that market forecasting is rather like tight rope walking, where a slip can be disastrous. This is especially true in an election year, and I am going counter to the advice given me when I first entered the business which was, "Don't ever prophesy, if you prophesy wrong, nobody will forget it and if you are right, nobody will remember it."

Political intangibles are always more difficult to evaluate and interpret in relation to the stock market, than are developments in any other sphere, including domestic and international affairs. The government in power, by various means and moves, can have a very important influence on business trends, but it seems quite unlikely that the broad booms and busts of years ago will be repeated. Of course, neither political party in this country wants to upset the present boom and it is significant that on an over-all basis, there has been a bullish trend in the stock market in the majority of presidential years since 1900. In nine of these 14 election years, the Dow averages closed higher than at the beginning of the year. They seem to be on the way to closing higher again this year.

Out-Perform the Averages

However, the success of any investment program at this stage of the market depends on concentrating on those stocks in special industry groups that will outperform the averages in the period ahead. Selection will be more important than ever. It is mainly a question of knowing which buttons and levers on the market's instrument panel are the right ones to touch. Bullishness appears to me still warranted on handpicked individual issues, and there is no reason to abandon long position, except where a switch from one issue to another appears advantageous. The action of the various misleading averages and the fact that they have been selling at historically high levels should be completely disregarded.

Now, having examined a few of the economic, market and business factors, we come to the most difficult and baffling job of the forecaster. Before embarking on this, I should like to mention merely one tool that I have found immensely valuable over the years in forecasting market trends.

It is generally conceded by students of security values that 75% of a given stock price is based upon such fundamental statistics as earnings and dividends, while the remaining 25% is based upon the constantly changing public psychology toward the securities markets in general, and the particular stock under consideration, and so I keep about 500 charts to help me analyze public psychology. While they have failed in projecting some of the startling advances, these studies have been mainly responsible for my holding a bullish position through very drastic setbacks over the past few years. I prefer to discuss and write about the stock market when public psychology is unfavorable, rather than when optimism is as strong as it is today. So once again we must take a sharp look at the instruments in attempting to find out what lies ahead.

I find it very difficult to ring the same bells for many segments of the market, or the same securities, that I could two years ago. The boom has been maturing and by mid-year it will be two years old. I should like to think of the period ahead, the next six months, as a sort of sidewise, piecemeal readjustment period, with no great further over-all advance of more than 2 to 4% on the market averages as a whole, superimposed on that already scored — especially during this important election year—but with many new stocks, long dormant, taking over leadership and reaching new high ground. By the same token, it is impossible for me to visualize any great decline in the market, as long as we continue to have the inflationary aspects of higher wages, a corresponding declining value in the purchasing power of the dollar and present good yields, amply covered by earnings.

Anyone returning from South America is very much aware of inflation with almost all currencies, the peso in Argentina and Uruguay and the cruzeiro in Brazil declining substantially in the past two years. Once this inflation starts it's awfully hard to stop it because of politics and increasing wages. Right now, I think it would be a mistake, or absolutely impossible, to be too broadly bullish or, for that matter, bearish on the market. The market has not reached an extreme in price-earnings ratios, or yields. It is only selling at about 14 times earnings and only a shattering of investor confidence in the earnings and dividend outlook is likely to push stocks down very far. As things stand today, the long uptrend in dividend payout, only a little over 50% last year, is likely to be continued on a broadening basis.

Market Conclusions

Therefore, in viewing the possible action of the market over the next six months, I come to the following conclusions:

(1) Important speculative excesses are still lacking in the market and increasing institutional purchases will be a strong supporting factor during any sell off.

(2) Stocks are in very strong hands and new purchasing power continues plentiful. The tax factor precludes serious selling, or much profit taking. Institutions own about 14% of all securities and banking trusts about another 14%. In other words, about 28% of the floating supply has been "locked up," or largely removed from the market.

(3) The upcoming steel-labor talks will probably give another twist to the inflationary spiral.

(4) As far as the market itself is concerned, the recent advance has lifted the averages approximately 55 points in eight weeks. For this reason, and because of possible further selling to meet the April tax deadline, and to establish long term gains on stocks bought in late September and early October, I would be inclined to accept some profits selectively on any further strength carrying above 520 on the Dow Industrials and around 175-180 on the Rails.

(5) The market's position may be temporarily vulnerable, yet it must be emphasized that any normal correction from around the 520 Dow-Jones area should meet strong support at 500-505 and especially at 485-490 on the Industrials and at 164-165 on the Rails.

(6) Should these levels be reached on any such setback this spring, I would expect another period of consolidation, with the market resuming its uptrend during the summer months and pushing forward to another top sometime before the fall elections. This would be what I call an "election hope" rally. Now, while it is still rather early to be absolutely sure, such a top on the averages might very well mark the high level for the year, yet this level could be higher than the one reached in the spring.

A Weather Eye

The market bears, meantime, are keeping an eye on these points:

(1) The current business outlook seems too good to be true and can't last forever. Consumer borrowing can't climb indefinitely. Mortgage debt and consumer credit are already higher than last year.

(2) The prevailing high degree of confidence could dwindle rapidly with any deterioration of political or business prospects.

(3) Inventories have been increasing steadily.

(4) Difficulties in the Middle East and Asia and British economic problems at home are factors to watch carefully.

(5) Strength in steel, copper and heavy industry stocks have, in the past, sometimes signalled the final stages of business booms and bull markets. All these are items requiring close and constant attention.

The history of past markets shows that occasionally, when the earnings trend was beginning to turn the corner and point higher, the stock market collapsed. This happened in 1946. Perhaps you might also remember in 1949, when earnings began to go down and the market launched one of its longest bull trends in history. This type of counter action has taken place time and time again. In fact, it seems that the market often takes a perverse delight in working in a completely reverse ratio to values and earnings. This comes under the heading of discounting, which must also be constantly watched, because present markets reflect not so much the future, but investor's appraisal of the future.

Little Over-Valuation

However, despite all these possibilities and even in view of the sharp upsurge to date, which has carried the various stock averages to all-time highs, I can find absolutely no technical evidence to substantiate any broad sell recommendation. True, it never hurts to put a "little hay in the barn," so to speak, but I want to state emphatically again that no important distribution has taken place as yet in this whole market, and that there has been no period of over-speculation, or over-valuation of the market as a whole, but perhaps in just a few segments of the market.

Actually, the nervous caution and scare psychology that has cropped up from time to time has been extremely healthy. Each upward move to new highs in the market averages has been corrected internally by the market itself. That is why many individual stocks have remained relatively firm during the few periods of price unsettlement that have occurred, and that is why so many stocks are still entitled to reach considerably higher levels, before this great grand-daddy of all bull markets finally rolls over and dies.

It is true, nevertheless, that a lot of discounting of higher earnings has been done by the market prices of many leading blue chip securities. Prices have increased over 358 points since the 1949 low on the Dow-Jones averages and more than 264 points above the low of 1953. This represents quite a correction of the undervaluation that existed during the very conservative appraisal of earnings and dividends from 1949 to 1953. Just plain common sense dictates prudence in buying many stocks that appear to be rather fully-priced. It seems to me that the balance of 1956 will see a rising market for the lighter blue chips. The spread in yield and price between royal blue and pale blue chips has seldom been so wide and this gap should be narrowed somewhat. Some of the higher-priced issues are already selling at 20 to 30 times earnings. There are lots of other securities that have been recently selling "ex-popularity," that should do better in the months to come, and sometimes the best values are to be found in the poorer acting groups of yesterday that will take over tomorrow's leadership. Therefore, in viewing the market as a whole, it is absolutely necessary to recognize the character and volatility of the various groups, because the potentials from a price point of view in each group are different and stocks in such groups require individual study. Their characteristics must also coincide with the various investment requirements of the individual concerned.

Consider, for example, what better results would have been achieved by switching from the farm equipments into the drugs a year ago, or from the department stores into the oils or coppers just last November. Also, by selling the textiles and buying chemicals, or switching the autos into bituminous coals, or the movies into airlines.

All of us are travelling the same investment road today and road maps are essential equipment for the journey. As I said, the ones I use are called charts. In this connection, while over-all business seems to be pointed higher in 1956, the political road in this important election year is full of curves. Occasional segments of the road are marked by stop signs and there may be detours or reconstruction going on, which could easily be overlooked when viewing the road in its entirety.

It seems to be generally accepted right now that a rise in business profits estimated for this year by many economists and analysts will cause stock prices to go straight on up. While selectively higher prices are very likely, the mere fact that the current outlook for the economy and the market does seem so attractive — with bullishness so widespread — suggests that increasing caution should be observed toward the general market right here. In other words, although the visibility is good, with few clouds in the sky, it is still necessary to keep a grip on the throttle and an eye on all those instruments.

Bear in mind, however, that this applies largely to the general market and not so much to individual stocks. I stress this again, because the market action of various individual issues and that of the deceptive and often misleading averages has been much too far apart to merit any binding comparison. Indeed, if the averages weren't valuable as a kind of yardstick for measuring the action of certain leading blue chip issues, I would almost favor ignoring them altogether. One man, I know, fires anyone in his office who even mentions market averages. In this connection, I have no technical measuring rod to indicate that the averages will sell over 528 Dow-Jones for the present.

During my recent stay in Buenos Aires, a very prominent banker asked me, "Don't you think when the market starts to come down it will be like falling autumn leaves?" The question was certainly well phrased and required some hard thinking to answer. However, considering that about 25% of the stocks on the Big Board are selling below their 1946 highs—and almost 300 stocks declined last year — and taking into account the strong rotative action between individual stocks and groups, I couldn't quite agree with this banker, although perhaps unconsciously he may have been 100% right on his timing, when he talked about the autumn. For, as I stated before, should any projected Fall top fail to exceed the intermediate top I anticipate for this spring and more specifically between now and May, it would mark the first time such a failure has occurred and, in my opinion, would very certainly demand a very critical examination of the entire market's price structure. However, until there is conclusive evidence from these technical chart studies that major distribution has taken place in the main body of stocks, the inescapable conclusion is that the market is still pointed selectively higher.

Specific Comments

Now, no 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 not been moving as a unit during the past two years, but has been a market for groups of stocks made up of conflicting pressures and differing potentials. There is nothing wrong with the market, except that it has gone schizophrenic on us, which, in layman's language means that it has a split personality, and in your language means that it is highly selective. You don't buy the market as a whole, you buy individual stocks and groups, so I will try and be specific with brief comments on various groups of stocks and individual issues within groups, from the point of view of a "securitician" or a "technalyst" as I have been sometimes called.

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

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

The following groups can also be held, as they have had a reasonable reaction, but need a further period of consolidation before any appreciable advance is indicated. I believe that some good buys in this group of stocks will develop: tobaccos, farm equipment, movies, textiles, natural gas, retail trade and utilities.

Rather than comment on every group of stocks mentioned, I thought it might be more interesting to submit a selected list of stocks in various favored groups which by the various measuring rods correlated and described above, appear interesting for purchase. Some of these stocks are not top quality, but are submitted mainly because they appear to indicate the best appreciation potential from approximately present price levels.

	Approx. Price
Oils:	
Royal Dutch	95
Cities Service	67
Shamrock Oil & Gas	45
Sunray Mid-Continent	27
Texas Gulf Producing	45
Plymouth Oil	37
Union Oil of California	64
Atlantic Refining	41
Chicago Corp.	27
Columbian Carbon	55
Kern County Land	52
Metals:	
Anaconda	79
St. Joseph Lead	49
American Smelting	55
American Zinc	22
Howe Sound	25
Office Equipment:	
Sperry Rand	28
National Cash Register	42
Drugs:	
Merck	28
Parke Davis	52
Warner-Lambert	44
Bristol & Myers	37
Schering	56
Rails:	
St. Louis, San Francisco	31
Seaboard Airline	80
N. Y. Chicago & St. Louis	61
Chesapeake & Ohio	61
Southern Pacific	56
Western Pacific	66
Canadian Pacific	35
Denver Rio Grande	41

	Approx. Price
Rail Equipment:	
Pullman	69
Westinghouse Air Brake	32
New York Air Brake	31
ACF Industries	63
Auto Equipment:	
Rockwell Spring & Axle	32
Dana Corp.	50
Eaton Manufacturing	60
Machine Tools:	
Joy Mfg.	42
Dresser Industries	65
Tobacco:	
Philip Morris	45
Foods:	
California Packing	44
Standard Brands	41
Corn Products	31
General Mills	71
Textiles:	
J. P. Stevens	26
United Merhants & Mfg.	18
American Viscose	42
Electronics & TV	
Sylvania Electric Prods.	51
Radio Corp.	47
Motorola	50
Zenith	131
Columbia Broadcasting A	27
Electrical Equipment:	
Westinghouse	59
General Electric	62
McGraw Electric	62
Farm Equipment:	
International Harvester	36
Movies:	
Loew's	22
ABC-Paramount	27
Building:	
American Radiator	23
Penn-Dixie Cement	32
Armstrong Cork	36
U. S. Plywood	48
Crane	41
Soft Drinks:	
Coca-Cola	124
Pepsi-Cola	23
Retail Trade:	
Allied Stores	52
Federated Dept. Stores	35
Gimbels	25
Sears, Roebuck	33
Woolworth	49
Air-Conditioning:	
Carrier	60
Trane	57
York	25
Paper:	
Robert Gair	33
Steels:	
Pittsburgh Steel	32
U. S. Steel	60
Aviation:	
Boeing	79
Douglas	81
North Amer. Aviation	81
Glenn Martin	34
Chemicals:	
Monsanto	48
Olin-Mathieson	60
Liquors:	
National Distillers	23
Airlines:	
United Airlines	42
Pan American Airways	20
American Airlines	26
Miscellaneous:	
Mack Truck	33
Pitney Bowes	57
Ferro	37
Tri-Continental	28
Alco Products	22
Armour	21
Blaw Knox	33
Colgate Palmolive	60
Container:	
Lily Tulip	53
American Can	48

With Waddell & Reed

(Special to The Financial Chronicle)

BEVERLY HILLS, Calif.—Raymond J. Tarbell is now with Waddell & Reed, Inc., 8943 Wilshire Boulevard. He was previously with Daniel D. Weston & Co.

Daniel Weston Adds

(Special to The Financial Chronicle)

BEVERLY HILLS, Calif. — H. Chester Stolee is now with Daniel D. Weston & Co., 140 South Beverly Drive. He was formerly with Cantor, Fitzgerald & Co. Inc.

Louden With Merrill Lynch

(Special to The Financial Chronicle)

LOUISVILLE, Ky.—Howard D. Louden has become associated with Merrill Lynch, Pierce, Fenner & Beane, 231 South Fifth Street. Mr. Louden has recently been with Westheimer & Co. and prior thereto was an officer of Holton, Farra Company.

Joins Fewel Staff

(Special to The Financial Chronicle)

LOS ANGELES, Calif.—Downie D. Muir, III, is now associated with Fewel & Co., 453 South Spring Street, members of the Los Angeles Stock Exchange. He was formerly with First California Company.

With Hall & Hall

(Special to The Financial Chronicle)

FRESNO, Cal.—John M. Stutsman has become associated with Hall & Hall, Bank of America Building.

S. B. Franklin Adds

(Special to The Financial Chronicle)

LOS ANGELES, Calif.—Gaston J. Duhamel is now with Samuel B. Franklin & 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.

Continued from first page

Can the Chemical Industry Maintain Its Rapid Growth?

of the risks common to all business. In addition, the chemical industry has special hazards of its own. Some of these arise from technological obsolescence as new and more efficient processes displace the old. Others result from the products of research which frequently upset old and apparently well established lines of business. For these reasons, forecasts in the chemical industry often have to be revised, sometimes rather drastically.

Growth Company Defined

Before examining growth characteristics of the chemical industry, it might be well to define just what is meant by a growth company. The most generally accepted definition of a growth company is one whose sales, earnings, dividends and assets increase over a period of years at an above average rate. Such growth usually becomes reflected in a higher market price for the common stock. The growth company's common stock should, over a period of time, appreciate in market value more rapidly than the Dow Jones, Standard & Poor's or other accepted stock averages.

While this definition has the advantage of simplicity, there is another that merits consideration. The chief executive officer of a prominent chemical company has provided the following definition: "A growth company is not one that merely increases its sales in response to an upward trend in consumption of an established product, is not one that increases its sales by capturing a larger share of the market for existing products—a true growth company is one that grows by venturing into new fields through creation of new and improved products and by extending its markets through process improvements and finding new uses for existing products." The growth should come principally from within the company's own organization and resources, although at times the growth may be augmented by judicious acquisitions of other businesses.

This latter definition may appear somewhat restrictive. However, it places principal reliance for future growth on research and development. While this entails a vast amount of work and a readiness on the part of management to assume the risks inherent in commercial development of new products, it nevertheless provides a far more certain source of future growth than reliance on external factors such as: continuance of an upward trend in consumption of existing products, ability to continue to grow at the expense of competition, or continuance of opportunities to make sound acquisitions at reasonable prices.

Growth of the Chemical Industry

Many chemical companies qualify as growth companies under the above definition, although there is a marked difference between companies as to rates of growth.

The chemical industry as a whole has had one of the most rapid growth rates of any major industry. Since 1925, production of industrial chemicals has grown nearly three times as fast as total industrial production. A continuous stream of new and improved products has contributed to the expansion. The following products have experienced a particularly rapid growth: plastics, synthetic rubbers, light metals, petrochemicals, synthetic fibers, agricultural chemicals, synthetic detergents, fiberglas, gasoline and oil additives, silicones, catalysts and synthetic lubricants.

Sale of chemicals and allied products have increased more than five fold since 1939. Such sales are estimated at $23 billion for 1955, representing a new all-time high and a gain of 17.6% over 1954 sales.

Sales and Earnings of Chemical Companies

Now let us examine the growth over a somewhat shorter period. Fifty chemical companies, whose stocks are held by Chemical Fund, have reported, for the period 1945 through 1954, an average increase in sales of 178% and in net earnings per common share of 320%. For 1955 it is estimated that these companies will report an average increase in sales of about 20% and in net earnings of more than 30% as compared with the preceding year. When figures for the full year 1955 become available for all of the companies, they undoubtedly will show 1955 to have been the best year yet for most of the companies.

I don't want to burden you with too many figures. However, I thought you might be intersted in the investment results of some of the companies. For this purpose, let us select five large companies producing widely diversified lines of chemicals, including Allied Chemical, Dow, du Pont, Monsanto and Union Carbide, and five smaller companies producing somewhat specialized lines and picked pretty much at random. These might include: Corning, Minnesota Mining and Manufacturing, Pfizer, Rohm & Haas and Smith, Kline & French. Let us assume that $1,000 is invested in the common stock of each of these 10 companies at prices prevailing around the end of 1945. This total investment of $10,000 would have a current market value of more than $55,000. The annual rate of dividends provided the very low yield of 2.7% at the time of purchase. The current annual dividends provide a yield of 11.2% on the original cost of the investment. Stocks of the five smaller companies appreciated more than stocks of the five larger companies, although all achieved substantial gains.

Price/Earnings Ratios

The price of a common stock should bear a reasonable relationship to its earnings. For example, a stock earning $2 per share may sell at a price of 20, or 10 times earnings, provided the company is well established, has a fairly steady record of earnings and is in sound financial condition. Investors usually place higher market valuations on stocks of growth companies. If the above company had a pronounced upward trend of earnings, and the outlook appeared favorable, it might sell at 40, equal to 20 times earnings, or it might sell even higher. For example, Allied Chemical & Dye is currently selling at 20 times its earnings, Corning 22 times, du Pont 25 times and Union Carbide 23 times. Price/earnings ratios are constantly changing as investors change their appraisals of the present situation and outlook for the future.

Fifty chemical stocks, which are held in the portfolio of Chemical Fund, are selling on the average 17 times earnings for last year, and 15 times estimated earnings for 1956 to yield 3.2%. At the end of World War II chemical stocks sold on the average about 18 times earnings. While chemical stock prices have increased substantially since the end of World War II, the earnings have also advanced just as rapidly, so that today's price/earnings ratios are on the average no higher than they were at the end of World War II.

Earnings for 1955 are, in many instances, after deducting costs of starting up new plants and facilities and also after deducting heavy charges for accelerated amortization on plants built under Certificates of Necessity.

Financial Condition

The financial condition of a company is of first importance. A company in poor financial condition may not be able to command the cash or credit to continue its expansion. A rapidly growing company should have cash and government securities about equal to total current liabilities, and a ratio of current assets to current liabilities of not less than 3 to 1. Funded debt should not be excessive. There are many opinions as to the precise safe limit of debt for a growing industrial company, ranging from one-quarter to one-half of the total capitalization including surplus. Much depends on the nature of the business and the particular circumstances of the company concerned. As my boss, Mr. Eberstadt, so aptly puts it "The amount of the funded debt will depend on whether you want to sleep well or whether you want to eat well."

Plant Expansion

Another important factor to consider in appraising the outlook for a growth stock is capital expenditures. This gives a clue as to future sales and earnings, particularly when reasonably complete data as to major projects is made available.

Growth of the chemical industry has been facilitated by the expenditure of more than $11 billion for new plant and equipment since the end of World War II. More than half the capital expenditures has been for new products and new processes designed for greater efficiency and lower cost.

The Manufacturing Chemists' Association has just recently completed a survey of 599 projects for new chemical plants to be built during the years 1955, 1956 and 1957 at an estimated cost of $2.3 billion. Of these projects, 269 already have been completed at a cost of $772 million. A breakdown of capital expenditures by principal classifications of chemicals is shown below:

MCA Construction Survey 1955-1957

	Millions
Organic chemicals	$633
Inorganic chemicals	481
Fertilizer chemicals	433
Plastics and resins	288
Synthetic fibers	155
Metals and alloys	155
Synthetic rubbers	117
Research labs. and misc.	115
Total	$2,377

In commenting on the continued high rate of construction, General J. E. Hall, President of the MCA, said ". . . it is the logical outgrowth of the chemical industry's intense research. The plants are being built to make use of the results of research and to supply new products, improved products and existing products at lower cost." The plants should make an important contribution to future earnings when they attain capacity operations.

The chemical industry is characterized by large investments in plant and equipment. Its capital investment of $20,000 per wage earner is among the highest of all manufacturing industries. This is caused by the complex nature of many chemical operations which employ high temperatures and pressures and by the high degree of instrumentation for automatic control of operations. It results in a low labor cost per unit of production.

Process improvements and increasing productivity of labor have enabled the industry, during the past 10 years, to absorb raw material cost increases of more than 100% and wage rate increases of over 150% while raising the sales prices of chemical products only 30% to 40% and reporting increasing profits from operations. New scientific knowledge, developed through research, creates opportunities for further improvements. These will in the future, as in the past, continue to increase productivity and to lower costs.

Research

You will recall that our definition of a growth company is one that places principal reliance for future growth on research and development, directed toward the creation of new and improved products, more efficient processes and to the extension of markets by finding new uses for existing products. This necessitates a highly trained, well directed research staff, and laboratories equipped with the most modern of scientific instruments.

Just how much money to set aside for research and development depends on many factors. It has been suggested that to keep pace with its competitors, a company in a growing industry should spend in the neighborhood of 2.5% to 3.5% of sales. Twenty chemical companies spent $228,000,000 on research and development in 1954. The expenditures of these companies ranged from a low of 1.8% of sales to a high of 8.6% of sales. The average for the group of 20 companies was 3.5% of sales.

These figures should be used only as a rough guide. Direct comparisons between companies are apt to be misleading, unless accounting differences are fully known. Also the soundness of relating research expenditures to sales is open to question, because profit margins of different companies and of different products vary widely. It has been suggested that a better measurement is to relate research and development expenses to net income before taxes and before deducting such research expenses. It is interesting to note that the research and development expenses of the 20 chemical companies averaged about 17% of such net income in 1954.

A large expenditure for research and development is in itself no guarantee of future progress. Of far greater import is the creative ability of the research staff, and even this would be of no avail if management is unwilling or unable to promote commercial development of the accomplishments of the research staff. So while we study the figures and find them helpful in our appraisal of growth prospects, the intangibles remain of the greatest importance.

Shortage of Scientists

A word of caution in appraising long-term growth prospects of the chemical industry appear warranted, as there is a shortage of scientifically trained personnel. Our universities are not graduating enough scientists to take care of industry's growing needs.

Perhaps the most effective place to tackle the problem first is at the high school level. Some high schools teach no science at all. Others have no laboratory facilities. Since 1950, the number of accredited high school science teachers has been reduced by more than one-half. I really believe that a solution to the teacher problem would be far easier to achieve if all of us could attain a fuller appreciation and understanding of the tremendously important task that the high school science teacher can perform.

Diversification

The chemical industry produces an almost infinite variety of materials, which are essential to the operation of every major industry. It converts abundant, low cost raw materials such as coal, salt, limestone, sulphur, air, natural gas, petroleum, wood and products of agriculture into about 50 important basic chemicals and into hundreds of intermediates. The latter are processed on a commercial scale into some 8,000 chemicals.

The diversification of the chemical industry may be further illustrated by the wide variety of new products that attained commercial production in 1955. In the field of medicine, the new analogues of cortisone, pioneered by Schering, have demonstrated a marked improvement in effectiveness and safety over other corticosteroids for the treatment of rheumatoid arthritis, bronchial asthma, allergies and other diseases. It is estimated that sales of the new analogues already exceed the annual rate of $35 million. Smith, Kline & French's chlorpromazine and other tranquilizing drugs are being used with striking effectiveness in the treatment of mental illnesses, nervous conditions and alcoholism. Development of the Salk polio vaccine has contributed much to an understanding of the problems of viruses. At the end of 1955 Lilly had supplied 20,700,000 doses of Salk vaccine, or about 70% of the total amount supplied by all manufacturers.

A new type of polyethylene, made by low pressure methods, promises to extend the market for this rapidly growing class of plastic materials. The new polyethylene, with its greater rigidity, strength and heat resistance, appears well suited for use in film and sheeting for packaging, in pipe, and in molded goods such as bottles, trays, bowls and hundreds of other household and industrial articles. Ten prominent companies are licensed to make the new type of polyethylene under the Ziegler or Phillips patents.

The polyurethanes comprise a versatile family of new compounds that can be made into a great variety of products. These include flexible foams for use in mattresses, seat cushions, pillows and clothing interliners; rigid foams which are used to increase the structural strength of wing tips, tail assemblies and radar housings of airplanes and to provide both insulation and strength to other fabricated metal products; solid rubber-like materials that possess outstanding abrasion resistance; adhesives and protective coatings. Allied Chemical, Du Pont and Mobay, the latter jointly owned by Monsanto and the German Bayer company, occupy leading positions in the manufacture of the polyesters and diisocyanates required for the polyurethanes.

Around the middle of last year, Hercules' new plant for the manufacture of dimethyl terephthalate commenced operations. The plant employs an air oxidation of p-xylene under mild conditions. This new process has resulted in low cost and high purity for this important intermediate for the manufacture of the polyester films and fibers. This is an important new development of itself, but doubly so because this same technique and essentially the same equipment can be used for the manufacture of other chemicals.

The above are but a few examples of recent additions to the great variety of chemicals that are available. The wide diversification of the chemical industry in both products and markets lends stability to operations, as well as providing ever increasing opportunities for growth through development of new and improved products. It is this opportunity for growth, more than any other single factor, that accounts for the high investment rating placed on securities of chemical companies.

Chicago Bond Club To Hear Reierson

CHICAGO, Ill.—There will be a luncheon meeting of The Bond Club of Chicago, Thursday, April 26, 1956, at 12:15 p.m., in the Red Lacquer Room of the Palmer House.

Guest Speaker will be Roy L. Reierson, whose subject will be "Investing Today for Tomorrow's Economy."

Mr. Reierson is the economist for the Bankers Trust Company of New York, with the office of Vice-President

Members may avail themselves of the opportunity to invite guests at a charge of $3.75 per person. Reservations may be made with Donald B. Stephens, Cruttenden & Co.

With Keller Brothers

(Special to The Financial Chronicle)

BOSTON, Mass. — Edward J. Carroll is now with Keller Brothers Securities Co., Zero Court Street.

With Coburn Middlebrook

(Special to The Financial Chronicle)

WORCESTER, Mass. — Joseph Gemma, Jr. is now affiliated with Coburn & Middlebrook, Incorporated, 390 Main Street.

With R. F. Campeau

(Special to The Financial Chronicle)

DETROIT, Mich. — Richard J. Ellyson is now with R. F. Campeau Company, Penobscot Bldg.

Merrill Lynch Adds

(Special to The Financial Chronicle)

SAGINAW, Mich.—Richard M. Guthridge is now with Merrill Lynch, Pierce, Fenner & Beane, Second National Bank Building.

Joins Don W. Miller

(Special to The Financial Chronicle)

DETROIT, Mich.—Acar Z. Bill has joined the staff of Don W. Miller & Co., Penobscot Building, members of the Detroit Stock Exchange. Mr. Bill has recently been with Industrial National Bank of Detroit and prior thereto was with Carr & Company.

Railroad Securities

By GERALD D. McKEEVER

Missouri-Kansas-Texas

The Missouri-Kansas-Texas is in the throes of its third attempt to solve the constantly increasing problem of disposing of its 7% cumulative preferred stock liability. The back dividends on this issue totalled $154 per share as of the first of this year and $155.25 after giving effect to the 50-cent per share payment made on April 2. One of the steps taken by the new common stock interests which last June acquired privately a block of over 500,000 shares of the road's common, and gained representation on the road's Board, was to reduce quarterly payments on the preferred from $1.25 per share to 50 cents. It was stated last September in connection with the announcement of this reduction, which became effective for the final quarter of last year, that this reduction was "in no sense a commitment as to future policy" but that it was done in view of the (quite accurate) projection of only $3 million net for 1955. The payment at the $5 rate which had been in effect for some time called for $3⅓ million annually, and this amount would not have been fully earned in 1955. Net income for last year was actually $3,111,000 as against $4,020,000 for 1954 and $6,343,000 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 preferred and its accruals, which, as mentioned above, were $154 per share as of the first of this year. This plan is to offer in exchange for each $100 par preferred share, or a total claim of $254 as of that date, a "package" with nominal value of $150. This would consist of $50 principal value of 4½% prior lien bonds of 35-year maturity, $50 principal value of a 5% income debenture, and an arrears certificate having a claim up to $50 on net earnings of the road before any dividends could be paid on the common stock.

The value of this proposed "package" might be estimated somewhere in the vicinity of $90 at the present time. The outstanding prior lien 4½s of 1978—i.e., due in 22 years—are selling around 90, and this might suggest a value of 85 for the proposed 35-year issue, or a factor of $42.50 in the "package." The income debentures might be rather generously valued at 55 (the more strongly situated Missouri Pacific income debentures are trading around 61) and this would indicate an additional "package" element of $27.50. The value of the arrears certificate is more dubious until the trend of the road's net income improves, but this might be assigned a "guesstimate" of 40% of face value for the time being, which would produce another "package" element of $20. While the total work-out value of the "package" may thus look like $90 (as against the current price of 75 for the preferred) whether this would hold or increase would depend on the stability of the prior lien 4½s and the income debentures particularly, which, in turn would depend on an improvement in the road's earnings. Available earnings in 1955 barely covered the total pro forma interest of some $6.8 million as per the plan and left almost nothing for the acquisition of, or payment on, the arrears certificates. The prior lien 4½s of 1978 are already down about 10 points from their 1955 high.

On December 1, the day this plan was divulged, "Katy" preferred ran up to 91½ for a four point gain on the day, but this strength was shortlived and it closed on the following day at 85¾. More sober reflection apparently changed a lot of minds, and best evidence of this was the weakness in the road's bonds that set in immediately. To allocate $50 principal value of prior lien 4½s for each of the 667,004 shares of the preferred would involve a $33.3 million increase in the road's senior and fixed interest debt, and would increase fixed charges by $1.5 million, or roughly by 50%. As mentioned above "Katy" prior lien 4½s are down 10 points from the 1955 high and other bonds of the road are down in proportion. There is some opinion that they would be even lower if there were stronger evidence of the success of the plan.

On the contrary, the plan is being opposed both by a large bondholder and by a preferred stockholder group, the latter said to represent 34,000 shares of the preferred. The bondholder, one of the great life insurance companies, has announced its intention, as a holder of $7,059,000 MKT first 4s and three series of the prior lien bonds aggregating $2,971,000, or about one-seventh of the outstanding total of the three prior lien issues, of asking permission of the ICC to intervene in the hearing on the plan before the Commission. A similar request has been made by the above-mentioned preferred stockholder group representing a claim (as stated) of $8,976,000.

The reason for the disaffection of the bondholders is obvious. One of the grounds for objection by preferred stockholders is that they would give up their voting rights by which they represent 45% of the total stockholder vote while being called upon to retain largely a junior position if the plan should gain anything like 100% acceptance. The previous plan which was dropped last July when the new common stockholder group became represented on the road's board would have preserved voting rights by according to each share of the preferred one share of a new class A stock in addition to $140 principal value of income debentures. The second objection is that a total claim of $254 per share would be settled by an allocation having only $150 nominal value and a much lower presently realizable value. A third objection that has been raised is that stockholders may have to be taxed for having made these concessions, since it is believed that a revamp of this sort might be ruled a taxable exchange, with the result of penalizing those who purchased "Katy" preferred at lower prices.

Finally, the proposed plan is not viewed as accomplishing the purpose of improving the position of the common in respect to dividend outlook unless such a sizable proportion accept so that the road could within its means meet its obligation to a small balance of non-assenters, or make a better deal with them, and this possibility would encourage "hold-outs." It is stated that the road will not make the plan effective unless it is accepted by 75% of holders of the preferred, but even this could be far from a large proportion of the 667,004 shares. Subject to the plan's becoming effective on this basis, the road's common stockholders on Feb. 2 voted to reduce the stated value of their shares from $82.42 to $41.20, to produce about $3.3 million additional capital surplus.

Whether or not the ICC will be influenced by objectors, there is great question that, in its own thinking, it would countenance the $33⅓ million increase in senior debt and a 50% increase in fixed charges to discharge in part a junior obligation. Also, the $6.8 million annual interest that would result was barely covered by 1955 earnings, as previously mentioned, and unless improvement is in sight, there is no room for a capital fund except at the expense of debenture interest. The plan rejected by the road's board last July, provided for a capital fund up to $2 million annually.

It may be hoped, however, that the "Katy" is seeing its worst days now. Available pre-tax earnings averaged $11.2 million annually for the 1951-54 period as compared to the $6.8 million of 1955, which is comparable, since the road paid no Federal tax last year and is still accruing none. The road is fully dieselized, and the poor earnings of the last two years particularly is due mainly to a slump in revenues resulting, for the most part, from poor agricultural conditions in the territory. However, the road's revenue trend has chronically trailed behind that of its own Southwest district as well as that of Class I, and really nose-dived in 1954. Only minor improvement was shown last year—insufficient, in fact to offset higher expenses. Following is a tabulation of revenue indices based on the 1947-49 average as 100:

	1955	1954	1953	1952	1951
Missouri-Kansas-Texas	97	96	113	112	104
Southwestern District	115	105	120	121	115
Class I Total	112	104	119	118	116

Revenues have shown some improvement in the first two months of this year, but, as in the case of most other roads, net income was down because the advantage of the freight rate increase was not gained until March 7. On an annual basis this should amount to about $3.2 million for the "Katy," with some 80% effective this year. Results for February and the first two months of this year are as follows:

	February 1956	February 1955	Two Months 1956	Two Months 1955
Gross Revenue	$5,951,000	$5,649,000	$11,715,000	$11,255,000
Net income	217,000	239,000	221,000	364,000
Maintenance	27.3%	28.4%	27.6%	28.7%

Katy preferred sold at 100½ last year before the dividend payment rate was cut from $5 to $2. Its further decline to the 75 level seems to reflect great doubt that the present plan can be placed in effect, making the higher indicated "Package" values realizable. The common stock, which would not be nominally disturbed by the proposed plan, would nevertheless continue to be penalized by heavy prior charges, although only to the extent of two-thirds of what they would have been under the preceding plan or if the preferred stock remains as it is. Thus the position of the common is potentially improved by the present plan, and while virtually no earnings for the common would have been reflected last year, average pro forma earnings would have been about $1.85 for the 1945-54 decade under the pending plan as against 44 cents per share actually shown.

This would not indicate early dividend possibilities, however, for some $33⅓ million of net would be committed to the retirement of the arrears certificates before a common dividend could be entertained, and this could take some 20 years or more on the basis of average earnings for the 1945-54 decade, and furthermore, without making any provision for some $17 million prior lien bonds falling due in 1962 and $13.6 million adjustment 5s due in 1967. Under proper conditions the $17 million prior lien 4s and 5s falling due in 1962 might conceivably be refunded, at least in part. However, it would require the retention of a larger amount of cash than the pending plan would seem to contemplate to pay off part of these issues, and the chances of refunding either all or part are not helped by the proposal to increase the senior bonded debt and fixed charges as previously described.

In these circumstances the best explanation for even the presently lower price of 14 for "Katy" common is the short position in this stock—the heaviest short interest on "the Board." The run-up to over 21 last year followed the announcement that some 500,000 shares in an estate were bought privately, and were thus not to appear on the market to relieve the short position.

First National City Group Offering Philadelphia Bonds

The First National City Bank of New York and Halsey, Stuart & Co. Inc. are joint managers of an underwriting syndicate which was awarded on April 10 an issue of $12,000,000 Philadelphia School District, Pennsylvania, bonds, due May 1, 1958 to 1981, inclusive.

The group bid 100.0304 for a combination of 4s, 2¾s, 2⅞s and 1s, representing a net interest cost of 2.8777%.

The bonds were reoffered at prices scaled to yield from 2% to 3.10%, according to maturity.

Associated in the offering are: Harris Trust and Savings Bank; Blair & Co. Incorporated; Salomon Bros. & Hutzler; Stone & Webster Securities Corporation; R. W. Pressprich & Co.; Goldman, Sachs & Co.; Union Securities Corporation; Eastman, Dillon & Co.; Hornblower & Weeks; Dean Witter & Co.; A. Webster Dougherty & Co.; Coffin & Burr Incorporated; The Illinois Company Incorporated; Roosevelt & Cross Incorporated; Fidelity Union Trust Company, Newark, N. J.; Geo. B. Gibbons & Company, Incorporated; First of Michigan Corporation; Hayden, Stone & Co.; Central Republic Company (Incorporated); Bramhall, Falion & Co., Inc.; Moore, Leonard & Lynch; Fauset, Steele & Co.; Thomas & Company; Brooke & Co.; McCormick & Co.; Mullaney, Wells & Company; Glover & MacGregor, Inc.

With Donovan, Gilbert

(Special to The Financial Chronicle)

SAGINAW, Mich.—Stephen H. Lyttle is now associated with Donovan, Gilbert & Co., Bearinger Building.

With Jamieson & Co.

(Special to The Financial Chronicle)

MINNEAPOLIS, Minn. — Alexander J. Bedard is now with Jamieson & Company, First National Soo Line Building, members of the New York Stock Exchange.

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Canada's Northern Empire Offers Unlimited Possibilities

and scientists compared with 760,000 in the United States. While the United States graduated 53,500 of them in 1954, Russia graduated 104,000.

Russia's Mammoth Industrial Expansion Must Be Viewed Dispassionately

My purpose in citing these statistics is not to arouse hostility toward Russia, because I fervently believe that the most dangerous of sentiments is international hatred. War has never provided a satisfactory solution for international problems. The almost 40 years that have passed since World War I have given us sufficient perspective to appreciate the utter folly and futility of armed conflict among nations. The United States, believe it or not, entered into World War I on the side of France and Great Britain with high idealism. In the words of Woodrow Wilson, America felt that this was "a war to end wars" and fought "to make the world safe for democracy." The Allies were completely victorious in 1918. Yet, within a short time, there arose three of the most conspicuous dictatorships the world has ever known—Hitler, Mussolini and Stalin, and within 21 years, the world was plunged into another war more destructive and devastating than any catastrophe that had previously occurred in history. Again the Allies were victorious, and again the world is experiencing uneasy semi-peace, punctuated constantly by small "hot" wars here and big "cold" wars there.

The nations of the world, and the peoples within them, have always differed widely in their economic, political and religious beliefs. We know from bitter experience that the irrationality of war cannot settle these differences. We must further recognize that, in this atomic age, warfare will more likely than not lead to the annihilation of both aggressor and defender. Mankind's survival rests upon the frank exchange of ideas and the sincere respect for one another's convictions.

Canada Best Qualified Nation to Promote World Peace

Canada is probably in a better position than any other nation to exercise a profound influence for constructive world peace. She is admired and well liked throughout the world. With the United States, she has given a century-long demonstration that two nations can live side by side in amity. Within her own borders, she has long peacefully embraced two major races, representing two languages and two religions—both, of course, accidents of birth. This Canadian example of living in admiration and respect at home and abroad holds tremendous hope for the whole family of mankind, whose choice has narrowed down to coexistence or extinction.

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Bank Stocks as Investments Throughout tne Business Cycle

of the favored types of bank stocks while undervaluing wholesale banks and New York banks in general.

For my part I firmly believe that the three types of bank stocks which I have mentioned should still be emphasized but this does not mean that I would avoid or neglect other types of bank stocks because the future of all good bank stocks appears very bright. I caution against guaging the desirability of a bank stock solely by its fidelity to the characteristics of these favored types. Furthermore my affection for the favored types of bank stocks is strictly tempered by price considerations and can prove very, very fickle if relative prices get out of line. I believe that the relative advantages enjoyed by the favored types of bank stocks are continuing but with decreased scope as greatly increased loan demand and substantial increase in the prime loan rate have improved the relative position of other types of bank stocks. In fact at some point, at some time, and under the appropriate operating and economic conditions we may properly emphasize the other types of bank stocks. We may be a long way from that today but the possibility is real enough so that I do not want to pay too much of a relative premium for diminishing relative advantages or have all of my bank stock funds tied up in the types of bank stocks most favored today. I know that one swallow does not make a summer but when J. P. Morgan & Co., which is a New York, one office, wholesale bank, can show an increase of 35% in earnings in one year as it did in 1955 I am not going to let any popular prejudice turn me against this bank because it is situated in New York City and does a wholesale business exclusively.

My attitude is simply this. Judge each bank on the sum total of its discernible merits, including, of course, the quality of its management, no matter where it is situated, no matter what its type and relate your conclusion to the market value of its shares. We know that there are fads in investing, but fads and enthusiasm are no substitute for sound analysis. The whole bank stock picture is very attractive. Let us not limit the advantages which we can gain from investment in bank stocks by avoiding one section of the bank stock market or overemphasizing any other section.

I know of professional investors who will not make any additional commitments in New York or Chicago bank stocks because reserve requirements are 20% in these cities compared with 18% in reserve cities. Obviously, there is a two point differential against the New York and Chicago banks. Informed banking opinion regards this differential as an anachronism and eventually it will be eliminated by change in the law if it cannot be removed by administration. In any event, the differential has been decreased from the legal maximum of six points to the present two points and on the last two occasions when reserve requirements were decreased in mid- 1953 and mid-1954 the New York and Chicago requirements were decreased two points each time and the reserve city requirements were decreased only one point each time. The remaining differential against the New York and Chicago banks is still material but it is only one-third of what it was and the possibility of total elimination is real enough so that the required reserve differential is a near-term rather than a long-term objection to the New York and Chicago banks.

From 1939 to date there was a very large increase in total deposits of all member banks. As a result of the over-all increase, the actual deposits of all classes of member banks have increased tremendously but the proportionate amount of total deposits held by the Central Reserve City banks in New York and Chicago has declined drastically while the proportionate amount of total deposits held by the Reserve City Banks has appreciably increased and the proportionate amount of total deposits held by Country Banks has tremendously increased. No one would deny that during this period the sun shone brighter on the Reserve City and Country Banks than on the Central Reserve City Banks, but this is a natural phenomenon in an expanding economy. Money goes where it is spent regardless of where it is borrowed and piling up redundant money in the New York and Chicago banks with the rest of the country starving for credit was not politically possible if it was economically feasible. In any event most of the increase in total deposits, most of the deterioration in the relative position of the New York and Chicago banks and most of the improvement in the relative position of the Reserve City and Country Banks since 1939 to date occurred prior to 1950. Since then the increase in total deposits as well as the changes in proportionate distribution of deposits have both continued but at a greatly reduced rate. If you wish to benefit from the better deposit performance of the Reserve City Banks compared with the New York and Chicago banks you may still do so but you have missed the greater part of your opportunity, and, therefore, should not pay too high a relative price for the scope of the opportunity which remains even in the districts which have shown the best rate of growth.

Also, as the increase in prime interest rates which we have already had is gradually bred into the average rate received by banks on loans and investments it is quite probable over the next few years that the increase in average rate received on loans in investments will add much more to bank income than increased volume of loans and investments resulting from increased deposits at the present rate. To the extent that the increase in the average rate received on loans and investments is a recovery from an artificially low level the betterment in a bank's position resulting from an increase in average rate received on loans and investments may prove as permanent or more permanent than the betterment resulting from an increase in deposits.

The recent and current improvement in the banking business has benefited all types of banks but it has particularly benefited wholesale banks and Central Reserve City Banks. Increased loan demand and higher interest rates have helped all types of banks but have tended to lessen the comparative advantage enjoyed by our favored types of banks. With more loans around than the banking system can conveniently handle the ability to get loans loses much of its premium value and the ability to make loans assumes an unaccustomed value. Interest rates never declined as much in the Reserve Cities or in retail banks as they did in the Central Reserve Cities and in wholesale banks. The improvement in rates in the Central Reserve Cities and in wholesale banks, therefore, started from a lower level and can result in a higher proportionate increase in loan income. Furthermore, the lending operations of Central Reserve City Banks and wholesale banks are more closely related to the prime lending rate and therefore will derive more benefit from increase in the prime rate.

I would like to say a few words about the tools of bank analysis and the outlook for the banking business but before I proceed further I would like to repeat my earlier statement. Judge each bank on the sum total of its discernible merits, including, of course, the quality of its management, no matter where it is situated, no matter what its type and relate your conclusion to the market value of its shares.

Bank Analysis Tools

The balance sheet of a bank which is submitted to stockholders is basically similar to the call report or legal statement which must be submitted to supervisory authority at least three times a year and published in a newspaper bearing the sworn statements of an officer and three directors.

A bank's earnings report to its stockholders is not required by law and is not made to supervisory authority. Any earnings report required by supervisory authority is merely affirmed by one officer of the bank but is considered secret and is not available to the stockholders or public.

The difference in form and treatment between the balance sheet and the earnings report is important to analysts because as a result balance sheet information on banks is more formal, more precise, more comparable and more frequently available than earnings information. In fact, many interior banks issue an earnings report only once a year and some banks, even including some of the large Chicago banks, never issue one. Furthermore, outside of New York City where detailed, comparable, quarterly earnings reports are the rule, there seems to be an infinite variety of earnings reports and an infinite variety of the factors which are permitted to influence reported earnings in various ways.

For these and other reasons I hark back to my early training and also figure bank earnings from balance sheets by dividing the increase in capital, surplus and undivided profits plus dividends paid during the period by the number of shares outstanding. The result which is known as indicated earnings to distinguish it from operating or reported earnings is all that we could get in the old days when bank earnings reports were unknown and generally considered unnecessary. I prefer to use operating earnings where available but I include the indicated earning figure in my bank stock table along with the operating earning figure as a notice and reminder to check on any difference between them. Indicated earnings may be outmoded but they still serve this useful purpose in bank stock analysis.

I am a great believer in the use of ratios in bank stock analysis, using one ratio to fortify or check on the implications of another. There are at least 20 ratios which are commonly used in bank analysis. These divide themselves rather naturally under the three headings: balance sheet ratios, earnings ratios and market ratios. All of these ratios and several others for 124 banks are given in our annual bank study.

The average person gets the most information out of the market ratios and, in my opinion, these ratios are the most important because they give a judgment of value at a price instead of merely contemplating abstract value. The amount of earning assets per dollar of market value tells you how many dollars go to work for you for every dollar put into the market. The earnings on market value tell you what is earned on every dollar put into the market and the yield tells you the rate of income received on every dollar put into the market. Then in case you are interested, the market value-book value relationship tells you how much in dollars of underlying stated value you get for the dollars put into the market.

The inherent earning capacity may be gauged by the rate of earnings on total capital accounts and the efficiency of a bank's operations may be gauged by its rate of earnings on total assets and the amount of net operating earnings in relation to gross earnings. The adequacy of capital may be gauged in part by the capital deposit ratio, the risk ratio (total assets less governments and cash assets times capital accounts) and the composition of assets.

Policy and nature of business can be determined in part by the composition of assets, the breakdown of income by sources and the risk ratio. These and many other things can be learned by proper combination of ratios. A large capital deposit ratio indicates high earning capacity and a low risk ratio with a large capital deposit ratio indicates large reserve earning capacity. A bank which has a lower than average risk ratio, a higher than average rate of return on capital, a higher than average rate of return on total assets and a higher than average per cent of gross carried through to net is a candidate for the bank stock hit parade. Ratios can indicate which bank stocks appear relatively desirable and should be subjected to finer internal analysis if adequate information is available. However, the use of any and all ratios must be appropriately tempered by consideration of the quality and record of the bank's management. Ratios are very good tools but you have to combine their use with general knowledge.

The excellent first quarter bank earnings now being released are gratifying but certainly not surprising. One did not have to be a prophet to be able to predict the direction of bank earnings in 1956. The initial direction of bank earnings in 1956 was determined in 1955. Interest rates, particularly loan rates, increased sharply in the latter part of 1955 but the increases were not in effect long enough to appreciably increase the average rate received on loans in the year 1955. Their full effect will be felt in 1956 and subsequent years. The prime loan rate increased from 3-3¼% in August and from 3¼-3½% in October, 1955. The rate charged by the New York banks to business borrowers increased approximately ½% from 3.30% in June to 3.76% in December but the average rate on loans received by these banks increased only nominally from 3.50% in 1954 to 3.64% in 1955. The large increase in interest income of the banks in 1955 compared with 1954 resulted primarily from increased volume of higher yielding loans financed by transfer of funds in volume from lower yielding investments rather than from higher interest rates. A bulletin of the Board of Governors of the Federal Reserve System speaking about the earnings of all Member Banks said in part: "The larger earnings on loans were largely due to a $7 billion increase in average holdings of loans as the rate of return on these assets showed little change." I would note in passing that the average rate received on loans by all Member Banks was 4.76% in 1955 compared with 4.71% in 1954.

The effect on bank earnings of all the changes which occurred in 1955 is cumulative in 1956. The New Year started with a higher effective rate received on loans than the 1955 average and a much greater volume of loans than the 1955 average. The adjusted loans, excluding loans to banks of weekly reporting Member Banks in New York City, were $14,043,000,000 on Jan. 4, 1956, an increase of $2,316,000,000, or 19.7%, over Jan. 5, 1955 and $1,311,000,000, or 10.3%, above the 1955 average. The adjusted loans, excluding loans to banks of week reporting Member Banks in leading cities, were $48,297,000,000 on Jan. 4, 1956, an increase of $7,706,000,000, or 18.8%, over Jan. 5, 1955, and $4,701,000,000, or 10.8%, above the 1955 average. On March 28, 1956 the adjusted loans of weekly reporting Member Banks in New York City were even higher at $14,660,000,000 and adjusted loans of weekly reporting Member Banks on March 21 were even higher at $49,556,000,000.

Since the beginning of the year the rate on loans has firmed perceptibly. Although the prime loan rate has not been officially changed as yet there are not many borrowers who can still borrow at the prime rate so the rate charged to most borrowers will be increased with or without an increase in the prime loan rate. Then over the last month-end the Brokers loan rate was increased from 3¾% to 4%. This action reveals the realities of the present situation because the Brokers loan rate is one of the most sensitive money market indicators. A 4% Brokers loan rate seems strange to many people and frightening to some but prior to 1930 the Brokers loan rate was normally above 4% and generally considerably above. For whatever the contrast is worth I would like to point out that the average rate received by the New York banks on total loans and investments in 1955 was approximately 2.96%.

Bank commitments are predominantly short-term but are not all payable on demand. For this reason, when interest rates increase there is always a time lag before the average rate received on loans and investments can equal the going rate for new commitments. We are now in this stage in the build-up of bank earnings. Earnings have increased and will continue to increase. If interest rates continue to increase the banks can enter into a secondary or explosive stage in the build-up of earnings. If interest rates continue to increase, the difference between the rate received on old commitments and the going rate can become very considerable and constitute a concealed earnings potential of considerable magnitude. When this potential is realized by reinvestment of old commitments in volume the situation can become dynamic. Then the average rate received on total loans and investments can increase faster than the going rate and may continue to increase after the going rate has stabilized or tapered off. The banks may or may not get into the secondary or explosive stage of earnings build-up on this try but the actualities of the primary stage that we are now in are promising enough to attract increased investor interest in bank stocks.

Now Cloud, Price, Harris

HOUSTON, Tex. — The firm name of Harris & Company, Commerce Building, has been changed to Cloud, Price & Harris, Inc.

Now Kahlmus & Co.

MERIDIAN, Miss. — The firm name of Kahlmus, Smith and Company, Threefoot Building, has been changed to Kahlmus & Company.

Joins Kenneth Provost

(Special to THE FINANCIAL CHRONICLE)

SANTA ANA, Calif.—Robert B. Pershall has become affiliated with Kenneth L. Provost, 525 North Broadway.

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Impact of Atomic Energy On the Chemical Industry

cant progress in futhering private enterprise participation in the peaceful development of atomic energy, through modifying security regulations and liberalizing patent policies. Highlighting these efforts have been the Atomic Energy Act of 1954, the declassification program recently instituted, and the establishment of access permits. These are all encouraging trends and if continued will contribute to a fuller participation by the chemical industry. It is important, therefore, that security and patent regulations be so modified as to make research and development attractive to the entire industry. To this end, declassification should continue at an accelerated rate and be broadened to the fullest extent consistent with national security.

The atomic energy field will grow and develop to its full potential only when it is completely exposed to the normal commercial incentives of private industrial development in a system of free enterprise.

The personnel of the Atomic Energy Commission has shown a keen awareness of the needs of private industry, and has been genuinely interested in working out solutions to our mutual problems. This close liaison has made possible the progress to date, but closer and continuing liaison is both needed and expected. Within the limits set by the weapons program, all information developed at government expense should be made available to industry on an unclassified basis.

At the same time industry must recognize that it cannot be spoonfed by the AEC. The amount of valuable information now available on this subject is far greater than many companies can absorb. Before criticizing the government for restricting information, these companies should investigate what is available.

Private Enterprise

It is no accident that the greatest progress in the development of new products in this country and the speed of their accomplishment are brought about through the device we call the private corporation—an organization specifically and primarily designed to get the most out of the human attributes of leadership and teamwork. Some of these are large and others are small. Some are criticized at times for their bigness. Having been a part of the largest corporation-like agency in this country for the past 38 years, I am not so concerned at the size of some of our private corporations. They are small indeed in comparison with the Defense Department.

The large corporations could not function without the support they obtain from thousands of small companies throughout the country by contract and subcontract for products made by these smaller companies. There is and will continue to be a requirement in the future in the atomic field for both large and small organizations of this type if we are to make the progress we should.

I believe it is apparent to all of you that the challenge of this new science is tremendous. I know this is recognized by the chemical industry. But the potential good that can result for all mankind merits doing all we can to meet this challenge. There is another important reason. We in America are used to competition. In this field we are dealing with world competition, and it must be met if we are to maintain our present world position. American industry will do well to consider how its business will be affected if nuclear energy gives to foreign countries power in quantities, at prices, and in areas not heretofore available.

I have already touched upon the serious problem of an adequate supply of trained scientists and engineers. Aside from the nuclear energy field, our industry alone has and now is facing a dangerous shortage of such personnel. It will become more serious as time goes on at least for the immediate future. But this new field will demand much more of human resources than technical proficiency. It will, in fact, demand the best our population can produce in business and industrial leadership and teamwork. This is the critical area upon which all the rest will depend.

Throughout my Army career the questions of leadership and team play have been subjects to which I have given much thought and study. It was my privilege to know all the senior military leaders on the Allied side during World War II, as well as most of the top political leaders. I know many of the men who have succeeded to these positions since the war and, in addition, have met and gotten to know other present day leaders in the free world, especially in the Far East. Although no two of these men have been alike, they have all demonstrated qualities of leadership which they have in common.

It is my firm conviction that these same qualities are just as applicable in the civilian field, particularly in this new development of peaceful uses of atomic energy. But there is one fact I would like to emphasize. Leaders are not born, they are made. Nothing is more important in human endeavor—be it the defense of our country or the building of a new industry—than the development of good leaders and teamwork, and you cannot have good teamwork without good leadership.

We must remember that young people are coming up who are anxious to fill these roles. We know that the kind of leadership this new era requires, if we are to see our hopes and dreams realized, must be based on a high degree of character, knowledge and imagination. Therefore, we are the ones who have the responsibility to train and help this new leadership. Let us not tell our young people that the burden of this bright future rests on their shoulders, without first clearly understanding that the responsibility for their training for the future now rests on us.

The atomic age was opened, industrially, as Dr. Lauchlin M. Currie so aptly pointed out, when President Eisenhower, in an address to the General Assembly of the United Nations, Dec. 8, 1953, stated:

"The United States pledges before the world its determination to help solve the fearful atomic dilemma, to devote its entire heart and mind to find the way by which the miraculous inventiveness of man shall not be dedicated to his death, but consecrated to his life."

We are a people whose history has proved our vigor and ability, not only in material things but in social and spiritual as well. The potentials in nuclear energy offer some of the brightest gains the human race has ever seen. I am confident we will make those gains.

Our Reporter on Governments

By JOHN T. CHIPPENDALE, JR.

The pressure is still on the money markets, and until there is a change in some of the inflationary or extreme confidence forces operating in the economy it is not likely that there will be any letup in the tightness which has been plaguing the Government market. The absence of interest in Government obligations, other than the short-term liquid issues, is due mainly to the credit limiting, interest rate raising policies of the powers that be. The uptrend 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 to buy Government obligations and in that way give support to the prices of these securities. Because the Government bond market has been allowed to shift for itself, it has become a very narrow and thin affair, 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 evident that those that used to be buyers of these securities do not have funds now for Treasury issues, either because of the large demand for loans or because of the other more productive channels for the investment of their money.

The buyers of Government securities have become fewer and fewer and the market for these obligations has 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, great prosperity or extreme confidence or, even in some cases, 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. These appear to be the ingredients from which the inflationary psychology is made, even though on this occasion it is based upon confidence and not on fear as it has been in the past. Also, the booming stock market, which is not based so much on credit as far as Federal margins are concerned but which 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 powers that be.

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 lows each day. Because of the debacle of 1953, it had been assumed in some quarters that there would not be a repetition of what happened to the Government market at that time, but it seems as though this kind of thinking was not correct because the recent disorganized condition 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" and this does not appear to afford even a modicum of attention to the rest of the Government securities, which are also a part of the market for Treasury obligations. 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 some 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 that do not have as good market protection as do certain corporate issues. The fact that some non-Government bonds acted better marketwise than did the Treasury securities in the recent market debacle is not the kind of situation that encourages investment in what is supposed to be the best issues of them all, namely, United States Government securities. The operation of sinking funds has given corporate bonds at least some protection and support but nothing like this has been available to long Treasury issues when prices were falling very sharply.

Joins Revel Miller

(Special to THE FINANCIAL CHRONICLE)

LOS ANGELES, Calif.—Joseph A. Healy is now with Revel Miller & Co., 650 South Spring Street, members of the Los Angeles Stock Exchange. Mr. Healy was previously with Oscar F. Kraft & Co.

With B. C. Morton Co.

(Special to THE FINANCIAL CHRONICLE)

LOS ANGELES, Calif.—David R. Shellmire has become connected with B. C. Morton & Co., 1752 West Adams Boulevard.

With R. H. Moulton Co.

(Special to THE FINANCIAL CHRONICLE)

LOS ANGELES, Calif.—Franklin F. Moulton is with R. H. Moulton & Co., 510 South Spring Street.

Two Join Intermountain

(Special to THE FINANCIAL CHRONICLE)

DENVER, Colo. — Warren G. Gillespie and Donald R. Payne have become connected with Intermountain Securities, Inc., 1712 South Broadway.

Kellogg Nominated Ch. of Bd. of NYSE

James Crane Kellogg 3rd, Vice-Chairman of the New York Stock Exchange and the senior partner in the specialist firm of Spear, Leeds & Kellogg, has been nominated to serve as Chairman of the Board of Governors. The annual election of the Exchange will be held on Monday, May 14.

J. C. Kellogg, III

Mr. Kellogg has been a Governor of the Exchange since 1950 and Vice-Chairman since 1954. He was admitted to Stock Exchange membership in July, 1936, when he was 21 years old. He started his career in the brokerage business as a telephone clerk on the trading floor.

Harold W. Scott, the present Chairman, is completing his second one-year term in that office and his seventh successive year as a Governor. Mr. Scott announced in January that, because of the demands and responsibilities of his own business, he would *not* be available for renomination as Chairman or Governor. He is a partner in the Stock Exchange and investment banking firm of Dean Witter & Co., which has offices in 28 cities.

Mr. Kellogg served as Vice-Chairman of the Special Review Committee on Rules and Procedures of the New York Stock Exchange, a committee which completed late last year one of the broadest surveys of the Exchange's operations ever made. The committee made 74 specific recommendations, 51 of which were acted upon by the Board within 90 days after the report was submitted.

Mr. Kellogg is a Commissioner of The Port of New York Authority and Vice-Chairman of the Authority's Finance Committee. He is a director of the City Federal Savings & Loan Association and the Central Home Trust Company; President and director of J. C. Kellogg & Sons; President of the J. C. Kellogg Foundation (an organization for medical research), and a director of Maymount Co. He is a Trustee of the Bay Head (N. J.) Chapel and Westminster Presbyterian Church.

The Nominating Committee, headed by Douglas G. Bonner of Gregory & Sons, renominated four Governors for three-year terms: C. Peabody Mohun, Stern, Lauer & Co. (New York City); Jerome W. Nammack, Sprague & Nammack (New York City); Edward C. Werle, Johnson & Wood (New York City); Clarence A. Bickel, Robert W. Baird & Co. (Milwaukee).

Six new Governors were nominated for three-year terms:

George F. Hackl, Jr., Laird, Bissell & Meeds (New York City); Samuel W. West, Beauchamp & West (New York City); Walter Maynard, Shearson, Hammill & Co. (New York City); Charles L. Morse, Jr., Hemphill, Noyes & Co. (New York City); William E. Huger, Courts & Co. (Atlanta); Edward Starr, Jr., Drexel & Co. (Philadelphia).

Total membership of the Board is 33.

Renominated to be Trustees of the Gratuity Fund, which pays death benefits to the families of deceased members of the Exchange, were:

William Shippen Davis, Blair S. Williams & Co.; John M. Young, Morgan Stanley & Co.

The 1956 Nominating Committee also proposed a new Nominating Committee for 1957:

Austin Brown of Dean Witter & Co.; James F. Burns Jr. of Harris, Upham & Co.; Harry C. Clifford of Kidder, Peabody & Co.; Benjamin Einhorn of Astor & Ross; George M. L. LaBranche Jr. of LaBranche & Wood; John R. McLaughlin of Neuberger & Berman; H. Van Brunt McKeever of Goodbody & Co.; Joseph G. Osborne of Hayden, Stone & Co.; William F. Stafford Jr. of Stafford & Co.

Douglas G. Bonner, partner of Gregory & Sons, is Chairman of the 1956 Nominating Committee. Other members are: William M. Rex of Clark, Dodge & Co.; Ernest W. Borkland Jr. of Tucker, Anthony & Co.; Alexander B. Doyle of Weil & Doyle; Charles A. Greenfield of Mabon & Co.; William B. Haffner of Wilcox & Co.; Donald M. Lovejoy of Bache & Co.; Leonard D. Newborg of Hallgarten & Co.; and Paul Spering of Ernst & Co.

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Monetary and Fiscal Policies: What They Can and Cannot Do

tools. Each affects the other and each reenforces the other.

Timing Difficulties

For monetary authorities, the most fundamental problem of timing is to forecast changes in the business climate in order to take compensatory action before the figures actually prove its necessity. Promptness of action is imperative if the anticipated results are not to be reduced unduly by the time lag between changes in monetary policy and their effect on business activity. If the authorities wait until the figures demonstrate beyond question that further credit restraint or stimulation is needed, the action may lose its effectiveness, in whole or in part. But the perils of action based on judgments in advance of confirmatory information are obvious!

A year or so ago a widely-read daily newspaper congratulated the Federal Reserve for taking appropriate monetary action six months in advance of the time that such action was obviously called for by economic facts. Much as we appreciate such kind words, we ought not to be credited with quite that much foresight. When we are that good, we are lucky, extremely lucky, rather than endowed with omniscience. Nevertheless, we do try as best we can to keep on top of the developing business and financial situation and to take action as quickly as possible.

Events of the Spring of 1953 serve to illustrate the powerful psychological forces that play upon business decisions and that must be taken in account if monetary and fiscal policies are to be useful. That Spring, ebullience was high, plant expansion was rapid, inventory accumulation was large, and credit demands were strong with prospects for large Treasury borrowing ahead. The monetary authorities countered by increasing restraint on bank credit expansion. Suddenly, in a matter of days, money became so tight as to endanger the smooth conduct of business, and the restraints were eased. In retrospect, it appears that the subsequent decline in activity is to be attributed largely to curtailment of governmental defense expenditures,—a curtailment that had not been scheduled when the monetary restraints were imposed.

The financial policy of 1907 that led to the founding of the Federal Reserve System six years later, the inventory panic with its crashing prices of 1920 and 1921, and the collapsing stock market of 1929 and 1930 all preach their respective sermons. One lesson of the depression of the 1930s would seem to be that if equity values suffer from too great destruction, those executives who should venture if the economy is to revive are too distraught and fearful to do so; or if they have the requisite courage and daring, they may no longer be considered creditworthy by lenders.

On the other side is the psychology of ebullience and of unwarranted optimism. Financial history records boom after boom that burst because men "chased the fast buck" at the sacrifice of prudence. Two observations may be in order. One is that speculative fervor may not, the next time it injures the economy, take the form of stock market speculation like that of 1929 when margin requirements were low and the rewards of the call-money market were enticing. Speculation has many forms of dress and even of disguise. The second observation is that neither monetary control nor fiscal policy, nor the two in concert, can maintain economic stability if group psychology runs rampant. They cannot revive business from depression in the face of general despair; nor can they prevent inflation if business decisions lack the quality of prudence.

The apparent successes scored in recent years by the team of monetary policies, fiscal policies and business prudence are a cause of deep satisfaction to those who must worry about the future of our domestic and world economies. Though the record of failures in achieving sustainable economic growth coupled with stability is imbedded in the memories of those who suffered, the record of recent successes is such as to command attention and respect. Clearly the hope of the future lies in so managing ourselves and our affairs as to stress the coordination and timing of monetary and fiscal actions. Recent experience suggests that intelligence and moral fortitude can yield a better life, just as history records the tragic outcomes of man's failure to understand what is required and to act accordingly.

With Inv. Service Co.

(Special to THE FINANCIAL CHRONICLE)

DENVER, Colo. — Frank H. Snyder is now connected with Investment Service Co., First National Bank Building.

Joins Shelley, Roberts

(Special to THE FINANCIAL CHRONICLE)

DENVER, Colo. — Harold B. Lewis has joined the staff of Shelley, Roberts & Co., 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 Frank L. Edenfield & Co., 8340 Northeast Second Avenue. Mr. Hofer was formerly with Atwill and Company.

Two With Makris Inv.

(Special to THE FINANCIAL CHRONICLE)

MIAMI, Fla.—Harry S. Skijus and David F. Tracy have become affiliated with Makris Investment Bankers, Ainsley 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 control losses.

University of Missouri agricultural research studies show that chemical fertilizers, pesticides, fungicides and weed killers are enabling today's farmer to make the same profit from fewer acres and less total production of a given crop. These new "hired hands" are reducing his unit cost and at the same time are contributing a solution of the over-all surplus problem.

Crop production cost studies in Missouri reveal graphically the story of how production cost per unit decrease as yields increase. When corn makes only 35 bushels per acre, the cost per bushel is $.84. At 45 bushels per acre, the cost is $.76 per bushel. With 80 bushels per acre yields, costs drop to only $.58. Apply these figures to an individual farm and look at the accompanying figures.

More Profits from Fewer Acres of Corn by Raising Yields

Yield Per Acre	Corn Acreage	Cost Per Bushel	Total Production	Net Profits*
35 Bushels	100 Acres	$0.84	3,500 Bushels	$1,960
45 Bushels	75 Acres	.76	3,375 Bushels	2,160
80 Bushels	42 Acres	.58	3,360 Bushels	2,755
80 Bushels	33 Acres	.58	2,640 Bushels	2,160

Based on University of Missouri data **Corn at $1.40 per bushel**

These facts and figures are of importance not only to the farmer but to every citizen. The nation's population has grown 30,000,000 in the last 15 years. In the same period of time, the number of farm workers in the country has declined by 2,500,000. The farmer, using these products of chemistry, is feeding the United States (and many other parts of the world) better than it has ever been fed before.

Farmer's Efficiency Up

Today's farm worker, working shorter hours too, can grow food for 18 people, compared with 11 people in 1940. This represents a gain in efficiency of 63%. This is what Dr. Byron T. Shaw, administrator for the Agricultural Research Service in the U. S. Department of Agriculture has to say on the subject:

"Economists have estimated that if farmers in 1950 had been no more efficient than they were in 1940, consumers would have had to pay $8 to $10 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 58% . . . wheat about 31% . . . cotton 43% . . . and potatoes 111%. Cows are giving 24% more milk . . . and hens are laying 42% more eggs.

By increasing yields per acre, the farmer is able to take land out of production without reducing profits. Soil-building crops can be grown on this land removed from cultivation. This will mean increased profits in the future. Or this land can be used to produce "super" pastures for raising more livestock.

Chemicals Cut Losses

The farmer is getting these new yields by using chemicals to cut heavily into the $3.6 billion annual crop loss from pests. He is saving $92 million annually by pest control of the insects which lessen the productivity of his farm animals. Today's farmer is using chemical fertilizers to put back into the soil increasing amounts of plant food removed by crops and erosion.

The farmer's new "hired hands" — chemical fertilizers, pesticides, fungicides, and weed killers—are vital to this nation's economy and to its security. Very few additional acres—not more than 5% can be put into production. Yet our population is expected to rise to more than 200 million within 20 years—2,000,000 more mouths to feed each year.

The farmer and the chemical industry are facing a future which demands that two blades of grass grow where one grew before.

Continued from page 4

The State of Trade and Industry

and February, the count remained the same at 54.6%. In March, however, the share jumped to 56.9% and with the opening week in April it climbed to nearly 58%.

"Ward's" noted that the generous upswing in low-priced programming seems to be blossoming at the expense of a slightly wilting medium-priced market. General Motors' Buick-Oldsmobile-Pontiac divisions, for instance, are currently scheduling production at a combined 25.6% market share, compared with 25.8% in March and a much higher 27.3% in February.

Last week's over-all industry picture of 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 preceding week.

General Motors programmed 75,702 cars last week compared with 68,437 in the prior week; Ford Motor Co. expected a jump to 36,078 from the previous week's 34,939; Chrysler Corp. was practically unchanged at 17,825 last week, as compared with 17,923 the week before.

American Motors production was tabbed at 1,785 compared with 1,580 two weeks ago. Studebaker anticipated output 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 juggling production to balance unsold stocks and piling up inventories of steel to offset ferrous price increases or a possible steel strike, states "Steel," magazine of metalworking, in its current weekly report.

Unsold dealer stocks estimated to be around 850,000 passenger cars are expected to be pared substantially by the end of May. Production, however, should be up by the end of this month, with good output until late summer when some new models go on the line, declares the publication.

Companies which canceled orders for steel in the first quarter are trying to get back on the books, with some going outside regular sources to get more sheets. Two auto companies which didn't cut earlier orders admit incoming steel is building their inventories to almost double the normal one-month supplies.

This revival of interest by the auto makers makes the supply situation even more spotty, the magazine said. Demand for major steel products has eased in some cases, but it still exceeds overall supply.

The West Coast is particularly pinched for steel, it reported. Consumers there are telephoning the New England area in quest of steel, particularly cold-rolled sheets, following reports of a consumption slowdown. Demand on the West Coast is expected to be even stronger this year than it was last year.

Elsewhere in the nation, there are instances where the construction industry will pay almost any price to get enough steel to finish a project, continues "Steel."

Canmakers are pressing mills for all the tin plate they can get before its price goes up April 30, this trade weekly reports.

The metalworking authority said electric furnaces for producing steel are getting more attention. It's a good bet that at least 15,000,000 tons of new electric capacity will be installed by 1970. Today, installed capacity is more than 11,000,000 tons. By 1970, electric capacity probably will rise to about 14% of total ingots, compared with about 8.5% now.

In the week ended April 4, "Steel's" price composite on finished steel remained at $128.02 a net ton, but its scrap price composite rose to a new high, $54.17 a gross ton. The previous record was the preceding week's $53.50, "Steel" concludes.

The American Iron and Steel Institute announced that the operating rate of steel companies having 96.1% of the steelmaking capacity for the entire industry will be at the average of 98.1% of capacity for the week beginning April 9, 1956, equivalent to 2,414,000 tons of ingot and steel for castings as compared with 97.7% of capacity, and 2,406,000 tons (revised) a week ago.

The industry's ingot production rate for the weeks in 1956 is based on annual capacity of 128,363,090 tons as of Jan. 1, 1956.

For the like week a month ago the rate was 100.6% and production 2,477,000 tons. A year ago the actual weekly production was placed at 2,284,000 tons or 94.6%. The operating rate is not comparable because capacity is higher than capacity in 1955. The percentage figures for 1955 are based on annual capacity of 125,828,310 tons as of Jan. 1, 1955.

Electric Output Holds to Downward Trend of Past Weeks

The amount of electric energy distributed by the electric light and power industry for the week ended Saturday, April 7, 1956, was estimated at 10,846,000,000 kwh., a decrease below the week ended March 31, 1956, according to the Edison Electric Institute.

This week's output declined 146,000,000 kwh. under that of the previous week; it increased 1,213,000,000 kwh. or 12.6% above the comparable 1955 week and 2,450,000,000 kwh. over the like week in 1954

Car Loadings In Week Ended March 31, Registered a 4% Increase Above Prior Week and 10.7% Over 1955 Period

Loadings of revenue freight for the week ended March 31, 1956, increased 27,696 cars or 4% above the preceding week the Association of American Railroads reports.

Loadings for the week ended March 31, 1956, totaled 724,944 cars, an increase of 70,183 cars, or 10.7% above the corresponding 1955 week, and an increase of 125,642 cars, or 21% above the corresponding week in 1954.

U. S. Automotive Output Rose Last Week With a Rising Demand for Low-Priced Cars

Automotive output for the latest week ended April 6, 1956, according to 'Ward's Automotive Reports," rose the past week with an apparent budding consumer demand for "low-priced" automobiles, creating a reshuffling of production schedules among United States car makers.

Last week the industry assembled an estimated 133,473 cars, compared with 125,781 (revised) in the previous week. The past week's production total of cars and trucks amounted to 157,548 units, or an increase of 7,685 units above the preceding week's output, states "Ward's."

Last week's car output advanced above that of the previous week by 7,692 cars, while truck output showed a loss of 7 vehicles during the week. In the corresponding week last year 168,002 cars and 28,409 trucks were assembled.

Last week the agency reported there were 24,075 trucks made in the United States. This compared with 24,082 in the previous week and 28,409 a year ago.

Business Failures Turned Downward the Past Week

Commercial and industrial failures dipped to 217 in the week ended April 5 from 263 in the preceding week Dun & Bradstreet, Inc., reports. The level was slightly above last year's toll of 211, but remained below the 246 of the comparable 1954 week. Failures were 26% below the prewar level of 295 in 1939.

Failures involving liabilities of $5,000 or more declined to 192 from 225 in the previous week, but exceeded the 174 of this size reported a year ago. Among small failures with liabilities under $5,000, there was a drop to 25 from the 38 of the previous week and from the 37 of the corresponding 1955 week. Seventeen of the failing businesses had liabilities in excess of $100,000 as compared with 22 a week ago.

Wholesale Food Price Index Equals 1956 High Point

The wholesale food price index, compiled by Dun & Bradstreet, Inc., resumed its upward trend the past week to equal the 1956 high recorded three weeks ago. The index for April 3 rose to $5.96 from $5.89 a week previous. It compared with $6.49 on the corresponding date a year ago, or a drop of 8.2%.

Aiding in the current rise were higher prices for flour, wheat, corn, oats, barley, beef, hams, bellies, lard, cottonseed oil, eggs, steers, hogs and lambs. Lower in wholesale cost were rye, sugar, milk and cocoa.

The index represents the sum total of the price per pound of 31 raw foodstuffs and meats in general use and its chief function is to show the general trend of food prices at the wholesale level.

Wholesale Commodity Price Index Registered Sharp Advances In Latest Week

The general commodity price level advanced sharply last week. Continued strength in grains and higher prices for livestock, steel scrap and pig iron were largely responsible. The Dun & Bradstreet daily wholesale commodity price index rose to 289.22 on April 3, from 285.74 a week earlier, and compared with 274.06 on the corresponding date a year ago.

Grain markets were somewhat irregular but a firm undertone persisted throughout the week. Legislative action on the new farm bill appeared to have little or no effect on prices.

Corn displayed the greatest strength with good demand reported from commercial interests. Producer marketings of corn were down sharply and offerings were limited.

Wheat prices were well maintained with buying stimulated by reports of severe dust storms along with moisture deficiency in some Winter wheat areas. Oats prices were buoyed largely by the strength in corn. Soybean values rose sharply toward the close reflecting better crusher demand influenced by higher prices for soybean meal and vegetable oils. Trading in grain and soybean futures on the Chicago Board of Trade broadened the past week, with daily average sales totalling 45,600,000 bushels, against 42,300,000 the week before and 42,100,000 a year ago.

Domestic flour business remained slow with demand for bakery flours generally confined to trade in need of early replacements. Hard wheat flour balances were said to be quite substantial among most bakers and jobbers but some expansion in the demand for Springs was looked for within the near future as balances start to run down. The green coffee market was irregular. Roaster demand was limited and prices continued to work lower with primary market operations curtailed by religious holiday.

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

Cocoa prices continued to lose ground, reflecting continued heavy arrivals, large stocks on hand and slow manufacturer demand. Warehouse stocks of cocoa increased to 343,435 bags from 333,376 bags a week earlier and 123,246 bags at this time last year. Lard prices trended upward in fairly active trading. Spurred by reduced receipts and higher wholesale pork prices, butcher hogs continued to soar with top prices touching the $16-level for the first time since last October.

Cotton prices trended downward in the early part of the week but recovered to show a slight advance for the period.

Early weakness reflected profit-taking and selling induced by the sharp advance in prices at the close of the preceding week and uncertainty over the farm bill and cotton export program.

Mill price-fixing covering which met with limited offerings tended to support the market in late dealings. Trading in the 14 spot markets was less active with sales totalling 52,400 bales compared with 60,900 the previous week and 73,100 a year ago. CCC loan repayments reported in the week ended March 23 were 71,100 bales with loan entries in the same week totalling 27,200 bales.

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

There was a considerable rise in retail trade the past week, and the dollar volume was noticeably above that of the comparable period a year ago. Consumers increased their purchases of women's Spring apparel, furniture and Easter food specialities.

An upsurge in the buying of new automobiles occurred, but volume was below that of the similar week last year. Post-Easter 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 9% higher than a year ago, according to estimates by Dun & Bradstreet, Inc. Regional estimates varied from the comparable 1955 levels by the following percentages New England +2 to +6; East, Northwest, and Pacific Coast +4 to +8; South and Southwest +5 to +9; Middle West +6 to +10%.

Apparel stores reported a noticeable increase in the call for women's fashion accessories, with principal gains in gloves, jewelry, and scarfs. Volume in Spring millinery was considerably higher than that of the previous week. Slight volume gains were reported in Spring suits and coats. The call for men's furnishings rose moderately, with increases reported in white dress shirts and neckwear; the buying of men's sportswear expanded noticeably.

Wholesale orders expanded somewhat in the week and the total dollar volume moderately exceeded that of the similar week last year. Wholesalers reported increased buying of furniture, women's Spring apparel and some textiles.

Department stores sales on a country-wide basis as taken from the Federal Reserve Board's index of the week ended March 31, 1956, increased 6% above those of the like period of last year. In the preceding week, March 24, 1956, an increase of 9% was reported. For the four weeks ended March 31, 1956, an increase of 5% was reported. For the period Jan. 1, 1956 to March 31, 1956 a gain of 4% was registered above that of 1955.

Retail trade volume in New York City the past week showed a substantial falling off following the Easter shopping period. Trade observers estimated the week's decline at about 15 to 20% below the like period a year ago.

According to the Federal Reserve Board's index, department store sales in New York City for the weekly period ended March 31, 1956, increased 4% above those of the like period last year. 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 rise of 2% above that of the corresponding period of 1955.

Airlines Common Stk. Offered by Union Securities Group

Union Securities Corp. and associates are offering today (April 12) 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 by the company to complete the purchase from Lockheed Aircraft Corporation of three Super Constellation freight-passenger aircraft, and a complement of spare parts. The balance of the proceeds will be added to the general funds of the company.

Seaboard & Western Airlines, Inc. is a leading carrier of airfreight between the United States and Western Europe. The company is currently operating five Lockheed Super Constellation and five DC-4 aircraft. Through Dec. 31, 1955, aircraft operated by the company had flown a total of 38,055,852 revenue miles and had made 4,509 crossings of the Atlantic Ocean and 2,686 crossings of the Pacific Ocean. The company also is performing passenger charter and contract flights for the Military Establishment and for others between the Continental United States and points across the Atlantic and Pacific Oceans. The company initiated scheduled freight service across the North Atlantic on April 10, 1956, as authorized by the Certificate of Public Convenience and Necessity which it now holds.

For the year 1955, Seaboard & Western Airlines, Inc. had total operating revenues of $18,479,768 and net income, included special items, of $1,967,369.

Associates in the offering are: Smith, Barney & Co.; A. C. Allyn & Co.. Inc.; A. G. Becker & Co. Inc.; Blair & Co. Inc.; Hemphill, Noyes & Co.; Paine, Webber, Jackson & Curtis; Reynolds & Co. Inc.; Bache & Co.; Francis I. duPont & Co.; Blunt Ellis & Simmons; and Julien Collins & Co.

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

An underwriting group headed jointly by Blyth & Co., Inc. and The First Boston Corp. yesterday (April 11) offered to the public 120,000 shares of Kansas City Power & Light Company 4.35% cumulative preferred stock $100 par, priced at par ($100 per share) plus accrued dividends from date of issuance.

Proceeds from the sale will be used to retire $11,620,000 in short-term bank loans, incurred for construction, and the remainder will be added to working capital. The firm's 1956 construction program calls for a $28,000,000 expenditure. Additional financing probably through the sale of first mortgage bonds will be necessary to complete the program. Stockholders will be asked to approve a $20,000,000 increase in the company's bonded indebtedness at the annual meeting on April 24, 1956.

Kansas City Power & Light sells electricity in an area in Missouri and Kansas which includes Kansas City, Mo., and environs, and in a Northern Iowa section which includes Mason City. The area served has an estimated population of 747,000.

The new preferred is redeemable at regular redemption prices ranging from $104.50 to May 1, 1959 to $101 after April 30, 1966.

Total operating revenue for Kansas City Power & Light for 1955 amounted to $56,209,905, contrasted with $50.552.772 recorded in 1954. Kansas City's net income in 1955 was $8,154,605; it totaled $7,129,897 the year before.

Securities Now in Registration

★ INDICATES ADDITIONS SINCE PREVIOUS ISSUE
• ITEMS REVISED

Abundant Uranium, Inc., Grand Junction, Colo.
Feb. 23 (letter of notification) 3,000,000 shares of common stock (par one cent). **Price**—10 cents per share. **Proceeds**—For mining expenses. **Office**—319 Uranium Center, Grand Junction, Colo. **Underwriter**—Ralph M. Davis & Co., Grand Junction, Colo.

Adirondack Uranium & Mineral Corp.
March 19 (letter of notification) 300,000 shares of class A stock (par 10 cents). **Price**—$1 per share. **Proceeds**—For prospecting and exploring costs and equipment. **Office**—115 Main Street, Whitesboro, N. Y. **Underwriter**—V. T. Smith Investments, Sherrill, N. Y.

Aircraft Danger Light Corp.
Feb. 17 (letter of notification) 10,000 shares of common stock (par $1). **Price** — $11 per share. **Proceeds**—For production and development of various models of the Atkins Light. **Office** — 1755 Rand Tower, Minneapolis, Minn. **Underwriter** — Craig-Hallum, Inc., Minneapolis, Minn.

Allstate Properties, Inc.
March 29 (letter of notification) 150,000 shares of common stock (par $1). **Price**—$2 per share. **Proceeds**—For working capital. **Office** — 62 Third Avenue, Mineola, L. I., N. Y. **Underwriter**—Wagner & Co., New York.

★ Aluminum Specialty Co., Manitowoc, Wis.
March 29 (letter of notification) 15,000 shares of $1.20 cumulative convertible preferred stock. **Price**—At par ($20 per share). **Proceeds**—For expansion and working capital. **Underwriters**—Emch & Co., and Marshall Co., both of Milwaukee, Wis.

★ American Fire & Casualty Co., Orlando, Fla.
March 29 (letter of notification) 15,000 shares of common stock (par $5) to be offered for subscription by stockholders. **Price**—To stockholders, $19 per share; to public, $20 per share. **Proceeds** — For working capital. **Underwriter**—Goodbody & Co., Orlando, Fla., and New York, N. Y.

American Frontier Corp., Memphis, Tenn.
Feb. 15 filed 175,000 shares of class A common stock (par $1). **Price** — $10 per share. **Proceeds** — Together with other funds, to purchase 1,000,000 shares of common stock (par $1) of American Frontier Life Insurance Co. **Underwriter**—None.

American Hoppi-Copters, Inc., Washington, D. C.
March 23 (letter of notification) 300,000 shares of common stock (par 50 cents). **Price**—$1 per share. **Proceeds**—For engineering and certification program and working capital. **Office**—Room 928 Bowen Bldg., 821—15th St., N. W., Washington, D. C. **Underwriter**—Greater Continental Co., Washington 7, D. C.

American Insurors' Development Co.
Feb. 10 filed 400,000 shares of common stock (par $1). **Price** — $2.50 per share. **Proceeds** — To expand service business. **Office** — Birmingham, Ala. **Underwriter** — Odess, Martin & Herzberg, Inc., Birmingham, Ala.

★ American Savings Life Insur. Co., Phoenix, Ariz.
April 4 (letter of notification) 100,000 shares of common stock (par 10 cents). **Price**—$1 per share. **Proceeds**—For insurance company expenses. **Office**—373 E. Palm Lane, Phoenix, Ariz. **Underwriter**—None.

★ American Security Life Insurance Co.
March 28 (letter of notification) 150,000 shares of capital stock (par $1) to be offered to eligible investors and to policyholders of subject company. **Price**—$2 per share. **Proceeds**—To increase surplus and capital. **Office**—313 Goodrich Bldg., Phoenix, Ariz. **Underwriter**—The Security Insurance Co., same address.

Anchor Casualty Co., St. Paul, Minn.
March 27 filed 20,000 shares of $1.75 cumulative convertible preferred stock (par $10) to be offered for subscription by common stockholders on the basis of two preferred shares for each 11 common shares held. **Price**—$40 per share. **Proceeds**—To enable company to write a larger volume of insurance premiums. **Underwriters**—Harold E. Wood & Co., St. Paul, Minn., and J. M. Dain & Co., Inc., Minneapolis, Minn.

Anderson-Prichard Oil Corp. (4/24)
April 4 filed 200,000 shares of convertible preferred stock (par $50). **Price**—To be supplied by amendment. **Proceeds**—To retire short-term bank debt and for working capital. **Office**—Oklahoma City, Okla. **Underwriter**—Glore, Forgan & Co., Chicago and New York.

Arizona Public Finance Co., Phoenix, Ariz.
Sept. 16 filed 78,006,081 shares of common stock to be offered for subscription by holders of life insurance policies issued by Public Life Insurance Co. **Price**—20 cents per share. **Proceeds**—For working capital. **Underwriter**—None, sales to be directly by the company or by salesman of the insurance firm.

Associated Drugs, Inc., Bemidji, Minn.
Feb. 28 (letter of notification) $150,000 of 6% sinking fund debentures, due Feb. 1, 1966. **Price**—At par (in denominations of $1,000 each), plus accrued interest. **Proceeds**—To be used to modernize a store and for general corporate purposes. **Underwriter**—W. R. Olson Co., Fergus Falls, Minn.

Atlantic County Development Corp.
March 30 (letter of notification) 150,000 shares of common stock (par 10 cents). **Price**—$2 per share. **Proceeds**—For purchase of property, etc. **Office** — Brigantine, N. J. **Underwriter**—Pearson, Murphy & Co., Inc., New York.

Atlas Corp.
Feb. 28 filed 9,890,095 shares of common stock (par $1) to be issued pursuant to an agreement of merger with this corporation of Airfleets, Inc., Albuquerque Associated Oil Co., RKO Pictures Corp., San Diego Corp. and Wasatch Corp. on the following basis: Four shares for one of Atlas common; 2.4 shares for one share of Airfleets common; one share for each share of Albuquerque common; four shares for each 5.25 shares of RKO common; 2.4 shares for each share of San Diego common; 13 shares for each share of Wasatch cumulative preferred; and 1.3 shares for each share of Wasatch common. The registration statement also covers 1,250,000 shares of 5% cumulative preferred stock (par $20) which will become issuable upon and to the extent that shares of common stock are convertible into shares of preferred stock.

Atlas Investment Co., Las Vegas, Nev.
Jan. 9 filed 20,800 shares of class B common voting stock, of which 12,000 shares are to be offered for public sale at $50 per share and 8,800 shares are to be offered in exchange for preferred stock. **Proceeds**—For payment of bank loans, and for capital and surplus. **Underwriters**—Rex Laub and Max Laub, of Tremonton, Utah, and M. D. Close Mortgage & Loan Co. and Jack Hemingway Investment Co., of Las Vegas, Nev.

Atomic Chemical & Electronic Shares, Inc.
Feb. 17 filed 400,000 shares of capital stock (par $1). **Price**—To be supplied by amendment (expected at $10 per share). **Proceeds** — For investment. **Office**—Englewood, N. J. **Underwriter** — Lee Higginson Corp., New York.

• B. S. F. Co., Birdsboro, Pa.
Dec. 30 filed 92,636 shares of capital stock (par $1) being offered for subscription by stockholders of record April 5 on the basis of one new share for each two shares held (with an oversubscription privilege); rights to expire on April 20. **Price**—$11 per share. **Proceeds**—For investment. **Business**—A registered investment company. **Underwriter**—None.

★ Bermingham & Prosser Co., Chicago, Ill.
March 29 (letter of notification) 14,500 shares of common stock (par $2) to be offered to certain employees. **Price**—$20.50 per share. **Office**—128 S. Sangamon St., Chicago, Ill. **Underwriter**—None.

★ Big Dollar Food Stores, Inc.
April 9 (letter of notification) 25,000 shares of common stock (par $1). **Price**—At market (about $2.50 to $3 per share). **Proceeds** — To selling stockholders. **Office**—42 East Post Road, White Plains, N. Y. **Underwriter**—Baruch Brothers & Co., Inc., New York.

Big Horn Mountain Gold & Uranium Co.
Feb. 23 (letter of notification) 9,300,000 shares of common stock (par one cent). **Price**—Three cents per share. **Proceeds**—To be used for exploratory work on mining mineral properties. **Office**—1424 Pearl Street, Boulder, Colo. **Underwriter**—Lamey & Co., Boulder, Colo.

Big Ridge Uranium Corp., Reno, Nev.
Oct. 19 (letter of notification) 9,000,000 shares of common stock (par one cent). **Price** — Three cents per share. **Proceeds**—For exploration and development costs. **Office**—206 North Virginia St., Reno, Nev. **Underwriter**—Mid America Securities, Inc., Salt Lake City, Utah.

Big Ute Uranium Corp., Overton, Nev.
Oct. 28 (letter of notification) 3,000,000 shares of common stock. **Price**—At par (10 cents per share). **Proceeds**—For mining expenses. **Underwriter**—James E. Reed Co., Inc., Reno, Nev.

★ Birnaye Oil & Uranium Co., Denver, Colo.
April 6 (letter of notification) 1,000,000 shares of class A common stock (par five cents). **Price** — 10 cents per share. **Proceeds** — For mining expenses. **Office** — 762 Denver Club Bldg., Denver, Colo. **Underwriter**—Birkenmayer & Co., Denver, Colo.

Blue Lizard Mines, Inc.
Jan. 17 filed $900,000 of 8% convertible subordinated debentures due 1976. **Price**—100% of principal amount. **Proceeds**—To make additional cash payment on purchase contracted and for mining expenses. **Office**—Salt Lake City, Utah. **Underwriter**—None.

Bonus Uranium, Inc., Denver, Colo.
Oct. 28 (letter of notification) 3,000,000 shares of capital stock (par one cent). **Price**—10 cents per share. **Proceeds**—For mining expenses. **Office**—1154 Bannock St., Denver, Colo. **Underwriter** — Mid-America Securities, Inc., Salt Lake City, Utah.

★ Borchert-Ingersoll, Inc., St. Paul, Minn.
April 6 (letter of notification) 815 shares of common stock (no par). **Price**—$60 per share. **Proceeds**—To selling stockholders. **Office**—2161 University Ave., St. Paul, Minn. **Underwriter**—None.

B-Thrifty, Inc., Miami, Fla.
Nov. 23 filed 37,000 shares of class A common stock (par $25). **Price**—$38 per share. **Proceeds**—To open additional retail stores. **Business** — Supermarket concern. **Office**—5301 Northwest 37th Ave., Miami, Fla. **Underwriter**—None. Statement effective March 7.

★ Bullion Butte Mining Co., Mobridge, S. Dak.
March 30 (letter of notification) 1,600 shares of common stock. **Price**—At par ($25 per share). **Proceeds**—For mining expenses. **Office** — Mobridge, County of Walworth, S. D. **Underwriter**—None.

C. L. C. Auto Metal, Inc.
March 16 (letter of notification) 300,000 shares of common stock (par 10 cents). **Price**—$1 per share. **Proceeds**—For purchase of additional vehicles. **Business**—Rents and leases automobiles and trucks. **Office**—479 Hempstead Turnpike, Elmont, L. I., N. Y. **Underwriter** — Philip Gordon & Co., Inc., New York.

★ California Oregon Power Co. (5/8)
April 9 filed $16,000,000 first mortgage bonds due May 1, 1986. **Proceeds**—Together with funds from sale of $7,000,000 of preferred stock, to retire bank loans and for capital expenditures. **Underwriter** — To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Blyth & Co., Inc., and The First Boston Corp. (jointly); Lehman Brothers; White Weld & Co.; Merrill Lynch, Pierce, Fenner & Beane and Kidder, Peabody & Co. (jointly). **Bids**—Expected to be received on May 8.

★ California Oregon Power Co. (5/1)
April 9 filed 70,000 shares of cumulative preferred stock (par $100). **Price**—To be supplied by amendment. **Proceeds**—Together with funds from sale of $16,000,000 of new bonds, to retire bank loans and for capital expenditures. **Underwriters** — Blyth & Co., Inc., and The First Boston Corp.

★ Central City Development Co., Central City, Colo.
April 6 (letter of notification) 4,000 shares of class B common stock and 1,000 shares of class A common stock (par $10), to be offered in units of four shares of class B stock and one share of class A stock. **Price**—$50 per unit, or at par for class B stock. **Proceeds**—To acquire property. **Address** — P. O. Box 696, Central City, Colo. **Underwriter**—None.

Central Illinois Light Co.
March 15 filed 100,000 shares of common stock (no par) being offered for subscription by common stockholders of record April 3 at the rate of one new share for each 10 shares held; rights to expire at 3:30 p.m. (CST) on April 19. Employees of company may subscribe up to 5 p.m. (CST) on April 16 for unsubscribed shares, if any. **Price**—$51.50 per share. **Proceeds**—For construction program. **Underwriter** — Union Securities Corp., New York.

★ Cherokee Uranium Mining Corp., Denver, Colo.
April 5 (letter of notification) $180,000 principal amount of 6% convertible debentures due April 15, 1966. **Price**—100% and accrued interest. **Proceeds**—For mining expenses. **Office**—608-610 Equitable Bldg., Denver, Colo. **Underwriter**—Columbia Securities Co., same city.

Coastal Chemical Corp., Yazoo, Miss.
March 22 filed 399,986 shares of class A common stock. **Price**—At par ($25 per share). **Proceeds**—Together with bank loans, to be used to construct and operate a fertilizer plant. **Underwriter**—None.

★ Coca-Cola Co.
April 5 filed 225,000 shares of common stock (par $1) to be offered by the company to certain officers and employees to whom stock options have been or may be granted under the stock option plan.

Colohoma Uranium, Inc.
Nov. 9 filed 2,500,000 shares of common stock (par one cent). **Price**—40 cents per share. **Proceeds**—For exploration and development expenses and for general corporate purposes. **Office**—Montrose, Colo. **Underwriters**—General Investing Corp., New York; and Shaiman & Co., Denver, Colo. **Offering**—Date indefinite.

Columbia General Investment Corp.
March 29 filed 100,000 shares of common stock (par $1) to be offered for subscription by stockholders only. **Price**—A maximum of $4.50 per share. **Proceeds**—To make

additional investments, including stock of Columbia General Life Insurance Co. **Office** — Houston, Tex. **Underwriter**—None.

Commonwealth, Inc., Portland, Ore.
March 23 (letter of notification) 5,912 shares of 6% cumulative preferred stock to be offered to shareholders for a period of 30 days and then to others. **Price**—At par ($50 per share). **Proceeds**—For working capital. **Office**—Equitable Bldg., 421 S. W. 6th Ave., Portland 4, Ore. **Underwriter**—None.

Commonwealth Life Insurance Co., Tulsa, Okla.
March 28 filed 70,000 shares of common stock. **Price**—To be supplied by amendment. **Proceeds**—For working capital, etc. **Underwriter**—To be named.

● **Consolidated Cement Corp. (4/17)**
March 28 filed 150,000 shares of common stock (par $1). **Price**—To be supplied by amendment. **Proceeds**—To reduce bank loans and for expansion program. **Underwriters**—Merrill Lynch, Pierce, Fenner & Beane, New York.

Container Corp. of America
March 9 filed 115,276 shares of common stock (par $10) to be offered in exchange for common stock of The Mengel Co. at the rate of one Container share for each two Mengel shares. The offer is to become effective when Container's holdings of Mengel stock has been increased to at least 90% of the Mengel stock outstanding.

Continental American Fund, Inc., Jersey City, N. J.
March 30 filed 300,000 shares of capital stock (par $1). **Price**—At net asset value plus a premium of 5% of the offering price. **Proceeds**—For investment. **Underwriter**—Continental American Management Co., Inc., Jersey City, N. J.

Continental Equity Securities Corp.
March 28 filed 40,000 shares of class A common stock (par $5) and 80,000 shares of class B common stock (par 50 cents). **Price**—Of class A stock, $12.50 per share, and of class B stock, 50 cents per share. **Proceeds**—To increase capital and surplus. **Office**—Alexandria, La. **Underwriter**—None.

Copper Corp., Phoenix, Ariz.
Jan. 27 (letter of notification) 1,200,000 shares of common stock. **Price**—At par (25 cents per share). **Proceeds**—For expenses incident to mining operations. **Address**—P. O. Box 175, Phoenix, Ariz. **Underwriter**—Keim & Co., Denver, Colo.

Crater Lake Mining & Milling Co., Inc.
March 8 (letter of notification) 575,000 shares of common stock. **Price**—50 cents per share. **Proceeds**—For mining expenses. **Office** — 1902 East San Rafael, Colorado Springs, Colo. **Underwriter** — Skyline Securities, Inc., Denver, Colo.

● **Cuba (Republic of)**
Nov. 21 filed $2,000,000 of 4% Veterans, Courts and Public Works bonds due 1983. **Price**—To be supplied by amendment. **Proceeds** — To Romenpower Electra Construction Co. **Underwriter**—Allen & Co., New York. Statement withdrawn.

★ **Cullen Minerals Corp. (Texas) (4/16)**
March 30 (letter of notification) 300,000 shares of common stock (par 10 cents). **Price**—$1 per share. **Proceeds**—To repay bank loans, and for expansion and working capital. **Underwriter** — Lepow Securities Corp., New York.

★ **Dee Jay Record Co., Inc., Oklahoma City, Okla.**
March 30 (letter of notification) 5,000 shares of common stock (par $1). **Price** — $5 per share. **Proceeds** — For working capital, procurement of talent, promotion of talent, etc. **Office**—36 SE 40th St., Oklahoma City, Okla. **Underwriter**—None.

Dennis Run Corp., Oil City, Pa.
Nov. 28 (letter of notification) 46,000 shares of common stock (par $1). **Price**—$6.50 per share. **Proceeds**—To pay bank loans and debts; and for working capital. **Office**—40 National Transit Bldg., Oil City, Pa. **Underwriter**—Grover O'Neill & Co., New York.

Doctors Oil Corp., Carrollton, Tex.
Feb. 23 filed 500,000 shares of common stock (par 10 cents). **Price** — $1 per share. **Proceeds** — For working capital, to be devoted mainly to acquiring, exploring, developing and operating oil and gas properties; and to pay off $13,590.80 liabilities. **Underwriter** — James C. McKeever & Associates, Oklahoma City, Okla.

Douglas Corp., Fort Collins, Colo.
March 26 (letter of notification) 2,997,800 shares of common stock (par one cent). **Price** — 10 cents per share. **Proceeds**—For mining expenses. **Office**—155 North College Ave., Fort Collins, Colo. **Underwriter** — Columbia Securities Co., Denver 2, Colo.

Duke Power Co. (5/7)
March 30 filed $30,000,000 first and refunding mortgage bonds due 1986. **Proceeds**—For payment of short-term borrowings and for construction expenditures. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; The First Boston Corp.; Morgan Stanley & Co.; Stone & Webster Securities Corp. **Bids**—Tentatively expected to be received on May 7.

Duke Power Co. (5/7)
March 30 filed 367,478 shares of common stock (no par) to be offered for subscription by common stockholders of record May 3, 1956 at the rate of one new share for each 25 shares held (with an oversubscription privilege); rights to expire on May 21, 1956. **Price**—$25 per share. **Proceeds**—For construction program. **Office**—Charlotte, N. C. **Underwriter**—None.

Eagle Fire Insurance Co.
Feb. 1 (letter of notification) 72,565 shares of common stock (par $1.25) being offered for subscription by stockholders on the basis of one share for each five shares held as of Feb. 27; rights to expire on April 27. **Price**—$3.60 per share. **Proceeds**—For working capital. **Office**—26 Journal Square, Jersey City 6, N. J. **Underwriter**—None.

★ **Eastern Corp., Bangor, Me.**
April 9 filed $4,090,200 of convertible subordinated debentures due May 15, 1981, to be offered for subscription by common stockholders of record May 1, 1956, on the basis of $100 of debentures for each nine shares of common stock held. **Price**—At par. **Proceeds**—Together with funds from the sale of $10,000,000 of senior notes to institutional investors, to repay outstanding indebtedness, to construct a new bleached kraft pulp mill at a cost of $10,000,000, and to acquire an 80% interest in the capital stock of Ascot Chemical & Adhesives Corp. for $1,000,000. **Business** — Manufacturer and seller of paper and pulp. **Underwriter**—White, Weld & Co., New York.

★ **Edgcomb Steel Co., Philadelphia, Pa.**
April 2 (letter of notification) 2,300 shares of capital stock (par $10) to be offered to employees. **Price**—$17.82 per share. **Proceeds**—For general capital purposes. **Office** D. St. & Erie Ave., Philadelphia 34, Pa. **Underwriter**—None.

Edo Corp., College Point, L. I., N. Y. (4/23-27)
April 2 filed 160,000 shares of class A stock (par $1). **Price** — To be supplied by amendment. **Proceeds** — To finance expanded production, to reduce indebtedness and for general corporate purposes. **Underwriter** — Paine, Webber, Jackson & Curtis, Boston and New York.

★ **Edwards (Don. C.) & Sons, Inc.**
March 30 (letter of notification) 36,000 shares of common stock. **Price**—At par ($6 per share). **Proceeds**—For real estate purchases, building construction, advertising, printing, current operating expenses and working capital. **Office**—135 South St., Salt Lake City, Utah. **Underwriter**—None.

Continued on page 38

NEW ISSUE CALENDAR

April 12 (Thursday)
Chicago, Rock Island & Pacific RR.____Equip. Trust Ctfs.
(Bids noon CST) $2,880,000

April 16 (Monday)
Cullen Minerals Corp.____Common
(Lepow Securities Corp.) $300,000
Oswego Falls Corp.____Debentures
(Offering to stockholders—to be underwritten by Hornblower & Weeks) $5,001,100
Sayre & Fisher Brick Co.____Common
(Offering to stockholders—no underwriting) 234,641 shares
Texize Chemicals, Inc.____Debentures
(To be offered first to stockholders—underwritten by Edgar M. Norris and Alester G. Furnam Co.) $742,800

April 17 (Tuesday)
Consolidated Cement Corp.____Common
(Merrill Lynch, Pierce, Fenner & Beane) 150,000 shares
Fort Worth National Bank____Common
(Offering to stockholders—to be underwritten by Dallas Union Securities Co. and First Southwest Co.) $3,375,000
Pulaski Veneer & Furniture Corp.____Common
(Scott, Horner & Mason, Inc. and Galleher & Co., Inc.) $977,500
Southern California Edison Co.____Bonds
(Bids 8 a.m. PST) $40,000,000
Westcoast Transmission Co., Ltd.____Debs. & Com.
(Eastman, Dillon & Co.) $20,500,000 debetnures and 615,000 shares of stock

April 18 (Wednesday)
Hanover Shoe, Inc.____Common
(Drexel & Co.) 150,000 shares
Montrose Chemical Co.____Common
(Van Alstyne, Noel & Co.) $5,348,880
New England Electric System____Common
(Offering to stockholders—Bids 11 a.m. EST) 834,976 shares
Orangeburg Mfg. Co.____Common
(Smith, Barney & Co.) 80,000 shares

April 19 (Thursday)
Lewisohn Copper Corp.____Common
(George F. Breen) 100,000 shares
Portland Gas & Coke Co.____Bonds
(Bids noon EST) $3,350,000

April 20 (Friday)
General Telephone Corp.____Debentures
(Offering to stockholders—to be underwritten by Paine, Webber, Jackson & Curtis; Stone & Webster Securities Corp.; and Mitchum, Jones & Templeton) $53,000,000

April 23 (Monday)
Edo Corp.____Class A
(Paine, Webber, Jackson & Curtis) 160,000 shares
Olympic Radio & Television, Inc.____Debentures
(Bache & Co. and First California Co.) $1,400,000
Schield Bantam Co.____Common
(Granbery, Marache & Co.) 200,000 shares

April 24 (Tuesday)
Anderson-Prichard Oil Corp.____Preferred
(Glore, Forgan & Co.) $10,000,000
Nationwide Corp.____Class A Common
(Lehman Brothers and J. C. Bradford & Co.) $15,200,000
Wisconsin Electric Power Co.____Bonds
(Bids 11 a.m. EST) $30,000,000

April 25 (Wednesday)
Ontario (Province of)____Debentures
(Harriman Ripley & Co. Inc.) $50,000,000

April 26 (Thursday)
General American Transportation Corp.____Debens.
(Offering to stockholders—to be underwritten by Kuhn, Loeb & Co.) $23,810,700
Hawaii (Territory of)____Bonds
(Bids 10 a.m. EST) $7,500,000
Honolulu (City & County of)____Bonds
(Bids to be invited) $2,000,000
Long Island Lighting Co.____Preferred
(Blyth & Co., Inc.; The First Boston Corp.; and W. C. Langley & Co.) $12,000,000
Wisconsin Electric Power Co.____Common
(Offering to stockholders—no underwriting) 463,641 shares

April 30 (Monday)
Sierra Prefabricators, Inc.____Common
(S. D. Fuller & Co.) $299,000

May 1 (Tuesday)
California Oregon Power Co.____Preferred
(Blyth & Co., Inc. and The First Boston Corp.) $7,000,000
El Paso Electric Co.____Preferred
(Bids 11 a.m. EDT) $2,000,000
General Motors Corp.____Common
(Morgan Stanley & Co.) 1,278,833 shares
Kaiser Aluminum & Chemical Co.____Preference
(The First Boston Corp. and Dean Witter & Co.) $30,000,000
Simca____Common
(Offering to stockholders—no underwriting) 1,455,713 French shares

May 2 (Wednesday)
Jamaica Water Supply Co.____Common
(Blyth & Co., Inc.) 28,000 shares
Jamaica Water Supply Co.____Bonds
(Bids to be invited) $3,000,000

May 4 (Friday)
Dubl-Check Corp.____Preferred & Common
(Talmage & Co.) $299,370

May 7 (Monday)
Duke Power Co.____Bonds
(Bids to be invited) $30,000,000
Duke Power Co.____Common
(Offering to stockholders—no underwriter) 367,478 shares

May 8 (Tuesday)
California Oregon Power Co.____Bonds
(Bids to be invited) $16,000,000
New York, Chicago & St. Louis RR.____Equip. Tr. Ctfs.
(Bids to be invited) $4,650,000
Niagara Mohawk Power Corp.____Preferred
(Bids may be invited) $20,000,000

May 9 (Wednesday)
National Fuel Gas Co.____Common
(Offering to stockholders—no underwriting) 447,979 shares
Niagara Mohawk Power Corp.____Bonds
(Bids to be invited) $30,000,000

May 15 (Tuesday)
Pennsylvania Electric Co.____Bonds
(Bids to be invited) $25,000,000
Pennsylvania Electric Co.____Preferred
(Bids to be invited) $9,000,000

May 16 (Wednesday)
Northern Illinois Gas Co.____Bonds
(Bids to be invited) $15,000,000

May 23 (Wednesday)
Southern California Gas Co.____Bonds
(Bids to be invited) $40,000,000

June 1 (Friday)
Erie RR.____Equip. Trust Ctfs.
(Bids to be invited) $9,750,000

June 5 (Tuesday)
Commonwealth Edison Co.____Bonds
(Bids to be invited) $35,000,000 to $50,000,000

June 7 (Thursday)
First Pennsylvania Banking & Trust Co.____Common
(Offering to stockholders—to be underwritten by Drexel & Co.; Merrill Lynch, Pierce, Fenner & Beane; and Smith, Barney & Co.) 202,800 shares

July 11 (Wednesday)
Florida Power Corp.____Bonds
(Bids to be invited) $20,000,000

July 25 (Wednesday)
Consolidated Natural Gas Co.____Debentures
(Bids to be invited) $30,000,000

September 11 (Tuesday)
Carolina Power & Light Co.____Bonds
(Bids to be invited) $15,000,000

September 25 (Tuesday)
Virginia Electric & Power Co.____Bonds
(Bids to be invited) $20,000,000

October 1 (Monday)
Tampa Electric Co.____Bonds
(Bids to be invited) $10,000,000

October 2 (Tuesday)
Columbia Gas System, Inc.____Debentures
(Bids to be invited) $30,000,000

Continued from page 37

● El Paso Electric Co.
March 15 filed 56,025 shares of common stock (no par) being offered for subscription by common stockholders of record April 4, 1956, at the rate of one new share for each 15 shares held (with an oversubscription privilege); rights to expire on April 25. **Price**—$37 per share. **Proceeds**—Together with approximately $2,000,000 which the company expects to obtain in May, 1956, from sale of 20,000 shares of a new series of preferred stock, for construction program. **Dealer-Manager**—Stone & Webster Securities Corp., New York.

★ El Paso Electric Co. (5/1)
April 10 filed 20,000 shares of cumulative preferred stock (no par). **Proceeds**—About $2,000,000—to repay bank loans. **Underwriter**—To be determined by competitive bidding. Probable bidders: Merrill Lynch, Pierce, Fenner & Beane; Salomon Bros. & Hutzler; Stone & Webster Securities Corp.; Blair & Co. Incorporated; Equitable Securities Corp.; Union Securities Corp.; Kidder, Peabody & Co., White, Weld & Co., and Shields & Co. (jointly). **Bids**—Expected to be received up to 11 a.m. (EDT) on May 1 at 90 Broad St., New York, N. Y.

★ Eternalite, Inc., New Orleans, La.
March 28 (letter of notification) 662 shares of class A common stock (no par) and 331 shares of class AA 7% cumulative preferred stock (par $100). **Price**—$50 per share and $100 per share, respectively. **Proceeds**—For purchase of inventory and working capital. **Office**—International Bldg., New Orleans 12, La. **Underwriter**—None.

First Lewis Corp.
March 1 (letter of notification) 60,000 shares of 7% preferred stock. **Price**—At par ($5 per share). **Proceeds**—For working capital and general corporate purposes. **Business** — General brokerage business. **Office** — 165 Broadway, New York, N. Y. **Underwriter**—Basic Industries Corp., 31 State St., Boston, Mass.

Florida Sun Life Insurance Co.
March 16 filed 32,000 shares of common stock (par $1). **Price**—$10 per share. **Proceeds**—To expand company's business. **Office**—Fort Lauderdale, Fla. **Underwriter**—None. Offering will be made through James C. Dean, President of company.

Florida Telephone Corp.
March 15 filed 77,350 shares of common stock (par $10) being offered for subscription by common stockholders at the rate of one share for each four shares held as of April 3; rights to expire on April 23. Of any unsubscribed stock, up to 3,000 shares are to be offered for subscription by employees of company. **Price**—$16 per share. **Proceeds** — For construction program. **Underwriters** — Kidder, Peabody & Co. and Merrill Lynch, Pierce, Fenner & Beane, both of New York.

★ Foramino, Inc., Buffalo, New York
April 6 (letter of notification) 39,000 shares of common stock. **Price**—At par ($1 per share). **Proceeds**—For general corporate purposes. **Office**—1435 Rand Bldg., Buffalo 3, N. Y. **Underwriter**—None.

Fort Pitt Packaging International, Inc.
June 30 filed 300,000 shares of common stock (par 10¢), of which 250,000 shares of for account of company and 50,000 shares of five selling stockholders. **Price**—$3 per share. **Proceeds**—For working capital; for exploitation of "Totosave" system; and for marketing of "Tropic-Ray" infra-red space heater. **Office** — Pittsburgh, Pa. **Underwriter**—Barrett Herrick & Co., Inc., New York.

Gas Hills Mining and Oil, Inc.
Jan. 4 (letter of notification) 1,200,000 shares of common stock (par five cents). **Price** — 25 cents per share. **Proceeds**—For expenses incident to mining operations. **Office**—Kemmerer, Wyo. **Underwriter**—Philip Gordon & Co., Inc., New York 6, N. Y.

★ General American Transportation Corp. (4/26)
April 6 filed $23,810,700 of convertible subordinated debentures, due May 1, 1981, to be offered for subscription by common stockholders of record April 25 on the basis of $100 of debentures for each 10 shares of stock held; rights to expire about May 9. **Price**—To be supplied by amendment. **Proceeds**—For working capital. **Underwriter**—Kuhn, Loeb & Co., New York.

★ General Motors Corp. (5/1)
April 11 filed 1,278,833 shares of common stock (par $1.66⅔). **Price**—To be supplied by amendment. **Proceeds**—To the Alfred P. Sloan Foundation, Inc., who is receiving these shares as the result of the death of Mrs. Alfred P. Sloan, Jr. **Underwriter**—Morgan Stanley & Co., New York.

General Telephone Corp. (4/20)
March 29 filed $53,000,000 of convertible debentures due May 1, 1971 to be offered for subscription by common stockholders of record April 18, 1956, on the basis of $100 of debentures for each 23 shares of common stock held; rights to expire on May 7, 1956. **Price**—100% of principal amount. **Proceeds**—To purchase securities of subsidiaries and for general corporate purposes. **Underwriters**—Paine, Webber, Jackson & Curtis and Stone & Webster Securities Corp., both of New York; and Mitchum, Jones & Templeton, Los Angeles, Calif.

General Uranium Corp. (N. J.), New York
Jan. 18 filed 400,000 shares of common stock (par 10 cents). **Price**—$1 per share. **Proceeds**—For plant facilities, survey of property and underground development. **Underwriter**—None. Maurice Schack, Middletown, N. Y., is President. Statement effective March 11.

★ Gillette Co., Boston, Mass.
April 5 filed 51,600 shares of common stock (par $1) to be offered by the company to officers and other executives of the company under its Employees' Stock Option Plan.

Golden Dawn Uranium Corp., Buena Vista, Colo.
Dec. 27 (letter of notification) 3,000,000 shares of capital stock (par five cents). **Price**—10 cents per share. **Proceeds** — For mining expenses. **Underwriter** — Bel-Air Securities Co., Provo, Utah.

Guaranty Income Life Insurance Co.
Dec. 30 (letter of notification) 24,000 shares of capital stock (par $5) to be offered first to stockholders; then policyholders and the public. **Price**—$10 per share. **Proceeds**—For working capital. **Address**—P. O. Box 2231, Baton Rouge, La. **Underwriter**—None.

Hanover Shoe, Inc., Hanover, Pa. (4/18)
March 23 filed 150,000 shares of common stock (par $1). **Price**—To be supplied by amendment. **Proceeds**—To selling stockholders. **Underwriter**—Drexel & Co., Philadelphia, Pa.

Hard Rock Mining Co., Pittsburgh, Pa.
Feb. 20 (letter of notification) 1,000,000 shares of common stock (par one cent). **Price**—Five cents per share. **Proceeds**—To purchase machinery and equipment and for working capital. **Office** — 377 McKee Place, Pittsburgh, Pa. **Underwriter**—Graham & Co., Pittsburgh, Pa.

Helio Aircraft Corp., Canton, Mass.
Dec. 29 filed 150,000 shares of common stock (par $1). **Price**—To be supplied by amendment. **Proceeds**—For improvements, research, development and working capital. **Office**—Metropolitan Airport, Canton (Norwood P. O.), Mass. **Underwriter**—To be supplied by amendment.

Henry Hudson Hotel Corp.
March 21 (letter of notification) $250,000 of 5% convertible debentures due April 1, 1961 to be offered for subscription at rate of one $50 unit to each common or/and preferred stockholder of record March 18, 1956, regardless of the number of shares held; rights to expire on April 18. **Price**—At 100% of principal amount. **Proceeds**—Together with other funds, for improvements, etc. **Office**—353 West 57th Street, New York, N. Y. **Underwriter**—None.

Hill & Hill 1956 Oil Exploration Capital Fund
March 13 filed $450,000 of participations in this Fund to be offered for public sale in minimum units of $15,000. **Proceeds**—For payment of various property and exploratory well costs and expenses. **Business**—George P. Hill and Houston Hill are engaged in exploration for and production of oil and gas as a joint venture. **Office**—Fort Worth, Tex. **Underwriters** — William D. McCabe and E. S. Emerson, South Texas Bldg., San Antonio, Tex.

Hometrust Corp., Inc., Montgomery, Ala.
Jan. 5 filed 125,000 shares of common stock (par $1). **Price**—$5 per share. **Proceeds** — To expand operations of subsidiary and increase investment therein. **Underwriter**—None.

Honey Dew Food Markets, Inc.
March 12 (letter of notification) 200,000 shares of common stock (par 10 cents). **Price**—$1.50 per share. **Proceeds**—To open or acquire additional super markets and for working capital. **Office**—811 Grange Road, Teaneck, N. J. **Underwriter**—Brown, Barton & Engel, Newark, N. J.

★ Hycon Mfg. Co., Washington, D. C.
April 2 (letter of notification) 8,000 shares of common stock (par 10 cents). **Price**—$5 per share. **Proceeds**—To Harry E. King, who are the selling stockholders. **Office**—206 Barr Bldg., 910 17th St., N. W., Washington, D. C. **Underwriter**—None.

Hydro-Loc, Inc., Seattle, Wash.
Oct. 25 (letter of notification) 1,674 shares of capital stock. **Price**—At par ($100 per share). **Proceeds**—For working capital, etc. **Office**—603 Central Bldg., Seattle 4, Wash. **Underwriter**—Pacific Brokerage Co. of Seattle, Wash.

Idaho-Alta Metals Corp.
March 7 (letter of notification) 120,000 shares of common stock (par 10 cents). **Price**—$1.50 per share. **Proceeds**—For exploration and development expenses. **Underwriter** — Fenner Corp. (formerly Fenner-Streitman & Co.), New York.

Ideal-Aerosmith, Inc., Hawthorne, Calif.
Dec. 16 (letter of notification) 150,000 shares of capital stock (par $1). **Price** — $2 per share. **Proceeds** — For equipment, machinery, inventory, etc. **Office**—12909 So. Cerise Ave., Hawthorne, Calif. **Underwriter**—Samuel B. Franklin & Co., Los Angeles, Calif.

★ Industrial Dynamics Corp., Wilmington, Del.
April 3 (letter of notification) 150,000 shares of common stock (par $1). **Price** — $2 per share. **Proceeds** — For working capital. **Office**—100 West Tenth St., Wilmington, Del. **Underwriter** — World Wide Investors Corp., Hoboken, N. J.

Industrial Minerals Development Corp.
March 7 (letter of notification) 1,000,000 shares of common stock. **Price**—Five cents per share. **Proceeds**—For development and working capital. **Office**—Moab, Utah. **Underwriter**—I. J. Schenin Co., New York.

★ Inland Homes Corp., Piqua, Ohio
April 5 filed 75,000 shares of common stock (par $1). **Price**—To be supplied by amendment. **Proceeds**—For expansion and general corporate purposes. **Underwriter**—Merrill, Turben & Co., Inc., Cleveland, Ohio.

Insulated Circuits, Inc., Belleville, N. J.
Nov. 10 filed 100,000 shares of 6% convertible preferred stock (cumulative if and to the extent earned). **Price**—At par ($5 per share). **Proceeds**—For general corporate purposes. **Underwriter** — Alexander Watt & Co., Inc., New York.

International Atomic Devices Corp.
Feb. 21 (letter of notification) 59,906 shares of common stock (par $2). **Price** — $5 per share. **Proceeds** — For working capital and general corporate purposes. **Business**—Manufacture of Educational Atomic Kits. **Office**—18 North Willow St., Trenton 8, N. J. **Underwriter**—Louis R. Dreyling & Co., Jamesburg, N. J.

International Basic Metals, Inc.
Jan. 27 (letter of notification) 1,000,000 shares of common stock (par 10 cents). **Price** — 25 cents per share. **Proceeds**—For mining expenses. **Office**—155 West South Temple St., Salt Lake City, Utah. **Underwriter**—Melvin G. Flegal & Co., Salt Lake City, Utah.

International Metals Corp.
Oct. 4 filed 400,000 shares of common stock (par 10 cents). **Price**—$1 per share. **Proceeds**—To finance exploration and development of mining properties of Recursos Mineros Mexicanos, S. A., Mexican subsidiary, and to discharge note. **Office** — Houston, Tex. **Underwriter**—Gearhart & Otis, Inc., New York.

International Plastic Industries Corp.
Oct. 12 (letter of notification) 150,000 shares of common stock (par 10 cents). **Price**—$2 per share. **Proceeds**—For advances to Arliss Co., Inc. for purchase of equipment, etc. **Office** — 369-375 DeKalb Ave., Brooklyn 5, N. Y. **Underwriter**—Kamen & Co., New York.

"Isras" Israel-Rassco Investment Co., Ltd.
Sept. 28 filed 9,000 ordinary shares. **Price**—At par (100 Israel pounds each, or about $55 in U. S. funds), payable in State of Israel Independence Issue Bonds only. **Office**—Tel Aviv, Israel. **Underwriter** — Rassco Israel Corp., New York.

● Jamaica Water Supply. (5/2)
April 3 filed 28,000 shares of common stock (no par). **Price**—To be supplied by amendment. **Proceeds**—To repay short-term bank loans incurred to finance construction, and to defray part of the cost of future construction. **Underwriter**—Blyth & Co., Inc., New York.

● Jamaica Water Supply Co. (5/2)
April 3 filed $3,000,000 of first mortgage bonds, series F, due 1981. **Proceeds**—For construction program. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Blyth & Co., Inc. **Bids**—Tentatively expected to be received on or about May 2.

Jurassic Minerals, Inc., Cortez, Colo.
Aug. 26 (letter of notification) 2,855,000 shares of non-assessable common stock (par one cent). **Price**—10 cents per share. **Proceeds**—For expenses incident to mining activities. **Office** — 326 West Montezuma St., Cortez, Colo. **Underwriter** — Bay Securities Corp., New York, New York.

★ Kaiser Aluminum & Chemical Co. (5/1)
April 11 filed $30,000,000 of convertible preference stock (par $100). **Proceeds**—Together with funds to be received from direct placement of $120,000,000 25-year first mortgage bonds and $20,000,000 from retained earnings, are to be used to finance $170,000,000 expansion program. **Underwriters** — The First Boston Corp., New York, and Dean Witter & Co., San Francisco, Calif. **Meeting**—Stockholders will vote April 20 on approving an authorized issue of 750,000 shares of preference stock (par $100).

Kassel Base Metals, Inc.
Feb. 6 (letter of notification) 120,000 shares of capital stock (par 10 cents), of which 20,000 shares are being sold by Burt Hamilton Co. and 100,000 shares by Kassel company. **Price**—$2.25 per share. **Proceeds**—For mining expenses. **Office**—1019 Adolphus Tower Bldg., Dallas, Texas. **Underwriter**—First Western Corp., Denver, Colorado.

Lawyers Mortgage & Title Co.
Jan. 11 (letter of notification) 60,412 shares of common stock (par 65 cents) to be offered first to stockholders. Maxwell M. Powell (Vice-President) and Rudolph J. Welti (a director) will purchase up to a total of 10,000 shares each of any unsubscribed shares. **Price**—$1.50 per share. **Proceeds** — For working capital. **Office** — 115 Broadway, New York, N. Y. **Underwriter**—None.

Lester Engineering Co., Cleveland, Ohio
Feb. 24 (letter of notification) 37,500 shares of common stock (par $1) to be offered for subscription by common stockholders of record March 1, 1956 on the basis of one new share for each 4¼ shares held. Of the unsubscribed portion, up to 7,500 shares are to be offered to employees. **Price**—$8 per share. **Proceeds** — For general corporate purposes. **Office**—2711 Church Ave., Cleveland, Ohio. **Underwriter**—None.

● Lewisohn Copper Corp. (4/19)
March 30 filed 100,000 shares of common stock (par 10 cents). **Price**—To be supplied by amendment. **Proceeds**—For exploration and evaluation of leasehold properties, improvements, equipment and for general corporate purposes. **Office**—Tucson, Ariz. **Underwriter**—George F. Breen, New York.

★ Long Island Lighting Co. (4/26)
April 5 filed 120,000 shares of cumulative preferred stock, series G (par $100). **Price**—To be supplied by amendment. **Proceeds**—To repay bank loans. **Underwriters**—Blyth & Co., Inc., The First Boston Corp. and W. C. Langley & Co., all of New York.

Lost Canyon Uranium & Oil Co.
Oct. 6 (letter of notification) 3,000,000 shares of non-assessable capital stock (par one cent). **Price**—10 cents per share. **Proceeds**—For expenses incident to mining operations. **Office** — Simms Bldg., Albuquerque, N. M. **Underwriter**—Mid-America Securities Inc. of Utah, Salt Lake City, Utah.

Manati Sugar Co.
March 5 filed $2,184,300 of 6% collateral trust bonds due 1965 being offered in exchange for presently outstanding 4% bonds maturing Feb. 1, 1957 on a par-for-par basis. Unexchanged bonds may be sold by company at approximately the principal amount thereof plus interest. The offer will expire on April 27. **Proceeds**—To retire old bonds.

★ Manqueens Sire Plan, Inc.
April 9 (letter of notification) 400 Mutual Title Units. **Price**—$500 each. **Proceeds**—To acquire two parcels of income real estate located at 107 West 68th St., New York City; and 85-15 to 85-25 37th Avenue, Jackson Heights, L. I., N. Y. **Underwriter** — Sire Plan Portfolios, Inc., 115 Chambers St., New York 7, N. Y.

Manufacturers Cutter Corp.
Oct. 18 (letter of notification) 300,000 shares of class A common stock. **Price**—At par ($1 per share). **Proceeds**—To repay loans, and for new equipment and working capital. **Business**—Cutting tools. **Office**—275 Jefferson St., Newark, N. J. **Underwriter**—Paul C. Ferguson & Co., same city.

Manville Oil & Uranium Co., Inc., Douglas, Wyo.
Feb. 21 (letter of notification) 300,000 shares of common stock (par 10 cents). **Price**—50 cents per share. **Proceeds**—For mining expenses. **Office**—308 East Center St., Douglas, Wyo. **Underwriter**—Colorado Investment Co., Denver, Colo.

Mayfair Markets, Los Angeles, Calif.
March 8 (letter of notification) 5,000 shares of $3 cumulative preferred stock (par $50) and 5,000 shares of common stock (par $1) to be offered in units of one share of preferred and one share of common stock. **Price**—$60 per unit. **Proceeds**—For working capital. **Office**—4383 Bandini Blvd., Los Angeles, Calif. **Underwriter**—None.

Medicine Bow Uranium Co., Inc.
March 14 (letter of notification) 2,500,000 shares of capital stock. **Price**—At par (five cents per share). **Proceeds**—For mining expenses. **Office**—345 South State, Salt Lake City, Utah. **Underwriter**—Davis-Boyack Co., Salt Lake City, Utah.

★ Merchandising, Inc., Tampa, Fla.
March 23 (letter of notification) 120,000 shares of common stock (par 50 cents). **Price**—$2.50 per share. **Proceeds**—Expenses for expansion of vending machine operations. **Office**—107 South Willow, Tampa, Fla. **Underwriters** — Louis C. McClure & Co., Tampa, Fla., and French & Crawford, Inc., Atlanta, Ga.

Mesa Oil & Gas Ventures, Inc.
March 29 (letter of notification) 900,000 shares of common stock (par one cent). **Price** — 15 cents per share. **Proceeds**—For expenses incident to oil and gas properties. **Office**—421 Glenwood Ave., Grand Junction, Colo. **Underwriter**—Columbia Securities Co., Denver, Colo.

Midland General Hospital, Inc., Bronx, N. Y.
Jan. 12 filed 24,120 shares of common stock (no par) and 30,000 shares of $6 dividend preferred stock (no par). The company does not intend presently to sell more stock than is required to raise, at most, $2,700,000. **Price** — $100 per share. **Proceeds** — For construction, working capital, reserve, etc. **Underwriter**—None.

Mineral Projects-Venture C. Ltd., Madison, N. J.
Feb. 7 filed $4,000,000 of participations in capital as limited partnership interests in the venture to be sold in minimum units of $25,000. **Proceeds**—For expenses incidental to oil exploration program. **Underwriter**—Mineral Projects Co., Ltd., on "best efforts basis."

Mohawk Business Machines Corp.
March 30 (letter of notification) 167,000 shares of common stock (par 10 cents). **Price**—75 cents per share. **Proceeds**—To pay accounts payable and for working capital. **Office**—944 Halsey Street, Brooklyn 33, N. Y. **Underwriter**—None.

★ Mohawk Silica Co., Cincinnati, Ohio
March 23 (letter of notification) 3,000 shares of 8% cumulative convertible preferred stock (par $50) and 3,000 shares of common stock (no par) to be offered in units of one share of preferred and one share of common. **Price** — $60 per unit. **Proceeds** — For mining expenses and processing silica. **Office**—2508 Auburn Ave., Cincinnati, Ohio. **Underwriter**—None.

● Montrose Chemical Co. (4/18)
March 15 filed 594,320 shares of common stock (par $1). **Price**—$9 per share. **Proceeds**—To selling stockholders. **Underwriter** — Van Alstyne, Noel & Co., New York.

Mormon Trail Mining Corp., Salt Lake City, Utah
Feb. 9 (letter of notification) 3,000,000 shares of capital stock (par one cent). **Price**—10 cents per share. **Proceeds**—For mining expenses. **Office**—223 Phillips Petroleum Bldg., Salt Lake City, Utah. **Underwriter**—Frontier Investment, Inc., Las Vegas, Nev.

Mountain Top Mining & Milling Co., Denver, Colo.
March 20 (letter of notification) 6,000,000 shares of common stock (par one cent). **Price**—Five cents per share. **Proceeds**—For mining expenses. **Office**—406 C. A. Johnson Bldg., Denver, Colo. **Underwriter**—Columbia Securities Co., Denver 2, Colo.

Mutual Investors Corp. of New York
March 21 (letter of notification) 295,000 shares of common stock (par 10 cents). **Price**—$1 per share. **Proceeds**—For working capital. **Business**—To purchase and resell mortgages and properties. **Office**—550 Fifth Ave., New York, N. Y. **Underwriter**—Stuart Securities Corp., New York.

● National Fuel Gas Co. (5/9)
March 28 filed 447,979 shares of common stock (par $10) to be offered for subscription by common stockholders of record May 8, 1956, on the basis of one new share for each 10 shares held (with an oversubscription privilege); rights to expire on May 25. **Price**—To be supplied by amendment. **Proceeds**—To be used to purchase common stock, or for loans to the operating subsidiaries; and for other corporate purposes. **Underwriter**—None.

National Lithium Corp., Denver, Colo.
Dec. 27 (letter of notification) 300,000 shares of common stock (par one cent). **Price**—$1 per share. **Proceeds**—For mining expenses. **Office** — 556 Denver Club Bldg., Denver, Colo. **Underwriter** — Investment Service Co., same city.

National Metallizing Corp.
March 5 (letter of notification) 24,000 shares of Class A stock (par $1) and 40,000 shares of Class B stock (par $1) to be offered for subscription by Class A and Class B stockholders of record Feb. 1, 1956 on a 1-for-4 basis. **Price**—$2 per share. **Proceeds**—For vacuum metallizing, conditioning, slitting and inspection machinery. **Office**—1145-19th St., N. W., Washington, D. C. **Underwriter**—None.

National Old Line Insurance Co.
Nov. 15 filed 50,000 shares of class A common stock (par $2) and 50,000 shares of class B common stock (par $2). **Price**—To be supplied by amendment. **Proceeds** — To selling stockholders. **Office** — Little Rock, Ark. **Underwriter**—Equitable Securities Corp., Nashville, Tenn., and New York, N. Y. **Offering**—Indefinitely postponed.

Nationwide Corp., Columbus, Ohio (4/24)
March 29 filed 800,000 shares of class A common stock (par $5). **Price**—To be supplied by amendment (expected at around $19 per share). **Proceeds**—For investments. **Business**—To hold interests in other companies, engaged in the field of insurance. **Underwriters**—Lehman Brothers, New York, and J. C. Bradford & Co., Nashville, Tenn.

● New England Electric System (4/18)
March 19 filed 834,976 shares of common stock (par $1 to be offered for subscription by common stockholders of record on or about April 18, 1956, on the basis of one new share for each 12 shares held; rights to expire on May 3. Unsubscribed shares to be offered for subscription by employees up to and including April 30, 1956. **Proceeds**—To further construction plans of subsidiaries, either through loans to the subsidiaries or purchases of additional shares of their capital stock; any balance to be used for general corporate purposes of company. **Underwriter**—To be determined by competitive bidding. Probable bidders: Blyth & Co., Inc.; Lehman Bros., and Bear, Stearns & Co. (jointly); Carl M. Loeb; Rhoades & Co.; Ladenburg, Thalmann & Co., and Wertheim & Co. (jointly); Merrill Lynch, Pierce, Fenner & Beane; Kidder, Peabody & Co., and White, Weld & Co. (jointly). **Bids**—To be received up to 11 a.m. (EST) on April 18 at 441 Stuart Street, Boston 16, Mass.

Nicholson (W. H.) & Co., Wilkes-Barre, Pa.
Jan. 16 filed 20,000 shares of common stock (par $5). **Price**—$25 per share. **Proceeds** — For working capital. **Underwriter**—None. A. E. Nicholson Jr. of Kingston, Pa. is President.

Norris Dispensers, Inc., Minneapolis, Minn.
March 26 (letter of notification) 28,900 shares of capital stock (par $1). **Price**—$8.75 per share. **Proceeds**—For purchase of a new plant in Arkansas. **Office**—2720 Lyndale Ave., South, Minneapolis, Minn. **Underwriters**—Paine, Webber, Jackson & Curtis and Piper, Jaffray & Hopwood, both of Minneapolis, Minn., and Kalman & Co., Inc., St. Paul, Minn.

North Star Uranium, Inc., Spokane, Wash.
March 15 (letter of notification) 1,500,000 shares of common stock (par 10 cents). **Price**—15 cents per share. **Proceeds**—For mining expenses. **Office**—W. 408 Indiana Avenue, Spokane, Wash. **Underwriter**—Pennaluna & Co., Spokane, Wash.

Oak Mineral & Oil Corp., Farmington, N. M.
Nov. 8 (letter of notification) 2,000,000 shares of common stock (par five cents). **Price**—15 cents per share. **Proceeds**—For exploration and development and other general corporate purposes. **Underwriter**—Philip Gordon & Co., New York.

Old National Insurance Co., Houston, Tex.
March 29 filed 48,108 shares of capital stock (no par) to be offered for subscription by stockholders on the basis of one new share for each nine shares held (with an oversubscription privilege). **Price** — To be supplied by amendment. **Proceeds** — To purchase life insurance in force and assets from other life insurance companies. **Subscription Agent** — Old Southern Trust Co., Houston, Tex. **Underwriter**—None.

★ Olympic Investing Corp.
April 4 (letter of notification) 3,000 shares of 10% preferred stock. **Price**—At par ($100 per share). **Proceeds**—For working capital, etc. **Business**—To purchase and sell real property. **Office**—51 Chambers St., New York 7, N. Y. **Underwriter**—None.

● Olympic Radio & Television, Inc. (4/23-26)
March 28 filed $1,400,000 of convertible subordinated debentures due 1966. **Price**—To be supplied by amendment. **Proceeds**—To retire a $750,000 note and for working capital. **Office**—Long Island City, N. Y. **Underwriters**—Bache & Co., New York; and First California Co., San Francisco, Calif.

★ Ontario (Province of) (4/25)
April 6 filed $50,000,000 of 25-year debentures due May 15, 1981. **Price**—To be supplied by amendment. **Proceeds**—To be advanced to The Hydro-Electric Power Commission of Ontario to be used for capital expenditures, etc. **Underwriter**—Harriman Ripley & Co. Inc., New York.

Orangeburg Mfg. Co., Orangeburg, N. Y. (4/18)
March 28 filed 80,000 shares of common stock (par $5), of which 61,740 shares are for the company's account and 18,260 shares for a selling stockholder. **Price**—To be supplied by amendment. **Proceeds**—For expansion program. **Underwriter**—Smith, Barney & Co., New York.

● Oswego Falls Corp., Fulton, N. Y. (4/16-17)
March 27 filed $5,001,100 of subordinate debentures due April 1, 1976 convertible to and including April 1, 1966, to be offered for subscription by common stockholders of record as of April 13, 1956 on the basis of $100 of debentures for each 13 shares of common stock held; rights to expire on April 28. **Price**—To be supplied by amendment. **Proceeds**—For expansion and equipment and $1,700,000 to redeem outstanding 4½% cumulative preferred stock. **Underwriter** — Hornblower & Weeks, New York.

★ Otis Engineering Corp., Dallas, Texas
March 26 (letter of notification) 7,488 shares of common stock (no par) to be offered in exchange for shares of common stock of Otis Pressure Control Export, Inc., on a 12-for-1 basis. [The Otis Pressure Control Export shares are valued at $187,200.] **Office**—6612 Denton Drive, Dallas, Tex. **Underwriter**—None.

★ Pacific Finance Corp., Los Angeles, Calif.
April 10 filed $25,000,000 of debentures due 1971. **Price**—To be supplied by amendment. **Proceeds**—For reduction of short-term bank loans. **Underwriters**—Blyth & Co., Inc. and Hornblower & Weeks.

★ Panhandle Oil Corp., Dallas, Texas
March 26 (letter of notification) 1,500 shares of common stock (par $1) to be offered pursuant to Employees' Stock Purchase Plan. (Shares were purchased in the open market at $15,004.07, or an average price of about $10 per share.) **Office**—1320 Mercantile Securities Bldg., Dallas, Tex. **Underwriter**—None.

Peabody Coal Co., Chicago, Ill.
Feb. 27 filed 210,823 shares of common stock being offered for subscription by stockholders of record Jan. 30, 1956 on the basis of nine additional shares of common stock for each 100 common shares held and nine new shares of common stock for each 40 shares of preferred stock held. This offer will not be made to holders of the 6,492,164 shares of common stock issued for the acquisition of the Sinclair properties under an offer of June 28, 1955. The warrants will expire on Dec. 31, 1957. **Price**—At par ($5 per share). **Proceeds**—For working capital and general corporate purposes. **Underwriter**—None. Statement effective March 27.

Petroleum Equipment Service & Maintenance Co.
March 23 (letter of notification) 35,000 shares of class B common stock (par 50 cents). **Price**—$3.25 per share. **Proceeds**—For inventory, equipment and working capital. **Office**—Allentown, Pa. **Underwriter** — Osborne & Thurlow, New York, N. Y., for 20,000 shares.

Pinellas Industries, Inc., St. Petersburg, Fla.
Feb. 16 (letter of notification) 8,000 shares of class A common stock (par $1). **Price**—At the market (maximum $6). **Proceeds**—For working capital. **Office**—34th St. & 22nd Ave., North, St. Petersburg, Fla. **Underwriter**—Eisele & King, Libaire, Stout & Co., New York.

Pioneer Telephone Co., Waconia, Minn.
March 27 (letter of notification) 3,000 shares of 5% cumulative preferred stock, series E. **Price**—At par ($100 per share). **Proceeds**—For additions and improvements. **Office**—Waconia, Minn. **Underwriters**—M. H. Bishop & Co., and Johnson-McKendrick & Co., both of Minneapolis, Minn.

Pipelife Corp., Tulsa, Okla.
Nov. 29 filed 115,000 shares of common stock (par $1). **Price**—$4 per share. **Proceeds**—To pay current accounts and notes payable; for research and development; and general corporate purposes. **Underwriter** — North American Securities Co., Tulsa, Okla.

● Portland Gas & Coke Co. (4/19)
March 23 filed $16,500,000 of first mortgage bonds due 1976 (amendment filed April 4 reducing issue to $3,350,000 to mature in 1986). **Proceeds**—For construction program. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; The First Boston Corp.; White, Weld & Co.; Lehman Brothers and Blyth & Co., Inc. (jointly). **Bids**—Tentatively expected to be received up to noon (EST) on April 19.

★ Power-Freeze, Inc., Atlanta, Ga.
March 28 (letter of notification) 3,300 shares of common stock (no par). **Price**—$15 per share. **Proceeds**—To reduce outstanding obligations and for inventory and working capital. **Underwriter**—Franklin Securities Co., Atlanta, Ga.

Prudential Federal Uranium Corp.
March 21 (letter of notification) 6,000,000 shares of common stock (par two cents). **Price**—Five cents per share. **Proceeds**—For mining expenses. **Underwriter**—Skyline Securities, Inc., Denver 2, Colo.

★ Prudential Fund of Boston, Inc.
April 6 filed (by amendment) 16,000 shares of common capital stock (par $1). **Price**—At market. **Proceeds**—For investment. **Office**—Boston, Mass.

★ Prudential Investors, Inc.
April 6 filed (by amendment) 2,500,000 shares of capital stock (par $2). **Price**—At market. **Proceeds**—For investment. **Office**—Elizabeth, N. J.

Pulaski Veneer & Furniture Corp. (4/17)
March 28 filed 170,000 shares of common stock (par $5). **Price**—$5.75 per share. **Proceeds** — To repay bank loans and for machinery and equipment and working capital. **Office** — Pulaski, Va. **Underwriters** — Scott, Horner & Mason, Inc., Lynchburg, Va., and Galleher & Co., Inc., Richmond, Va.

Quo Vadis Mines, Inc., Las Vegas, Nev.
March 8 (letter of notification) 300,000 shares of common stock (par 10 cents). **Price**—$1 per share. **Proceeds**—For mining expenses. **Office**—Viener-Jones Bldg., 230 S. 5th St., Las Vegas, Nev. **Underwriter** — First Jersey Securities Corp., Newark, N. J.

R. and P. Minerals, Inc., Reno, Nev.
Feb. 14 (letter of notification) 500,000 shares of common stock. **Price**—At par (10 cents per share). **Proceeds**—For mining expenses. **Office**—573 Mill St., Reno, Nev. **Underwriter**—Utility Investments, Inc., Reno, Nev.

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● Rapp (Fred P.), Inc., St. Louis, Mo.
March 2 filed 150,000 shares of 5½% cumulative preferred stock (par $10). **Price**—To be supplied by amendment. **Proceeds**—To repay bank loans incurred by company to redeem and cancel all of the issued and outstanding shares of 4% and 7% preferred stock; and for expansion program. **Underwriter**—Edward D. Jones & Co., St. Louis, Mo. Statement may be withdrawn as company may be acquired by ACF-Wrigley Stores, Inc.

Redlands Oil Co., Ltd.
Jan. 23 filed $1,000,000 of partnership interests to be offered in minimum amounts of $25,000. **Proceeds**—To acquire leases for drilling for oil and gas and for development costs. **Underwriter** — Name to be supplied by amendment.

Regan Bros. Co., Minneapolis, Minn.
Feb. 17 filed $500,000 of 6% sinking fund first mortgage bonds due 1976. **Price**—100% of principal amount. **Proceeds**—To purchase 36,128 shares of capital stock at a price of $10 per share from stockholders retiring from the company, and for working capital. **Business**—Manufactures and sells at wholesale bread products. **Underwriter**—M. H. Bishop & Co., Minneapolis, Minn.

Reno Hacienda, Inc., Inglewood, Calif.
Dec. 19 filed 4,000,000 shares of common stock. **Price**—At par ($1 per share). **Proceeds**—To purchase real property, for construction of buildings and other facilities and for general corporate purposes. **Underwriter**—Wilson & Bayley Investment Co.

Reynolds Mining & Development Corp.
Nov. 22 filed 1,500,000 shares of common stock (par one cent). **Price**—50 cents per share. **Proceeds**—For working capital and mining expenses. **Office** — Moab, Utah. **Underwriter** — The Matthew Corp., Washington, D. C.

St. Regis Paper Co.
Feb. 21 filed 540,000 shares of common stock (par $5) being offered in exchange for outstanding common stock of Rhinelander Paper Co. on a share-for-share basis. The offer will be declared effective if 90% of Rhinelander common stock is deposited for exchange; and may be declared effective if a lesser amount, but not less than 80% of said shares, are so deposited. This offer will expire on April 16. **Dealer-Managers**—White, Weld & Co., New York, and A. G. Becker & Co., Inc.

● Sayre & Fisher Brick Co. (4/16)
Sept. 30 filed 325,000 shares of capital stock (par $1). **Price**—To be supplied by amendment. **Proceeds** — For prepayment of outstanding 5½% sinking fund bonds due 1970; balance for general corporate purposes, including additions and improvements and working capital. **Underwriter** — Barrett Herrick & Co., Inc., New York City. This statement may be withdrawn.

[An amendment was later filed covering 234,641 shares of capital stock to be offered for subscription by stockholders of record April 13, 1956 on the basis of one new share for each two shares held (with an oversubscription privilege); rights to expire on May 7, 1956. The price is expected to be 25% below the market price on date of offering.]

● Schield Bantam Co., Waverly, Iowa (4/23-27)
March 26 filed 219,000 shares of common stock (par $5), of which 200,000 shares are to be offered publicly and 19,000 shares to certain employees of company. **Price**—To public, to be supplied by amendment; and to employees, $5 per share. **Proceeds** — To six selling stockholders. **Business**—Produces power cranes and excavators, including various types of mountings. **Underwriter**—Granbery, Marache & Co., New York.

Scholz Homes, Inc., Toledo, Ohio
March 28 filed 160,000 shares of common stock (par $1). **Price** — To be supplied by amendment. **Proceeds** — For capital expenditures and for other corporate purposes. **Underwriter**—Straus, Blosser & McDowell, Chicago, Ill.

Schwartz Carbonic Co., El Paso, Texas
Feb. 27 (letter of notification) 30,700 shares of common stock to be offered for subscription by stockholders on basis of 0.6158 new share for each common share held. **Price**—$7.50 per share. **Proceeds**—For expenses incident to manufacturing and sales of carbon dioxide. **Office**—1600 East Eleventh St., El Paso, Tex. **Underwriter**—None.

Seaboard & Western Airlines, Inc.
March 23 filed an estimated maximum of 180,000 shares of common stock (par $1). **Price**—To be supplied by amendment. **Proceeds**—To complete purchase of aircraft and complement of spares and for working capital. **Underwriter**—Union Securities Corp., New York. **Offering**—Expected today (April 12).

Shangrila Uranium Corp.
Dec. 30 (letter of notification) 300,000 shares of common stock. **Price**—At par ($1 per share). **Proceeds**—For mining expenses. **Underwriter**—Western States Investment Co., Tulsa, Okla.

● Sierra Prefabricators, Inc. (Calif.) (4/30)
March 12 (letter of notification) 149,500 shares of capital stock (par $1). **Price**—$2 per share. **Proceeds**—For working capital and general corporate purposes. **Underwriter**—S. D. Fuller & Co., New York.

Simca, Paris, France (5/1)
March 29 filed (1) such number of American shares as may be issued (on a basis of two American shares for each underlying capital share) in respect of 1,455,713 capital shares of Simca and (2) the 1,455,713 capital shares. These securities are being offered to the holders of presently outstanding capital shares, including holders of American shares representing capital shares, at the rate of one additional capital share for each capital share (or one additional American share for each American share) held on April 30, 1956, together with certain additional subscription privileges. The subscription price will be 5,500 francs (approximately $15.71) per capital share and approximately $7.86 per American share. Subscription rights of holders of capital shares will expire at the close of business in Paris on June 6, 1956, whereas warrants evidencing subscription rights of holders of American shares will expire on May 31, 1956. The subscription is to be handled by a group of French subscription agents. **Proceeds**—To finance a program of expansion and improvement. **Business**—Simca is engaged in the production and sale of passenger automobiles, trucks, tractors and other products in France. **Depositary**—For American shares: City Bank Farmers Trust Co., New York.

Skiatron Electronics & Television Corp.
March 16 filed 470,000 shares of common stock (par 10 cents). **Price** — At the market. **Proceeds** — To selling stockholders. **Underwriter**—None.

Southern California Edison Co. (4/17)
March 19 filed $40,000,000 of first and refunding mortgage bonds, series G, due 1981. **Proceeds**—To retire bank loans and for construction program. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Blyth & Co., Inc.; The First Boston Corp. and Dean Witter & Co. (jointly); Kuhn, Loeb & Co. **Bids**—To be received up to 8 a.m. (PST) on April 17, at 601 West Fifth St., Los Angeles, Calif.

Southwestern Oklahoma Oil Co., Inc.
Feb. 27 (letter of notification) 15,001 shares of common stock (par 10 cents) to be offered for subscription by stockholders. **Price**—$10 per share. **Proceeds**—For expenses incident to development of oil and gas properties. **Office**—801 Washington Bldg., Washington, D. C. **Underwriter**—None.

Spurr Mining Corp.
Nov. 9 (letter of notification) 300,000 shares of common stock. **Price**—$1 per share. **Proceeds**—For mining expenses. **Underwriter**—Cavalier Securities Co., Washington, D. C.

★ Squaw Creek Mining Co., Missoula, Mont.
March 28 (letter of notification) 100,000 shares of common stock. **Price**—At par ($1 per share). **Proceeds**—For mining expenses. **Office** — 605 Wilma Bldg., Missoula, Mont. **Underwriter**—None.

Strategic Metals, Inc., Tungstonia, Nevada
Jan. 4 (letter of notification) 1,200,000 shares of common stock. **Price**—25 cents per share. **Proceeds**—For expenses incident to mining operations. **Underwriter**—R. Reynolds & Co., Salt Lake City, Utah.

★ Stratum Uranium Corp., Provo, Utah
March 30 (letter of notification) 1,200,000 shares of common stock (par five cents). **Price**—25 cents per share. **Proceeds**—For mining expenses. **Office**—290 North University Ave., Provo, Utah. **Underwriter**—None.

Stubnitz Greene Corp., Adrian, Mich.
March 29 filed $1,000,000 of 5½% sinking fund subordinated debentures due 1966 (with warrants to purchase 60,000 shares of common stock) and 100,000 shares of 60-cent cumulative preferred stock (par $5) to be offered for subscription by common stockholders in units of $250 of debentures (with warrants attached to purchase 15 shares of common stock at $8 per share) and 25 shares of preferred stock for each 100 shares of common stock presently held. **Price**—$418.75 per unit. **Proceeds**—For expansion and working capital. **Office**—404 Logan Street, Adrian, Mich. **Underwriter**—Golkin & Co., New York. **Offering**—Expected momentarily.

Suburban Land Developers, Inc., Spokane, Wash.
Feb. 2 (letter of notification) 920 shares of 6% cumulative non-voting preferred stock ($100 per share) and 2,160 shares of common stock (par $10). **Price**—Of preferred, $100 per share; and of common, $15 per share. **Proceeds**—For improvements and working capital. **Office**—909 West Sprague Ave., Spokane, Wash. **Underwriter**—W. T. Anderson & Co., Inc., Spokane, Wash.

Summit Springs Uranium Corp., Rapid City, S. D.
Oct. 3 (letter of notification) 1,200,000 shares of common stock (par 10 cents). **Price**—25 cents per share. **Proceeds**—For expenses incident to mining operations. **Office**—Harney Hotel, Rapid City, S. D. **Underwriter**—Morris Brickley, same address.

Superior Uranium Co., Denver, Colo.
Nov. 9 (letter of notification) 29,600,000 shares of common stock. **Price**—At par (one cent per share). **Proceeds**—For mining operations. **Office**—608 California Bldg., Denver, Colo. **Underwriter**—Securities, Inc., P. O Box 127, Arvada, Colo.

Target Uranium Corp., Spokane, Wash.
March 1 (letter of notification) 1,000,000 shares of common stock (par five cents). **Price**—20 cents per share. **Proceeds**—For mining expenses. **Office** — 422 Paulsen Bldg., Spokane, Wash. **Underwriters**—Percy Dale Lanphere and Kenneth Miller Howser, both of Spokane, Wash.

Taylor Petroleum Corp., Norman, Okla.
Feb. 1 filed 200,000 shares of common stock (par $1). **Price**—To be supplied by amendment. **Proceeds**—For working capital, drilling and completion of additional wells, possible acquisition of interests in additional oil and gas leases and exploration for oil and gas. **Underwriter**—Hayden, Stone & Co., New York.

Texas Eastern Transmission Corp.
Nov. 30 filed 200,000 shares of cumulative preferred stock (par $100). **Price**—To be supplied by amendment. **Proceeds**—Toward redemption of presently outstanding 190,000 shares of 5.50% first preferred stock. **Underwriter**—Dillon, Read & Co., Inc., New York **Offering**—Temporarily postponed.

Texize Chemicals, Inc., Greenville, S. C. (4/16)
March 19 filed $742,800 of 5% subordinated convertible debentures due April 1, 1971, to be offered for subscription by common stockholders of record about April 16 on the basis of $100 of debentures for each seven shares of common stock held; rights to expire about April 30. **Price**—$98.50 per $100 debenture, plus accrued interest, to stockholders; and at par to public. **Proceeds** — For capital expenditures and working capital. **Underwriters**—Edgar M. Norris and Alester G. Furman Co., both of Greenville, S. C., and seven other firms.

Tex-Star Oil & Gas Corp., Dallas, Texas
Jan. 20 (letter of notification) 99,990 shares of common stock (par $1). **Price** — $3 per share. **Proceeds**—For working capital and general corporate purposes. **Office**—Meadows Building, Dallas, Texas. **Underwriter** — Thomas F. Neblett, Los Angeles, Calif.

★ Tilden Commercial Alliance Corp.
April 3 (letter of notification) $300,000 of 12-year 8% subordinated capital notes due in April, 1968. **Price**—At par (in denominations of $100, $500 and $1,000). **Proceeds**—For working capital. **Business** — Principally in purchasing retail instalment sales contracts for used motor vehicles. **Office**—162 Remsen St., Brooklyn, N. Y. **Underwriter**—None.

Togor Publications, Inc., New York
March 16 (letter of notification) 299,700 shares of common stock (par 10 cents). **Price**—$1 per share. **Proceeds**—For working capital and general corporate purposes. **Office**—381 Fourth Ave., New York, N. Y. **Underwriter**—Federal Investment Co., Washington, D. C.

TranSouth Life Insurance Co., Columbia, S. C.
Feb. 21 filed 941,250 shares of class A non-voting common stock (par $1) and 10,270 shares of class B voting common stock (par $1) of which 100,000 class A and all of the class B shares are to be reserved on exercise of options to be granted to employees and directors of the company. Class A shares are to be offered in units of four shares each, and at $8 per unit, under a condition that each purchaser donate one share out of every four shares purchased to TranSouth Educational Foundation, Inc. **Proceeds**—To finance its business as a life insurance company. **Underwriter**—None. J. R. Hoile is President-Treasurer; and G. F. Kennedy is Secretary.

Transportation Vendors, Inc.
March 23 (letter of notification) 299,750 shares of common stock (par five cents). **Price**—$1 per share. **Proceeds** — To pay indebtedness, and for expansion and working capital. **Business**—Vending machines. **Office**—60 Park Place, Newark, N. J. **Underwriter** — Midland Securities, Inc., New York, N. Y.

Tunacraft, Inc., Kansas City, Mo.
Jan. 17 (letter of notification) $250,000 of 6% 12-year registered subordinated sinking fund debenture notes due Jan. 1, 1968. **Price**—At par. **Proceeds**—To reduce outstanding secured obligations. **Underwriter**—McDonald, Evans & Co., Kansas City, Mo.

Underwriters Factors Corp.
Dec. 7 (letter of notification) 29,500 shares of 6¾% participating convertible preferred stock (par $10) and 2,950 shares of common stock (par one cent) to be offered in units of 10 shares of preferred stock and one share of common stock. **Price** — $100.01 per unit. **Proceeds** — To increase working capital. **Office** — 51 Vesey St., New York, N. Y. **Underwriter**—New York and American Securities Co., 90 Wall St., New York, N. Y.

Union of Texas Oil Co., Houston, Texas
Jan. 19 (letter of notification) 240,000 shares of common stock (par 10 cents). **Price**—$1.25 per share. **Proceeds**—For expenses incident to oil production. **Office** — San Jacinto Building, Houston, Tex. **Underwriter**—Mickle & Co., Houston, Texas.

★ United Mining & Leasing Corp.
March 30 (letter of notification) 1,000,000 of common stock (par $10 cents). **Price**—12 cents per share. **Proceeds**—For mining expenses. **Address**—Central City, Colo. **Underwriter**—None.

U. S. Automatic Machinery & Chemical Corp.
Nov. 4 (letter of notification) 300,000 shares of class A common stock (par 10 cents). **Price**—$1 per share. **Proceeds** — For general corporate purposes. **Office**—8620 Montgomery Ave., Philadelphia, Pa. **Underwriter**—Columbia Securities Corp., 135 Broadway, New York.

United States Envelope Co.
March 16 filed 123,046 shares of common stock (par $10) being offered for subscription by common stockholders of record April 4, 1956, at the rate of one new share for each four shares held; rights to expire on April 17. **Price**—$20.25 per share. **Proceeds**—To repay bank loans; for purchase of new equipment and working capital. **Dealer-Manager**—Hayden, Stone & Co., New York.

U. S. Fiberglass Industrial Plastics, Inc.
March 19 (letter of notification) 150,000 shares of convertible preferred stock (par $1) and 30,000 shares of common stock (par 10 cents) to be offered in units of five shares of preferred stock and one share of common stock first to stockholders of record March 1, 1956. **Price**—To stockholders, $9 per unit; and to public, $10 per unit. **Proceeds**—For capital improvements and general corporate purposes. **Office**—Norwood, N. J. **Underwriter**—General Investing Corp., New York.

Uranium Exploration Co., Salt Lake City, Utah
Feb. 13 (letter of notification) 77,875 shares of common stock (par 25 cents). **Price**—$1 per share. **Proceeds**—For mining expenses. **Office**—538 East 21st South St., Salt Lake City, Utah. **Underwriter** — Pioneer Investments, Salt Lake City, Utah.

Utah Gas Service Co., Salt Lake City, Utah
March 12 (letter of notification) $300,000 of 5½% debentures in denominations of $1,000 each). **Price**—At 100% plus accrued interest. **Proceeds** — Together with other funds, to finance the construction of natural gas systems and transmission lines. **Office**—1007 Walker Bank Bldg., Salt Lake City, Utah. **Underwriter**—The First Trust Co. of Lincoln, Lincoln, Neb.

Utco Uranium Corp., Denver, Colo.
Jan. 30 (letter of notification) 200,000 shares of common stock, which are covered by an option held by the underwriter. **Price**—10 cents per share. **Proceeds**—For mining expenses. **Office**—310 First National Bank Bldg., Denver, Colo. **Underwriter** — Amos C. Sudler & Co., same city.

Vance Industries, Inc., Evanston, Ill.
Jan. 24 (letter of notification) 7,000 shares of common stock (par one cent). **Price**—$7 per share. **Proceeds**—To selling stockholders. **Office** — 2108 Jackson Ave., Evanston, Ill. **Underwriter**—Arthur M. Krensky & Co., Inc., Chicago, Ill.

Ward Industries Corp.
March 9 (letter of notification) 12,000 shares of $1.25 cumulative preferred stock, series A (par $25) and 1,500 shares of common stock (par $1) being offered in exchange for 5% cumulative preferred stock (par $100) of The Prosperity Co. on the basis of four Ward preferred shares, one-half share of Ward common stock and $1.05 in cash for each Prosperity preferred share. This offer, which is limited to acceptance by 3,000 Prosperity preferred shares, is alternative to the right to receive instead $100 per Prosperity preferred share.

West Jersey Title & Guaranty Co.
Jan. 23 (letter of notification) 10,000 shares of common stock (par $10) of which 8,000 shares are first to be offered for a period of 30 days in exchange for outstanding preferred stock on a 2-for-1 basis; any shares remaining will be offered to common stockholders. **Price**—$25 per share. **Office**—Third and Market Sts., Camden, N. J. **Underwriter**—None.

● **Westcoast Transmission Co., Ltd. (4/17)**
Jan. 26 filed $20,500,000 (U.S.) 32-year subordinate debentures, due Feb. 1, 1988, and 615,000 shares of capital stock (no par) to be offered in units of $100 of debentures and three shares of stock. **Price**—To be supplied by amendment. **Proceeds**—Together with funds to be received from insurance companies and banks and from sale of an additional 3,271,000 shares of stock to Westcoast Investment Co., to be used to construct a pipe-line system. **Office**—Calgary, Alta., Canada. **Underwriter**—Eastman, Dillon & Co., New York.

Western Securities Corp. of New Mexico
Feb. 13 (letter of notification) 50,000 shares of common stock. **Price**—At par ($1 per share). **Proceeds**—To start a dealer or brokerage business. **Office**—921 Sims Bldg., Albuquerque, N. M. **Underwriter**—None.

Western Utilities Corp., San Francisco, Calif.
March 23 (letter of notification) 15,171 shares of common stock (par $1). **Price**—$5.50 per share. **Proceeds**—To West Coast Telephone Co., the selling stockholder. **Underwriter**—Central Republic Co., Inc., Chicago, Ill.

White Sage Uranium Corp.
Feb. 13 (letter of notification) 15,000,000 shares of capital stock. **Price**—At par (one cent per share). **Proceeds**—For mining expenses. **Office**—547 East 21st South St., Salt Lake City, Utah. **Underwriter**—Empire Securities Corp., Salt Lake City, Utah.

★ **William Penn Finance Co., Whittier, Calif.**
March 30 (letter of notification) 11,000 shares of common stock. **Price**—At par ($10 per share). **Proceeds**—For working capital. **Office** — 729 S. Greenleaf Ave., Whittier, Calif. **Underwriter**—None.

Williamson Co., Cincinnati, Ohio
Feb. 20 (letter of notification) 20,666 shares of class B common stock (par $1) to be offered for subscription by class B common stockholders on a 1-for-7 basis. **Price**—$6.84 per share. **Proceeds**—For working capital. **Office**—3500 Maison Road, Cincinnati, Ohio. **Underwriter**—None.

Wilmington Country Club, Inc., Wilmington, Del.
April 2 filed $1,500,000 of non-interest bearing debentures, due 1991, to be offered to the members of the Club. **Price**—At par ($1,000 per debentures). **Proceeds**—For construction of a golf house and other improvements. **Underwriter**—None.

Wilson (Russell) Industries, Inc.
March 13 (letter of notification) 3,000,000 shares of common stock. **Price**—At par (10 cents per share). **Proceeds**—To repay bank loans, for drilling well and working capital. **Office**—Winnsboro, Texas. **Underwriters**—J. J. Holland Securities Co., Inc., New York, N. Y., and Daggett Securities, Inc., Newark, N. J.

★ **Winn-Dixie Stores, Inc.**
April 10 filed 24,236 shares of common stock (par $1) to be offered to certain employees of the company and its wholly-owned subsidiaries pursuant to its Employees Stock Purchase Plan.

Wisconsin Electric Power Co. (4/24)
March 30 filed $30,000,000 first mortgage bonds due April 15, 1986. **Proceeds**—To repay bank loans and for construction program. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Kuhn, Loeb & Co. and American Securities Corp. (jointly); Lehman Brothers and Salomon Bros. & Hutzler (jointly); Merrill Lynch, Pierce, Fenner & Beane and Equitable Securities Corp. (jointly); Glore, Forgan & Co.; The First Boston Corp.; Union Securities Corp. and Harriman Ripley & Co. Inc. (jointly). **Bids**—Expected to be received up to 11 a.m. (EST) on April 24. Statement expected to become effective on April 20.

● **Wisconsin Electric Power Co. (4/26)**
March 30 filed 463,641 shares of common stock (par $10) to be offered for subscription by common stockholders of record April 24 on the basis of one new share for each 10 shares held (with an oversubscription privilege); rights to expire about May 15. It is planned to mail subscription warrants on April 26. Unsubscribed shares will be offered to employees. **Price**—To be supplied by amendment. **Proceeds** — For construction program. **Underwriter**—None. Statement expected to become effective April 24.

★ **Woodbury Telephone Co., Woodbury, Conn.**
March 27 (letter of notification) 5,300 shares of common stock to be offered to stockholders. **Price**—At par ($25 per share). **Proceeds**—To repay short term loans and for construction. **Underwriter**—None.

● **Woods Oil & Gas Co., New Orleans, La.**
Aug. 29 filed 400,000 shares of common stock (par $1). **Price**—$5 per share. **Proceeds**—To retire outstanding obligations. **Underwriters**—Woolfolk & Shober and Howard, Weil, Labouisse, Fredricks & Co., both of New Orleans, La. Statement effective Feb. 28.

Woodstock Uranium Corp., Carson City, Nev.
Nov. 21 (letter of notification) 3,000,000 shares of common stock. **Price**—At par (10 cents per share). **Proceeds**—For mining expenses. **Office**—Virginia Truckee Bldg., Carson City, Nev. **Underwriter**—Cayias, Larson, Glaser, Emery, Inc., Salt Lake City, Utah.

Wycotah Oil & Uranium, Inc., Denver, Colo.
Nov. 10 filed 1,500,125 shares of common stock (par one cent) to be offered only to the owners of percentages of working interests in certain oil and gas leases and to the owners of certain uranium properties, and in exchange for such working interests and properties. **Price**—Shares to be valued at an arbitrary price of $4 per share. **Proceeds**—To acquire properties. **Underwriter**—None.

Prospective Offerings

Air-Vue Products Corp., Miami, Fla.
Feb. 20 it was reported early registration is expected of 150,000 shares of common stock. **Price**—Around $4.25 per share. **Proceeds** — For expansion program. **Underwriter**—Arthur M. Krensky & Co., Inc., Chicago, Ill.

American Shopping Centers, Inc.
Jan. 23 it was announced company will soon offer publicly some new securities in the approximate amount of $6,000,000. **Proceeds**—To acquire shopping centers. **Office**—Minneapolis, Minn. **Underwriter**—Carl M. Loeb, Rhoades & Co., New York.

American Telephone & Telegraph Co.
March 21 the directors authorized a new issue of debentures (non-convertible) amounting to $250,000,000. **Proceeds**—For additions and improvements to Bell System telephone service. **Underwriter** — To be determined by competitive bidding. Probable bidders: The First Boston Corp. and Halsey, Stuart & Co. Inc. (jointly); Morgan Stanley & Co. **Bids**—Expected to be received sometime after the middle of June.

Arizona Public Service Co.
March 23 it was announced company plans to spend during the next five years an estimated $94,000,000 for new construction. Of this amount, $41,000,000 is expected to come from within the company, and the balance from outside sources. No new equity financing is planned for 1956. About $16,000,000 is expected to be spent this year. Bond financing is expected to be done privately through Blyth & Co., Inc. and The First Boston Corp.

Baltimore & Ohio RR.
March 22 ICC authorized company to issue up to $54,710,000 of convertible 4½% debentures, series A, due Feb. 1, 2010, which it proposes to offer in exchange to holders of its outstanding convertible 4½% income bonds on a par-for-par basis.

Blackstone Valley Gas & Electric Co.
Feb. 27 it was reported company plans to issue some preferred stock during 1956. **Proceeds**—To reduce bank loans. **Underwriter**—To be determined by competitive bidding. Probable bidders: W. C. Langley & Co.; Estabrook & Co. and Stone & Webster Securities Corp. (jointly); Salomon Bros. & Hutzler; Kidder, Peabody & Co.; Harriman Ripley & Co. Inc.

Bon Ami Co., New York
March 9 it was announced company plans to offer to common A and common B stockholders the right to subscribe for 10,000 shares of common A stock (now held in treasury) on basis of one share of common A stock for each 29 shares of common A and/or common B stock held. The stockholders on March 21 will vote on approving this proposal and also on changing the par value of the shares from no par for both issues to $2 per share for the common A stock and $1 for the common B stock. **Underwriter**—Dominick & Dominick and Smith, Barney & Co. (formerly Charles D. Barney & Co.) handled secondary offering of common B stock in 1926.

Boston Edison Co.
March 19 it was reported company plans to offer $18,000,000 of preferred stock. **Proceeds**—For construction program. **Underwriter**—If by competitive bidding, bidders may include Lehman Brothers; The First Boston Corp.

Bryn Mawr Trust Co., Bryn Mawr, Pa.
March 27, the Bank offered to its stockholders of record March 23 the right to subscribe on or before April 26, 1956 for 18,400 additional shares of capital stock (par $5) on the basis of one new share for each five shares held. **Price**—$30 per share. **Proceeds**—To increase capital and surplus. **Underwriter**—Laird, Bissell & Meeds, Wilmington, Del.

California Electric Power Co.
March 19 it was reported company plans to issue and sell some additional securities in June or July. **Proceeds**—To retire bank loans and for new construction. Probable bidders for bonds may include: Halsey, Stuart & Co. Inc.; Shields & Co.; Merrill Lynch, Pierce, Fenner & Beane and Kidder, Peabody & Co. (jointly); Blyth & Co. Inc.; The First Boston Corp. and Salomon Bros. & Hutzler (jointly); Lehman Brothers; White, Weld & Co. Previous common stock financing was underwritten by Blyth & Co., Inc. and The First Boston Corp.

Carolina Power & Light Co. (9/11)
March 22 it was announced company plans to issue and sell $15,000,000 of first mortgage bonds due 1986. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co Inc.; Kuhn, Loeb & Co. and A. C. Allyn & Co. Inc. (jointly); W. C. Langley & Co. and The First Boston Corp. (jointly); Equitable Securities Corp.; Blyth & Co., Inc.; Kidder, Peabody & Co. and Merrill Lynch, Pierce, Fenner & Beane (jointly). **Bids**—Scheduled for Sept. 11.

Chicago, Rock Island & Pacific RR. (4/12)
Bids will be received up to noon (CST) on April 12 for the purchase from the company of $2,880,000 equipment trust certificates, series Q, due semi-annually from Nov. 1, 1956 to May 1, 1968, inclusive. Probable bidders: Halsey, Stuart & Co. Inc.; Salomon Bros. & Hutzler.

Coastal Transmission Corp., Houston, Texas
Feb. 29 it was announced an application has been filed with the FPC for construction of a 565.7 mile pipeline system to cost $68,251,000. **Underwriters**—May be Lehman Brothers and Allen & Co., both of New York.

Columbia Gas System, Inc. (10/2)
Feb. 15 it was announced company may issue and sell $30,000,000 of debentures. **Underwriter** — To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Morgan Stanley & Co. **Bids**—Expected to be received on Oct. 2.

Commercial Credit Corp.
March 12 it was reported company plans early registration of about $25,000,000 of junior subordinated debentures. **Underwriter** — Kidder, Peabody & Co. and The First Boston Corp., both of New York.

Commonwealth Edison Co. (6/5)
Jan. 24 it was announced that company may issue between $35,000,000 to $50,000,000 of bonds. **Proceeds**—For construction program. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Glore, Forgan & Co. and Blyth & Co., Inc. (jointly); The First Boston Corp.

Connecticut National Bank, Bridgeport, Conn.
April 4 the Bank offered to its stockholders of record April 3, 1956, the right to subscribe on or before April 20 for 209,000 additional shares of common stock. **Price**—$15 per share. **Proceeds**—For working capital. **Underwriters**—Smith, Ramsey & Co., Inc.; Hincks Bros. & Co. Inc.; Chas. W. Scranton & Co.; A. M. Kidder & Co.; G. H. Walker & Co.; and T. L. Watson & Co.

Connecticut Power Co.
March 1 it was reported company plans to issue and sell $5,200,000 of new preferred stock and offer to common stockholders 71,132 additional shares of common stock on a 1-for-10 basis. **Proceeds** — To reduce bank loans. **Underwriters**—Putnam & Co.; Chas. W. Scranton & Co. **Offering**—Expected in June.

Consolidated Natural Gas Co. (7/25)
March 15 it was announced company plans to issue and sell $30,000,000 of debentures due 1981. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Morgan Stanley & Co. and The First Boston Corp (jointly); White, Weld & Co. and Paine, Webber, Jackson & Curtis (jointly). **Bids**—Expected to be received on July 25.

Consolidated Water Co.
Jan. 16, Frank A. O'Neill, President, announced that the company sometime between now and the summer of 1956, will probably do some additional financing. **Proceeds**—For expansion. **Underwriters**—The Milwaukee Co.; Harley Haydon & Co., Inc.; and Indianapolis Bond & Share Corp. underwrote class A common stock offering made last August.

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★ Consumers Power Co.
April 7 it was reported company plans to issue and sell $30,000,000 of first mortgage bonds. **Proceeds**—For new construction. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Harriman Ripley & Co. Inc. and The First Boston Corp. (jointly); Morgan Stanley & Co.; White, Weld and Shields & Co. (jointly).

Crane Co., Chicago, Ill.
F. F. Elliott, President, on March 18 stated in part: "To meet the cost of present proposed capital expenditures, it appears that some additional financing may be necessary." **Underwriters**—Morgan Stanley & Co. and Clark, Dodge & Co.

Cribben & Sexton Co.
Feb. 27 it was reported stockholders will vote March 6 on approving a proposal to increase the authorized common stock from 250,000 shares to 750,000 shares, the additional shares probably to be issued in connection with future financing. **Underwriter**—May be Hornblower & Weeks, New York.

Delaware Power & Light Co.
Sept. 28 it was announced that the company expects to undertake some common stock financing, probably first to common stockholders. **Proceeds**—For construction program. **Underwriter**—To be determined by competitive bidding. Probable bidders: W. C. Langley & Co. and Union Securities Corp. (jointly); Kidder, Peabody & Co. and Merrill Lynch, Pierce, Fenner & Beane (jointly); Carl M. Loeb, Rhoades & Co.; Blyth & Co. Inc. and The First Boston Corp. (jointly); White, Weld & Co. and Shields & Co. (jointly); Lehman Brothers. **Offering**—Expected in June or July.

Detroit Edison Co.
Feb. 20, Walker L. Cisler, President stated that "tentative plans are that about $60,000,000 will be obtained from investors in 1956. Internal funds and bank borrowings will probably provide for the remainder of the $95,000,000 necessary this year to carry forward the company's program of expansion of facilities." Financing may be in form of 15-year debentures to common stockholders. **Underwriters**—None. **Offering**—Tentatively expected in June.

Dolly Madison International Foods Ltd.
Nov. 15 it was announced that Foremost Dairies, Inc. intends at a future date to give its stockholders the right to purchase its Dolly Madison stock. **Underwriter**—Allen & Co., New York.

Du Mont Broadcasting Corp.
Aug. 10 it was announced that corporation, following issuance on Dec. 2 to stockholders of Allen B. Du Mont Laboratories, Inc. of 944,422 shares of common stock as a dividend, contemplates that additional shares will be offered to its stockholders. This offering will be underwritten. Kuhn, Loeb & Co. and Van Alstyne, Noel & Co. handled Du Mont Laboratories class A stock financing some years ago. Stockholders of Laboratories on Oct. 10 approved formation of Broadcasting firm.

★ Dubl-Check Corp. (5/4)
April 9 it was reported company plans to issue and sell 5,870 shares of preferred stock and 5,870 shares of common stock in units of one share of each class of stock. **Price**—$51 per unit. **Business**—Check cashing service, whereby a coin operated camera photographs the check casher. **Underwriter**—Talmage & Co., New York.

Erie RR. (6/1)
Bids are expected to be received by the company on or about June 1 for the purchase from it of approximately $9,750,000 equipment trust certificates. Probable bidders: Halsey, Stuart & Co. Inc.; Salomon Bros & Hutzler.

★ First National Trust & Savings Bank, San Diego, Calif.
April 4 it was announced Bank plans to offer to its stockholders the right to subscribe for 43,200 additional shares of capital stock (par $10) on the basis of one new share for each 10 shares held following payment of a 100% stock dividend. Stockholders will vote April 25 on approving the new financing, etc. **Price**—$31 per share. **Proceeds**—To increase capital and surplus. **Underwriters** Dean Witter & Co., Blyth & Co., Inc., William R. Staats & Co. and Dewar & Co., all of San Diego, Calif.

● First Pennsylvania Banking & Trust Co. (6/7)
March 27 it was announced Bank plans to offer to its stockholders 202,800 additional shares of capital stock (par $10) on the basis of one new share for each 10 shares held on or about May 28; rights to expire on June 22. **Price** — To be established later. **Proceeds**—To increase capital and surplus. **Underwriters**—Drexel & Co., Philadelphia, Pa., and Merrill Lynch, Pierce, Fenner & Beane and Smith, Barney & Co., both of New York City. **Meeting**—Stockholders will vote May 28 on increasing authorized capital stock from 2,028,000 shares to 2,230,800 shares.

Flo-Mix Fertilizers Corp., Houma, La.
Dec. 12 it was reported early registration is expected of 159,000 shares of common stock. **Price** — Probably $5 per share. **Underwriters**—Fairman, Harris & Co., Inc., and Straus, Blosser & McDowell, both of Chicago, Ill.

Florida Power Corp. (7/11)
Feb. 20 it was announced company plans to issue and sell $20,000,000 of first mortgage bonds. **Underwriters**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Kidder, Peabody & Co. and Merrill Lynch, Pierce, Fenner & Beane (jointly); Lehman Brothers and Blyth & Co., Inc. (jointly); Glore, Forgan & Co.; The First Boston Corp. **Bids**—Expected July 11. **Registration**—Planned for June 14.

Fort Worth National Bank (4/17)
March 30 it was announced stockholders will vote April 17 on approving an offering to stockholders of 150,000 additional shares of common stock (par $10) on the basis of one new share for each 4⅔ shares held. **Price**—$22.50 per share. **Proceeds**—To increase capital and surplus. **Office**—Fort Worth, Texas. **Underwriters**—Dallas Union Securities Co. and First Southwest Co., both of Dallas, Tex.

General Acceptance Corp.
April 2 it was reported company plans to issue and sell $15,000,000 of debentures due in 1966, $10,000,000 of capital debentures due in 1971 and about $3,500,000 of common stock. **Underwriter**—Paine, Webber, Jackson & Curtis, Boston and New York. **Registration**—Expected late in April.

General Electric Co.
April 2, John D. Lockton, Treasurer, announced that the company plans to issue and sell in the late Spring $300,000,000 of straight sinking fund debentures. **Proceeds**—To retire bank loans and for capital expenditures and working capital. **Underwriters** — Morgan Stanley & Co. and Goldman, Sachs & Co., both of New York.

General Public Utilities Corp.
April 2, A. F. Tegen, President, said that the company plans this year to issue and sell $28,500,000 of new bonds and $14,000,000 of new preferred stock. It is also possible that a new issue of common stock will be offered for subscription by common stockholders before April, 1957. **Proceeds**—To repay bank loans, etc., and for construction program.

General Tire & Rubber Co.
Feb. 24 stockholders approved a proposal to increase authorized common stock to 2,500,000 from 1,750,000 shares and the authorized preference stock to 1,000,000 from 350,000 shares; also a proposal that any issue of debentures may include a privilege to convert into common stock and permit the company to issue warrants to purchase common stock, provided the total that may be outstanding at any one time does not exceed 600,000 shares. [The company expects to issue 23,000 additional preference shares—5,000 for acquiring stock and property and 18,000 for cash. Having completed long-term borrowing negotiations of $30,000,000 from insurance companies, the company expects to sell not more than $15,000,000 in debentures.] **Underwriter**—Kidder, Peabody & Co., New York.

Giannini (G. M.) & Co., Inc., Pasadena, Calif.
March 31 it was reported company plans to issue and sell about $1,000,000 of convertible preferred stock. **Proceeds**—For working capital. **Underwriters**—G. H. Walker & Co., St. Louis, Mo., and Hill, Richards & Co., Los Angeles, Calif.

★ Hawaii (Territory of) (4/26)
Bids will be received up to 10 a.m. (EST) on April 26, at the office of the Bankers Trust Co., 46 Wall St., New York, N. Y., for the purchase from the Treasurer of the Territory of Hawaii of $7,500,000 public improvement bonds, series A, dated May 1, 1956, and to mature $417,000 on May 1, of each year from 1959 to 1975, inclusive, and $411,000 on May 1, 1976.

Hawaiian Electric Co., Ltd.
March 5 it was announced stockholders were to vote March 20 on issuance of 70,000 shs. of com. stk. as a 10% stock dividend; and on sale of 100,000 additional common shares and $5,000,000 of preferred stock. **Proceeds**—For construction program. **Underwriter**—For common stock, none; and for preferred stock, Dillon, Read & Co., New York.

★ Honolulu (City and County of) (4/26)
Bids will be received on April 26 for the purchase of $2,000,000 water supply revenue bonds, due May 15, 1962 to 1986, inclusive.

Houston Texas Gas & Oil Corp., Houston, Texas
Feb. 29 it was announced an application has been filed with the FPC for permission to construct a 961 mile pipeline system to cost $105,836,000. **Underwriters**—May be Blyth & Co., Inc., San Francisco, Calif.; and Scharff & Jones, Inc., New Orleans, La.

Illinois Power Co.
March 1 it was reported company may issue about $25,000,000 of debt securities. **Proceeds**—To repay bank loans and for new construction. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; The First Boston Corp.; White, Weld & Co. and Merrill Lynch, Pierce, Fenner & Beane (jointly); Harriman, Ripley & Co. Inc. and Glore, Forgan & Co. (jointly); Union Securities Corp.

Indianapolis Power & Light Co.
March 21 it was announced company has applied to the Indiana P. S. Commission for authority to issue and sell $10,000,000 of first mortgage bonds. **Proceeds**—For construction program. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Union Securities Corp.; Blyth & Co., Inc.; Lehman Brothers, Goldman, Sachs & Co. and The First Boston Corp. (jointly); W. C. Langley & Co., White, Weld & Co. and Shields & Co. (jointly); Kuhn, Loeb & Co.; Equitable Securities Corp.; Hemphill, Noyes & Co. and Drexel & Co. (jointly). **Bids**—Expected in June.

Inter-County Telephone & Telegraph Co. of Ft. Myers, Fla.
Jan. 16 it was reported company is considering to offer publicly an issue of common stock. **Underwriter**—Central Republic Co., Inc., Chicago, Ill.

Jersey Central Power & Light Co.
Feb. 6 it was reported company may in May or June 1956, issue and sell $9,000,000 first mortgage bonds. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Lehman Brothers; White, Weld & Co.; Kidder, Peabody & Co.; Union Securities Corp., Salomon Bros. & Hutzler and Merrill Lynch, Pierce, Fenner & Beane (jointly); Blair & Co. Incorporated.

Johns-Manville Corp.
March 9, Leslie M. Cassidy, Chairman, said the corporation is studying possibilities for expansion that could require financing, adding that the management had no definite plan for the issuance of additional stock other than those required for the two-for-one split but "the situation could change."

Kaiser Steel Corp.
March 30 it was reported that company is studying financing plans for its new major expansion program to involve approximately $113,000,000. Terms have not yet been agreed upon. **Underwriter**—The First Boston Corp., New York.

Kansas Power & Light Co.
March 21 it was reported company may soon offer additional common stock to common stockholders on a 1-for-10 basis. **Underwriter**—The First Boston Corp., New York.

Kay Lab., Inc., San Diego, Calif.
March 26 it was reported company plans to sell between $900,000 and $1,000,000 common stock early in May. **Underwriter**—Shearson, Hammill & Co., New York and Los Angeles. **Registration**—Expected in April.

Kern Mutual Telephone Co., Taft, Calif.
March 12 it was reported company plans to issue and sell 12,000 shares of preferred stock (par $25). **Proceeds**—To redeem outstanding 6% preferred stock, to repay bank loans and for improvements, etc. **Underwriter**—Central Republic Co., Inc., Chicago, Ill.

Kimberly-Clark Corp., Neenah, Wis.
Nov. 22 it was announced that the company plans further financing, the nature and extent of which has not yet been determined, except it is not the present intention to sell additional common stock. **Proceeds**—To be used to pay for further expansion, estimated to cost an additional $37,000,000. **Underwriter**—Blyth & Co., Inc., New York.

Lone Star Steel Co.
Jan. 24, E. B. Germany, President, announced that the company plans the private and public sale of new securities during the first half of the current year. **Proceeds**—To retire indebtedness of company held by the RFC and the Treasury Department. **Underwriters**—Probably Dallas Rupe & Son; Estabrook & Co.; and Straus & Blosser.

Maine Bonding & Casualty Co.
Feb. 4 it was announced that the company plans to offer to its common stockholders on a 3-for-7 basis an additional 30,000 shares of common stock (par $10). **Underwriter**—To be selected. **Meeting**—Stockholders on Feb. 17 approved an increase in the authorized common stock from 50,000 shares to 100,000 shares. Of the increased stock, 20,000 shares are to be issued as a 40% stock dividend on March 1 to stockholders of record Feb. 17.

Metropolitan Edison Co.
Feb. 6 it was reported that company is considering the sale of additional first mortgage bonds later this year. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; White, Weld & Co.; Blyth & Co., Inc.; Kidder, Peabody & Co. and Drexel & Co. (jointly); The First Boston Corp.

National Steel Corp.
March 12 the company announced that it is estimated that total construction expenditures planned to start in the current year and to be completed in mid-1959 will amount to a minimum of $200,000,000. **Underwriters**—Kuhn, Loeb & Co.; Harriman Ripley & Co. Inc.; and The First Boston Corp.

Natural Gas Pipe Line Co. of America
Feb. 20 it was reported company plans to issue and sell late this Spring $35,000,000 of first mortgage bonds due 1976. **Underwriter**—If determined by competitive bidding, the following may bid: Halsey, Stuart & Co. Inc.; White, Weld & Co.; Lehman Brothers and Union Securities Corp. (jointly).

New England Electric System
Jan. 3 it was announced company plans to merge its subsidiaries, Essex County Electric Co., Lowell Electric Light Corp., Lawrence Electric Co., Haverhill Electric Co. and Amesbury Electric Light Co., into one company during 1956. This would be followed by a $20,000,000 first mortgage bond issue by the resultant company, the name of which has not as yet been determined. **Underwriter** — May be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Kuhn, Loeb & Co., Salomon Bros. & Hutzler, Union Securities Corp. and Wood, Struthers & Co. (jointly); Lehman Brothers; The First Boston Corp.; Equitable Securities Corp.; Merrill Lynch, Pierce, Fenner & Beane, Kidder, Peabody & Co. and White, Weld & Co. (jointly).

New England Power Co.
Jan. 3 it was announced company plans to issue and sell $10,000,000 of first mortgage bonds during October of 1956. **Underwriters**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Kuhn, Loeb & Co., Salomon Bros. & Hutzler, Union Securities Corp. and Wood, Struthers & Co. (jointly); Lehman Brothers; The First Boston Corp.; Equitable Securities Corp.; Merrill Lynch, Pierce, Fenner & Beane, Kidder, Peabody & Co. and White, Weld & Co. (jointly).

New England Trust Co., Boston, Mass.
April 2, the company offered to its stockholders of record March 30 the right to subscribe for 40,000 additional shares of capital stock (par $10) on a 1-for-5 basis; rights to expire on April 17. **Price**—$35.50 per share. **Proceeds**—For working capital. **Underwriters**—F. S. Moseley & Co. and Kidder, Peabody & Co.

★ **New York, Chicago & St. Louis RR. (5/8)**
Bids are expected to be received by the company on May 8 for the purchase from it of $4,650,000 equipment trust certificates. Probable bidders: Halsey, Stuart & Co. Inc.; Salomon Bros. & Hutzler; Kidder, Peabody & Co.

● **Niagara Mohawk Power Co. (5/8)**
April 9 it was reported company plans to issue and sell $20,000,000 of convertible debentures. **Underwriter**—May be determined by competitive bidding. Probable bidders: Morgan Stanley & Co.; The First Boston Corp. Last preferred stock issue was underwritten by Harriman Ripley & Co. Inc. **Bids**—May be received on May 8.

Niagara Mohawk Power Corp. (5/9)
March 14 it was reported company is considering issuance and sale of $30,000,000 general mortgage bonds. **Proceeds**—For construction program which may cost approximately $62,000,000 this year. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Kuhn, Loeb & Co. and Union Securities Corp. (jointly); Morgan Stanley & Co.; The First Boston Corp. **Bids**—Expected about May 9.

Northern Illinois Gas Co. (5/16)
March 21 it was announced company plans to issue and sell $15,000,000 of first mortgage bonds due 1981. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Glore, Forgan & Co.; The First Boston Corp.; Blyth & Co., Inc. **Bids**—Expected about May 16. **Registration**—Planned for mid-April.

Northern Indiana Public Service Co.
March 13 it was reported company plans to spend about $52,000,000 for new construction in 1956 and 1957 ($29,000,000 in 1956 and $23,000,000 in 1957). Of the total about $30,000,000 will be obtained from new financing, the type of which has not yet been determined. **Underwriter**—For any preferred stock, Central Republic Co. Inc., Blyth & Co., Inc., and Merrill Lynch, Pierce, Fenner & Beane (jointly). Bonds may be placed privately.

Northern Natural Gas Co.
March 12 it was reported company plans to finance its 1956 construction program (costing about $40,000,000) through issuance of debt securities and treasury funds. **Underwriter**—Probably Blyth & Co., Inc.

Northern States Power Co. (Minn.)
Jan. 19 it was announced company plans to issue and sell later this year $20,000,000 of first mortgage bonds due 1986. **Proceeds**—For construction program. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey Stuart & Co. Inc.; Blyth & Co., Inc. and The First Boston Corp. (jointly); Merrill Lynch, Pierce, Fenner & Beane, Kidder, Peabody & Co. and White, Weld & Co. (jointly); Equitable Securities Corp. and Union Securities Corp. (jointly); Smith, Barney & Co.; Lehman Brothers and Riter & Co. (jointly); and Glore, Forgan & Co.

Offshore Gathering Corp., Houston, Texas
Nov. 18 David C. Bintliff, President, announced company has filed an application with the Federal Power Commission for a certificate of necessity to build a 364-mile submarine gas pipeline off-shore the coast of Louisiana from the Sabine River to the Gulf Coast of the State of Mississippi. It is estimated that this gathering system will cost approximately $150,000,000. Type of financing has not yet been determined, but tentative plans call for private sale of first mortgage bonds and public offer of about $40,000,000 of securities (probably notes, convertible into preferred stock at maturity, and common stock). **Underwriter**—Salomon Bros. & Hutzler, New York.

Pacific Northwest Pipeline Corp.
March 20 C. R. Williams, President, announced that about 280,000 shares of common stock (par $1) are to be sold in connection with subscription contracts which were entered into at the time of the original financing in April of 1955. **Price**—$10 per share. **Proceeds**—Together with funds from private sale of $35,000,000 additional first mortgage bonds, and $10,000,000 of 5.6% interim notes and borrowings from banks, will be used to construction program. **Underwriters**—White, Weld & Co.; Kidder, Peabody & Co.; The Dominion Securities Corp.; and Union Securities Corp. **Registration** — Expected soon.

★ **Pan Cuba Oil & Metals Corp. (Del.), New York City**
April 9, Walter E. Seibert, President, announced that company will soon file a registration statement with the SEC preparatory to an equity offering planned to take place later this year. **Business**—To explore, drill and operate oil, gas and mineral properties in the United States, Cuba and Canada. **Office**—120 Broadway, New York, N. Y.

Pennsylvania Electric Co. (5/15)
March 15 it was reported company plans to issue and sell about $25,000,000 of first mortgage bonds. **Proceeds**—To repay bank loans and for new construction. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; The First Boston Corp.; Kuhn, Loeb & Co.; Kidder, Peabody & Co.; Equitable Securities Corp.; Harriman Ripley & Co. **Bids**—Expected to be received on May 15.

Pennsylvania Electric Co. (5/15)
March 15 it was reported company proposes issuance and sale of $9,000,000 of preferred stock early next year. **Proceeds**—For construction program. **Underwriter**—To be determined by competitive bidding. Probable bidders: Kuhn, Loeb & Co.; W. C. Langley & Co. and Glore, Forgan & Co. (jointly); Kidder, Peabody & Co.; The First Boston Corp.; Smith, Barney & Co.; Harriman Ripley & Co. Inc. **Bids**—Expected to be received on May 15.

★ **Piedmont Natural Gas Co.**
March 24 it was reported company plans permanent financing totaling about $5,000,000, consisting of the issue and sale of additional first mortgage bonds, preferred stock and common stock, the latter to be offered to stockholders on a 1-for-10 basis. **Proceeds**—To repay bank loans and for new construction. **Underwriter**—Previous financing was underwritten by White, Weld & Co., New York.

Public Service Co. of New Hampshire
Feb. 25, it was reported company plans to issue and sell $8,000,000 of first mortgage bonds. **Proceeds** — To pay cost, in part, of construction program. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co., Inc.; Kidder, Peabody & Co. and Blyth & Co. Inc. (jointly); Equitable Securities Corp.; White, Weld & Co.; The First Boston Corp. and Coffin & Burr, Inc. (jointly); Lehman Brothers. **Bids** — Expected sometime in June.

Puget Sound Power & Light Co.
Feb. 15 the company announced that it estimates that its construction program for the years 1956-1959 will amount to $87,000,000, including $20,000,000 budgeted for 1956. This large expansion, the company says, can be financed wholly by debt and from internal sources. **Underwriter**—If determined by competitive bidding, may include Halsey, Stuart & Co. Inc.; The First Boston Corp.

Reading & Bates Offshore Drilling Co.
March 29 it was reported early registration is expected of about 160,000 shares of common stock. **Underwriter**—Hulme, Applegate & Humphrey, Inc., Pittsburgh, Pa.

★ **Reading Co.**
April 5 it was reported company plans late in May to issue and sell $6,500,000 equipment trust certificates. Probable bidders: Halsey, Stuart & Co. Inc.; Salomon Bros. & Hutzler.

Rochester Gas & Electric Corp.
March 21 it was announced stockholders will vote May 16 on approving a proposal to increase the authorized preferred stock by 100,000 shares. **Underwriter** — The First Boston Corp.

Savannah Electric & Power Co.
March 19 it was reported company plans to issue and sell $4,500,000 of first mortgage bonds. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; White, Weld & Co. and Kidder, Peabody & Co. (jointly); The First Boston Corp.; Blair & Co. Incorporated. **Bids**—Expected before mid-year.

Sierra Pacific Power Co.
Feb. 16 it was reported company is planning to offer 78,220 additional shares of common stock to its common stockholders on a 1-for-8 basis and 80,500 shares of new cumulative preferred stock (par $50) first in exchange for outstanding 6% preferred stock (which is callable at 115). **Underwriters**—May be Stone & Webster Securities Corp. and Dean Witter & Co. if exemption from competitive bidding is obtained.

South Carolina Electric & Gas Co.
March 9, S. C. McMeekin, President, announced that it is expected that $10,000,000 of new money will be required in connection with the company's 1956 construction program. The company proposes to obtain a part of its new money requirements from the sale of $5,000,000 of preferred stock and the balance from the private sale of $5,000,000 principal amount of bonds. **Underwriter**—Kidder, Peabody & Co., New York.

Southern California Gas Co. (5/23)
Jan. 30 it was reported company plans to issue and sell $40,000,000 of first mortgage bonds. **Proceeds** — For reduction of bank loans and construction program. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Blyth & Co., Inc.; Lehman Brothers, White, Weld & Co. and Union Securities Corp. (jointly). **Bids**—Expected to be received on May 23.

Southern Counties Gas Co. of California
Jan. 30 it was reported company may in the Fall offer $15,000,000 of first mortgage bonds. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Blyth & Co., Inc.; The First Boston Corp.; White, Weld & Co.; Merrill Lynch, Pierce, Fenner & Beane.

Southern Nevada Power Co.
Nov. 7 it was announced company plans to sell in 1956 approximately $10,000,000 of new securities (probably $7,000,000 first mortgage bonds and $3,000,000 preferred and common stocks). **Proceeds**—For construction program. **Underwriters**—For stocks: Hornblower & Weeks, New York; Wiliam R. Staats & Co., Los Angeles, Calif.; and First California Co., San Francisco, Calif. **Bonds** may be placed privately.

Spencer Telefilm Corp., Beaumont, Texas
Jan. 16 it was announced company plans to offer publicly to Texas residents 75,000 shares of capital stock. **Price**—$1.50 per share. **Business**—To produce, sell and distribute syndicated films for television. **Underwriter**—Porter-Stacy Co., Houston, Tex.

Tampa Electric Co. (10/1)
Feb. 18 it was reported company may issue and sell around Oct. 1, $10,000,000 of first mortgage bonds. **Proceeds**—For construction program. **Underwriter**—To be determined at competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Stone & Webster Securities Corp.; Goldman, Sachs & Co.; Kidder, Peabody & Co.

★ **Taylor Fibre Co., Norristown, Pa.**
April 9 it was reported registration is expected early in May of sufficient common stock to raise approximately $500,000. **Proceeds**—To a selling stockholder. **Underwriter**—Stroud & Co., Inc., Philadelphia, Pa.

Tennessee Gas Transmission Co.
Jan. 28 it was reported company may later this year sell $50,000,000 of bonds. **Underwriters**—Stone & Webster Securities Corp., White, Weld & Co. and Halsey, Stuart & Co. Inc.

★ **Thiokol Chemical Corp.**
April 9 it was reported company may issue and sell some additional common stock this year. Stockholders will vote April 19 on increasing the authorized common stock by 500,000 shares to 1,000,000 shares. **Proceeds**—For expansion. **Underwriter**—Probably Lehman Brothers, New York.

UM & M T-V Corp.
April 2 it was reported company may offer an issue of up to $7,000,000 of debentures. **Underwriter**—Hirsch & Co., New York.

Union Electric Co. of Missouri
Feb. 15 it was reported company may offer in May $35,000,000 of first mortgage and collateral trust bonds. **Proceeds** — To repay bank loans and for construction program. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Lehman Brothers and Bear, Stearns & Co. (jointly); Blyth & Co., Inc. and Union Securities Corp. (jointly); The First Boston Corp.; White, Weld & Co. and Shields & Co. (jointly).

Virginia Electric & Power Co. (9/25)
Feb. 6 it was announced company plans to issue and sell $20,000,000 of first and refunding mortgage bonds. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Kuhn, Loeb & Co., American Securities Corp. and Wertheim & Co. (jointly); Salomon Bros. & Hutzler; Stone & Webster Securities Corp.; White, Weld & Co.; Union Securities Corp. **Bids**—To be opened on Sept. 25.

● **Wells Fargo Bank, San Francisco, Calif.**
April 11 the Bank offered its stockholders of record April 9 the right to subscribe for 100,000 additional shares of capital stock (par $20) on the basis of one new share for each 4½ shares held; rights to expire on May 9. **Price**—$75 per share. **Proceeds**—To increase capital and surplus. **Underwriters**—Dean Witter & Co., Blyth & Co., Inc., and The First Boston Corp.

White Eagle International Oil Co.
April 2 it was reported company plans to register a common stock offering. **Underwriter**—Paine, Webber, Jackson & Curtis, Boston and New York.

Halsey, Stuart Group Offers Columbia Gas System Debentures

Halsey, Stuart & Co. Inc. and associates yesterday (April 11) offered $40,000,000 of Columbia Gas System, Inc. 3⅞% debentures, series F, due April 1, 1981, at 100.399% and accrued interest, to yield 3.85%. The underwriters won award of the debentures at competitive sale on April 10 on a bid of 99.5199%.

A part of the net proceeds from the financing will be used by the company to prepay bank loans due July 31, 1956, outstanding in the principal amount of $25,000,000. The balance of the proceeds, together with other funds, will be available for the 1956 construction program of the corporation's subsidiaries. This construction program is presently expected to result in expenditures of about $65,000,000.

The new debentures will be redeemable at regular redemption prices ranging from 103.70% to par, and for the sinking fund, at redemption prices receding from 100.399% to par, plus accrued interest in each case.

The Columbia Gas System, Inc. is an interconnected natural gas system composed of the corporation, which is a public utility holding company; 14 operating subsidiaries and a subsidiary service company. The operating subsidiaries are engaged in the production, purchase, storage, transmission and distribution of natural gas. Certain subsidiaries produce and sell gasoline and other hydrocarbons and one subsidiary produces and sells oil. Retail natural gas operations are conducted in the states of Ohio, Pennsylvania, West Virginia, Kentucky, New York, Maryland and Virginia. In addition, the system has extensive wholesale business, selling natural gas to non-affiliated public utility companies for resale to their customers. The system sells gas at retail to approximately 1,303,500 residential, commercial and industrial customers. Among the principal communities served at wholesale by the system are Cincinnati, Dayton, Lima and Portsmouth, Ohio; Baltimore, Md.; Richmond, Va.; Allentown, Harrisburg and Reading, Pa.; Washington, D. C.; and Nyack and Poughkeepsie, N. Y.

For the year 1955, the company and its subsidiaries had consolidated gross revenues of $304,376,000 and net income of $23,688,000.

With Minneapolis Assoc.

MINNEAPOLIS, Minn. — Loren W. Olson has been added to the staff of Minneapolis Associates, Inc., Rand Tower.

With Reynolds & Co.

SAN FRANCISCO, Calif. — James G. Town has become connected with Reynolds & Co., 425 Montgomery Street.

Joins Boren Staff

BEVERLY HILLS, Calif.—Terrel L. Knudsen is now affiliated with Boren & Co., 9640 Santa Monica Boulevard.

Mutual Funds

By ROBERT R. RICH

S.E.C. To Study Investment Companies

The Securities and Exchange Commission reported in Washington, D. C. this week that it plans to make a study of investment 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 provision 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 and to report to Congress on the results of its 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 investment company business upon the nation's economic life, whenever, "Any substantial further increase in the size of investment companies creates any problem involving the protection of investors or the public interest."

* * * *

A reverse switch on the idea of American mutual funds investing 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 opportunity 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 covering 300,000 shares of its capital stock, $1 par.

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

I. 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. Fitzsimmons, President, announced today. The 62-year-old investment corporation ranks among the top 25 financial institutions 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 subsidiaries and affiliates, passed $1 billion in June, 1952, and have doubled in less than four years. Founded in 1894, the company had net assets of $2,400 at the close of its first year in business.

The Investors Group has more than 810,000 customer accounts which are individually serviced by over 2,600 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 representatives distribute only the securities 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 hold face-amount investment certificates issued by our three subsidiaries, and own shares in our five mutual funds," President Fitzsimmons commented.

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

In addition to Investors Diversified Services, Inc., the Investors Group includes five mutual investment funds—Investors Mutual, Inc.; Investors Stock Fund, Inc.; Investors Selective Fund, Inc.; Investors Group Canadian Fund Ltd., and Investors Mutual of Canada Ltd. Subsidiaries which issue face-amount investment certificates are Investors Syndicate of America, Inc.; Investors Syndicate Title & Guaranty 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, preferred stocks and bonds, reached a new high of more than $150,000,000 at the end of March, Henry T. Vance, President, reported at the annual meeting of the shareholders. This compares with net assets of $135,446,508 at the close of the previous fiscal year last Jan. 31. During the two-month period the net asset value per share increased from $15.74 to $17.09 and the number of shares outstanding from 8,602,950 to 8,834,839. At the annual meeting, all directors were reelected. All officers have also been reelected.

Delaware Fund, Inc., reports a 54% jump in its total net assets as of March 31, 1956, compared with March 31, 1955.

Assets at the end of March, 1956, totaled $41,912,402 compared with $27,133,952 on March 31, 1955. Sales at March 31, 1956, stood at $1,048,373, an increase of 40% over the $750,267 reported March 31, 1955. For the first quarter of the current year, the Fund reported sales of $3,181,728 compared with $2,350,117 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 March 31, 1955. A distribution from net realized capital gains amounting to $7.36 per share had been paid in April, 1955. Assuming the reinvestment 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 $12,484,670, as compared to $11,305,393 on Dec. 31, 1955, and $7,456,010 on March 31, 1955.

Energy Fund, Inc. net asset value per share increased by $16.61 during the three months ended March 31, according to a report issued yesterday by the Fund. At the close of the quarter, net asset value per share was $153.30, as compared to $136.69 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.

Tri-Con. Head Sees Good Business

Management of Tri-Continental Corporation still holds the view that prospects are for business to continue very active for the foreseeable future, Francis F. Randolph, Chairman of the board and President, reported at the annual meeting of shareholders held in Baltimore.

There has been no change, he said, in the corporation's investment policy and common stocks have been maintained at approximately 78% of net investment assets. Mr. Randolph stated that about 78% of the preferred and common shares combined were represented at the meeting.

Devens Stresses Incorporated's Coal Holdings

One of the latest developments with one of the nation's largest and oldest mutual funds is that it has just taken a large position in bituminous coal. This was revealed by Charles Devens, Boston, President of Incorporated Investors, at a meeting of Kansas City investment people.

"As far as we know, this is the first instance of a mutual fund taking such a large share in coal, often thought of as an unpopular industry," Mr. Devens said.

The Incorporated Investors portfolio now contains investments in more than half a dozen coal companies, the total amounting to something between $14,000,000 and $15,000,000. All of these have been made 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 1935, despite a restriction of the use of coal for domestic heating and by railroads.

Research indicates there will be sizable increases in the number of generating plants between now and 1958, the majority of them in areas dependent on coal for utility fuel. If the demand for electricity increases at the same rate that it has in the past 10 years, there will be a total increase of 65% by 1960.

Competition from gas and residual fuels will be less. Gas producers are learning to store their product and so not have to dispose of it under stress in summer months. Refineries are becoming more and more efficient and making less and less residual fuels.

And we are exporting more coal. There are great shortages in England and on the continent.

Steel uses coal at the rate of about one ton of coal for every ton of steel, and the industry is expanding. Aluminum plants are being built right over coal mines.

Devens' appearance in Kansas City is part of a trip in the midwest meeting with investment people. He was introduced here by Laurence W. Morgan, Vice-President of The Parker Corporation, Chicago, general distributor of the mutual fund.

Mr. Devens said his firm expects the gross national production to continue at a healthy rate, very much as it is at present during the first three-quarters at the annual rate of about $397,000,000,000.

In the fourth quarter it may well reach the rate of $410,000,000,000, which would be the first time in history that it went over the $400,000,000,000 mark.

The economy at the moment is regarded by the company as being in balance and these various factors in the situation were cited.

Factors of contraction include the reduction in retail sales, off about 2%; a drop in building construction off about 3.3%; and the reduction in production of automobiles, with consequent high inventories by dealers.

Expansion factors include the increase in unfilled manufacturers orders, up about a billion dollars over the previous period; a sizable increase in building contract awards, up over 17% over February, 1955; an increase in residential building contract awards, which indicates we have passed the turning point in the housing trend; and expenditures for plant and equipment which are at the annual rate of $35,000,000,000, up 22% over 1955.

First Investors Sales

First Investors Corporation, distributors of shares of most mutual funds, and sponsors of its own periodic payment plans for the accumulation of shares of Wellington Fund and Mutual Investment Fund, Inc., reports March, 1956 sales of $10,873,689.00, up $2,296,764.00 from the $8,576,925.00 reported for the same month in 1955.

TV-Fund's Assets Reach $127,500,000

Net assets of Television-Electronics Fund, Inc. rose to a new record high on March 29 at $127,500,000, equal to $12.12 per share, compared with $92,600,000, or $11.30 per share, at the close of March last year, according to William H. Cooley, President of Television Shares Management Corporation which sponsors and manages the fund.

Mr. Cooley also reported gross sales of March this year at $2,535,036 compared with $6,173,146 in March, 1955. For the first five months of the current fiscal year gross sales amounted to $15,511,387 compared with $28,371,810 in the comparable period last year. The fund's fiscal year ends Oct. 31, 1956.

Axe-Houghton's three mutual funds increased $8,274,778 or more than 7½% in the first quarter of 1956, according to preliminary figures for the three-month period. The combined assets of the three funds were $116,813,535 on March 31 as against $108,538,757 on Dec. 31, 1955.

Axe Science & Electronics Corporation, a fourth E. W. Axe & Co.-managed fund, reported its asset value had climbed to $9.66 a share from $9.54 on Dec. 31, 1955, though its total assets decreased in the quarter. This is because it is not an open-end fund (its shares are traded on the American Stock Exchange) — and it is now planned to open it up at an early date. Its assets on March 31 were $17,548,509, lifting the total for all four funds to $134,362,044.

Managed Funds, Inc.'s 11 classes of mutual fund shares increased by $4,258,000 in total net assets during the first three months of 1956.

During January, February and March, net assets rose from $41,590,000 to $45,848,000. The major share of the gain developed in March when assets increased by $3,368,000. While the sharp rise in Managed Funds' assets during the first quarter was due largely to favorable market conditions, it was pointed out that the sales picture has been "gratifyingly active" since the turn of the year.

Dean Witter Reports on Trust

The Employees' Profit Sharing Trust of Dean Witter & Co. released its annual report to the participants in the plan. The plan was initiated in 1946 with the firm's original contribution of $204,914. It has now grown to $3,455,909.

Total contributions to the plan, all made by the firm, have aggregated $2,320,869, including a contribution of $551,682 for the last fiscal year. Net income and appreciation in the value of securities since the start of the plan has added $1,597,070. Out of contributions, appreciation and income, $462,030 has been distributed to former employees.

Personal Progress

The Keystone Company of Boston, principal underwriter of the Keystone Funds with combined net assets of more than $325,000,000, has announced the election of Mr. Henry C. Flory as a Vice-President, and the appointment of Mr. Robert Greer as Manager of the Company's Estate Planning Department.

Mr. Flory, who was educated at Stonyhurst College and Oxford University in England, has been in the securities business in this country since 1930 except for five years with the R. A. F. during World War II. After the war he was associated with Goodbody & Co. and Harris, Upham & Co. prior to joining Keystone in 1952 as Regional Representative in the South. Mr. Flory is now located in the company's Boston offices.

Mr. Greer, an attorney and Master of Laws in Taxation, was educated at the University of Virginia and has been a lecturer in taxation at the New York University and Northeastern University Law Schools. His business experience prior to joining Keystone in 1956 includes two years as tax specialist with the Boston Safe Deposit and Trust Company, four years as pension attorney with the New England Mutual Life Insurance Co., and one year in the Pension Fund Department of a large New York brokerage firm.

At the annual meeting of Wisconsin Fund, Inc. held April 2, three directors were reelected, namely, Harold W. Story, William S. Ford, and Avery Sherry. Harold W. Story has been a Director of the Fund since Jan. 20, 1925 and has been President since June 1, 1938.

It was also announced that Donald W. Nyrop, President and Director of Northwest Airlines, Inc. was elected a Director of the Fund on March 16 to fill a vacancy created by the resignation of James H. Carmichael. Nyrop has had broad experience. He was formerly administrator of the Civil Aeronautics Administration and was Chairman of the Civil Aeronautics Board.

Wellington Splits Stock 2-for-1

Shareholders of Wellington Fund at their annual meeting yesterday approved by a substantial majority a proposal to increase the authorized capital stock of the fund to 60 million shares from 30 million shares.

Following 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 distribution, payable out of capital surplus, has the effect of a two-for-one split. The stock dividend declared yesterday is payable April 23, 1956, to shareholders of record at the close of business on April 20, 1956. The stock distribution, according to Wellington Fund counsel, is not taxable to shareholders.

Public Utility Securities

By OWEN ELY

Consumers Power Company

Consumers Power, with annual revenues of over $189 million, is an electric-gas utility operating in an area of 28,541 square miles in 64 of the 68 counties in the lower peninsula of Michigan, with a population estimated at over 3,500,000. The electric service territory includes Muskegon, Grand Rapids, Kalamazoo, Battle Creek, Jackson, Pontiac, Flint, Saginaw, Bay City, and many smaller communities, including Traverse City, the cherry capital, located in "vacation-land."

The state economy is solidly based on diversified industry plus farming and recreation. Michigan ranks 15th among the states in agriculture and 5th in tourist and resort business. Vacationists from all parts of the nation enjoy its lakes, rivers and other recreational advantages. Additional benefits will come to the state upon completion of the St. Lawrence Seaway. The Mackinac Bridge will help link the Upper and Lower Peninsulas and stimulate the tourist business.

Consumers Power revenues last year (68% electric and 31% natural gas with 1% miscellaneous) showed a gain of 11% over 1954 and 180% over 1946. Growth in electric revenues about equaled that of the electric utility industry in 1946-49, but later exceeded the national rate; the increase in gas revenues (340%) was probably well above average.

Consumers' electric revenues are about 41% residential and rural and 34% industrial, with most of the balance derived from commercial sales. The average residential revenue per kwh. in 1955 was 2.34c, less than the national average, but the annual bill was $76.66 compared with an estimated national average of $72.73. The average residential customer used an average of 3,282 kwh. vs. the national average of 2,755.

While makers of automobiles and other transportation equipment contribute over one-third of electric industrial revenue, the remainder is very well diversified among metal, metal products, machinery, chemicals, paper, food, lumber, etc.

The company has four large steam generating plants — the Cobb, Morrow, Whiting and Weadock plants—with a total capacity of 1,167,000 kw. These plants, representing three-quarters of total capacity, were installed since 1938, and 60% of total capacity has been completed since 1947. The company also purchased last year the output of 103,000 kw. from Detroit Edison and other sources. The company has many small hydro plants in the northern part of the state which are operated mainly during peak-load periods.

Anticipating continued rapid growth, consumers expects to add two new units at the Cobb Plant in 1956 and 1957, and one new unit at the Weadock Plant in 1958, each of 156,250 kw. capacity. These newer and bigger units, operating at higher pressures and temperatures, are expected to be more efficient and probably will require only 9,300 to 9,400 Btu's per kwh. In 1959 a new unit of 250,000 kilowatt capacity is scheduled to be installed in a new plant, with three similar units over the next three years, or a total of 1,000,000 by 1962 at this plant.

The rapid growth of Consumers' gas revenues has been due largely to development of space heating business, which last year contributed 58% of gas revenues vs. 29% in 1946. Space-heating growth was facilitated by gas storage. Natural gas is brought from the Southwest and the Gulf Coast by Panhandle Eastern Pipe Line Company and delivered to Michigan Gas Storage Company, a subsidiary of Consumers, which operates large underground storage fields in central Michigan. Gas is stored during the warm months for use during colder periods, with the Storage Company operating the pipe lines which bring gas from the storage fields to the communities served, while the local distribution systems are operated by Consumers itself.

At present, Michigan Gas Storage receives its gas under two service contracts with Panhandle Eastern Pipe Line Company, providing for annual delivery of 77 billion cf with an anticipated increase to 85 million cf daily during the winter months (if the FPC approves). Consumers Power can use more gas, and will continue to try to increase its supply.

As indicated below, company financing over the past decade has brought about improved capitalization ratios:

	1955	1946
Long-Term Debt	44%	49%
Preferred Stock	15	22
Common Stock Equity	41	29
	100%	100%

The company does not expect to issue any common stock in 1956.

Share earnings have increased from $2.49 in 1951 to $3.09 last year, and President Karn forecasts earnings of about $3.25 in 1956. The dividend rate has increased from $2 to $2.20, and in addition 5% in stock was paid last November. The stock at its recent price around 50 yields 4.4% and sells at 15.4 times estimated 1956 earnings.

With Lester, Ryons

(Special to THE FINANCIAL CHRONICLE)

LOS ANGELES, Calif.—Archie W. Hitchcock is now with Lester, Ryons & Co., 623 South Hope Street, members of the New York and Los Angeles Stock Exchanges.

Indications of Current Business Activity

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

		Latest Week	Previous Week	Month Ago	Year Ago
AMERICAN IRON AND STEEL INSTITUTE:					
Indicated steel operations (percent of capacity)	April 15	§98.1	*97.7	100.6	94.6
Equivalent to—					
Steel ingots and castings (net tons)	April 15	§2,414,000	*2,406,000	2,477,000	2,284,000
AMERICAN PETROLEUM INSTITUTE:					
Crude oil and condensate output—daily average (bbls. of 42 gallons each)	Mar. 30	7,149,190	7,163,265	7,155,900	6,807,350
Crude runs to stills—daily average (bbls.)	Mar. 30	¶7,694,000	7,970,000	8,093,000	7,206,000
Gasoline output (bbls.)	Mar. 30	25,444,000	25,788,000	26,132,000	23,771,000
Kerosene output (bbls.)	Mar. 30	2,238,000	2,533,000	2,707,000	2,313,000
Distillate fuel oil output (bbls.)	Mar. 30	12,033,000	12,321,000	13,208,000	11,774,000
Residual fuel oil output (bbls.)	Mar. 30	8,205,000	8,628,000	8,826,000	7,915,000
Stocks at refineries, bulk terminals, in transit, in pipe lines—					
Finished and unfinished gasoline (bbls.) at	Mar. 30	198,209,000	196,801,000	194,928,000	185,282,000
Kerosene (bbls.) at	Mar. 30	17,333,000	17,710,000	18,541,000	18,620,000
Distillate fuel oil (bbls.) at	Mar. 30	62,583,000	65,912,000	71,648,000	61,850,000
Residual fuel oil (bbls.) at	Mar. 30	33,896,000	34,047,000	35,970,000	44,634,000
ASSOCIATION OF AMERICAN RAILROADS:					
Revenue freight loaded (number of cars)	Mar. 31	724,944	697,248	710,996	654,761
Revenue freight received from connections (no. of cars)	Mar. 31	679,502	660,741	698,631	619,238
CIVIL ENGINEERING CONSTRUCTION — ENGINEERING NEWS-RECORD:					
Total U. S. construction	April 5	$276,501,000	$459,450,000	$413,809,000	$335,015,000
Private construction	April 5	156,049,000	245,184,000	265,742,000	156,706,000
Public construction	April 5	120,452,000	214,266,000	148,067,000	178,309,000
State and municipal	April 5	108,750,000	158,874,000	125,702,000	150,330,000
Federal	April 5	11,702,000	55,392,000	22,365,000	27,979,000
COAL OUTPUT (U. S. BUREAU OF MINES):					
Bituminous coal and lignite (tons)	Mar. 31	10,280,000	*9,930,000	9,880,000	7,360,000
Pennsylvania anthracite (tons)	Mar. 31	503,000	496,000	474,000	481,000
DEPARTMENT STORE SALES INDEX—FEDERAL RESERVE SYSTEM—1947-49 AVERAGE = 100	Mar. 31	121	112	104	114
EDISON ELECTRIC INSTITUTE:					
Electric output (in 000 kwh.)	April 7	10,846,000	10,992,000	11,133,000	9,633,000
FAILURES (COMMERCIAL AND INDUSTRIAL) — DUN & BRADSTREET, INC.	April 5	217	263	268	211
IRON AGE COMPOSITE PRICES:					
Finished steel (per lb.)	April 3	5.179c	5.179c	5.179c	4.797c
Pig iron (per gross ton)	April 3	$60.29	$59.71	$59.09	$56.59
Scrap steel (per gross ton)	April 3	$53.67	$52.50	$47.83	$37.00
METAL PRICES (E. & M. J. QUOTATIONS):					
Electrolytic copper—					
Domestic refinery at	April 4	45.975c	46.275c	46.525c	35.700c
Export refinery at	April 4	47.225c	47.825c	48.900c	40.100c
Straits tin (New York) at	April 4	100.000c	100.375c	100.125c	90.750c
Lead (New York) at	April 4	16.000c	16.000c	16.000c	15.000
Lead (St. Louis) at	April 4	15.800c	15.800c	15.800c	14.800c
Zinc (East St. Louis) at	April 4	13.500c	13.500c	13.500c	11.500c
MOODY'S BOND PRICES DAILY AVERAGES:					
U. S. Government Bonds	April 10	93.08	92.66	95.38	96.49
Average corporate	April 10	106.21	106.74	107.98	109.42
Aaa	April 10	109.24	110.34	111.44	112.93
Aa	April 10	107.98	108.70	110.15	110.70
A	April 10	106.39	106.56	108.16	109.79
Baa	April 10	101.47	101.97	102.80	104.31
Railroad Group	April 10	105.00	105.69	106.56	107.62
Public Utilities Group	April 10	107.09	107.27	108.34	109.97
Industrials Group	April 10	106.56	107.27	109.24	110.52
MOODY'S BOND YIELD DAILY AVERAGES:					
U. S. Government Bonds	April 10	3.04	3.06	2.85	2.76
Average corporate	April 10	3.38	3.35	3.28	3.20
Aaa	April 10	3.21	3.15	3.09	3.01
Aa	April 10	3.28	3.24	3.16	3.13
A	April 10	3.37	3.36	3.27	3.18
Baa	April 10	3.66	3.63	3.58	3.49
Railroad Group	April 10	3.45	3.41	3.36	3.30
Public Utilities Group	April 10	3.33	3.32	3.26	3.17
Industrials Group	April 10	3.36	3.32	3.21	3.14
MOODY'S COMMODITY INDEX	April 10	421.4	416.8	404.1	401.9
NATIONAL PAPERBOARD ASSOCIATION:					
Orders received (tons)	Mar. 31	291,219	271,210	379,251	336,760
Production (tons)	Mar. 31	290,965	285,966	294,755	271,066
Percentage of activity	Mar. 31	101	98	99	95
Unfilled orders (tons) at end of period	Mar. 31	546,994	554,885	584,234	515,670
OIL, PAINT AND DRUG REPORTER PRICE INDEX—1949 AVERAGE = 100	April 6	108.00	107.97	106.97	107.11
STOCK TRANSACTIONS FOR ODD-LOT ACCOUNT OF ODD-LOT DEALERS AND SPECIALISTS ON N. Y. STOCK EXCHANGE — SECURITIES EXCHANGE COMMISSION:					
Odd-lot sales by dealers (customers' purchases)—†					
Number of shares	Mar. 17	1,624,939	1,453,569	1,007,910	1,538,967
Dollar value	Mar. 17	$85,358,730	$75,979,537	$52,038,854	$80,834,406
Odd-lot purchases by dealers (customers' sales)—					
Number of orders—Customers' total sales	Mar. 17	1,450,202	1,296,296	788,649	1,565,78
Customers' short sales	Mar. 17	6,807	6,527	6,409	11,510
Customers' other sales	Mar. 17	1,443,395	1,289,769	782,240	1,554,272
Dollar value	Mar. 17	$74,191,937	$64,306,337	$39,820,177	$78,572,08
Round-lot sales by dealers—					
Number of shares—Total sales	Mar. 17	380,650	346,990	202,750	427,350
Short sales	Mar. 17	------	------	------	------
Other sales	Mar. 17	380,650	346,990	202,750	427,350
Round-lot purchases by dealers—					
Number of shares	Mar. 17	554,670	536,470	470,830	439,740
TOTAL ROUND-LOT STOCK SALES ON THE N. Y. STOCK EXCHANGE AND ROUND-LOT STOCK TRANSACTIONS FOR ACCOUNT OF MEMBERS (SHARES):					
Total round-lot sales—					
Short sales	Mar. 17	576,590	533,670	536,770	537,40
Other sales	Mar. 17	15,927,910	14,647,090	10,428,886	14,783,150
Total sales	Mar. 17	16,504,500	15,180,760	10,965,650	15,320,550
ROUND-LOT TRANSACTIONS FOR ACCOUNT OF MEMBERS, EXCEPT ODD-LOT DEALERS AND SPECIALISTS:					
Transactions of specialists in stocks in which registered—					
Total purchases	Mar. 17	1,978,180	1,765,250	1,407,980	2,042,670
Short sales	Mar. 17	337,870	312,770	297,530	268,620
Other sales	Mar. 17	1,631,420	1,396,480	1,139,820	1,801,010
Total sales	Mar. 17	1,969,290	1,709,250	1,437,350	2,069,630
Other transactions initiated on the floor—					
Total purchases	Mar. 17	359,850	362,210	256,850	396,14
Short sales	Mar. 17	19,900	21,860	55,600	35,82
Other sales	Mar. 17	406,980	326,040	222,910	350,35
Total sales	Mar. 17	426,880	347,900	278,510	386,170
Other transactions initiated off the floor—					
Total purchases	Mar. 17	714,080	690,430	501,825	562,82
Short sales	Mar. 17	108,060	97,180	71,800	75,82
Other sales	Mar. 17	801,550	764,521	500,610	548,77
Total sales	Mar. 17	909,610	861,701	572,410	624,59
Total round-lot transactions for account of members—					
Total purchases	Mar. 17	3,052,110	2,817,890	2,166,655	3,001,63
Short sales	Mar. 17	465,830	431,810	424,930	380,26
Other sales	Mar. 17	2,839,950	2,487,041	1,863,340	2,700,13
Total sales	Mar. 17	3,305,780	2,918,851	2,288,270	3,080,39
WHOLESALE PRICES, NEW SERIES — U. S. DEPT. OF LABOR — (1947-49 = 100):					
Commodity Group—					
All commodities	April 3	113.2	112.9	112.4	110.
Farm products	April 3	88.4	87.4	85.7	92.
Processed foods	April 3	100.6	100.1	98.9	103.
Meats	April 3	75.7	73.8	70.5	85.
All commodities other than farm and foods	April 3	120.9	120.8	120.7	115.

*Revised figure. ¶Includes 856,000 barrels of foreign crude runs. §Based on new annual capacity of 128,363,000 tons as of Jan. 1, 1956, as against Jan. 1, 1955 basis of 125,828,319 tons. †Number of orders not reported since introduction of Monthly Investment plan.

	Latest Month	Previous Month	Year Ago
AMERICAN ZINC INSTITUTE, INC.—Month of March:			
Slab zinc smelter output all grades (tons of 2,000 pounds)	91,690	86,329	89,179
Shipments (tons of 2,000 pounds)	91,485	87,826	94,507
Stocks at end of period (tons)	40,038	39,833	90,837
Unfilled orders at end of period (tons)	53,070	45,255	60,057
COAL OUTPUT (BUREAU OF MINES)—Month of March:			
Bituminous coal and lignite (net tons)	43,090,000	41,825,000	37,206,000
Pennsylvania anthracite (net tons)	2,029,000	*2,334,000	2,020,000
CONSUMER PRICE INDEX — 1947-49=100— Month of February:			
All items	114.6	114.6	114.3
Food	108.8	109.2	110.8
Food at home	107.1	107.5	109.6
Cereals and bakery products	124.3	123.9	123.8
Meats, poultry and fish	93.6	93.3	102.5
Dairy products	107.3	107.3	106.1
Fruits and vegetables	113.3	112.6	110.7
Other foods at home	109.6	112.8	112.1
Housing	120.7	120.6	119.6
Rent	131.5	131.4	129.7
Gas and electricity	111.7	111.7	109.9
Solid fuels and fuel oil	130.0	129.5	126.2
Housefurnishings	102.5	102.0	104.8
Household operation	121.4	121.2	117.7
Apparel	104.6	104.1	103.4
Men's and boys'	106.5	106.0	105.6
Women's and girls'	98.3	97.9	97.7
Footwear	121.3	120.4	116.6
Other apparel	91.0	90.7	90.6
Transportation	126.9	126.8	127.4
Public	170.5	170.3	163.4
Private	117.0	117.0	118.4
Medical care	130.9	130.7	126.8
Personal care	118.9	118.5	113.5
Reading and recreation	107.5	107.3	106.4
Other goods and services	120.9	120.8	119.8
COTTON SEED AND COTTON SEED PRODUCTS—DEPT. OF COMMERCE—Month of February:			
Cotton Seed—			
Received at mills (tons)	72,307	169,068	84,193
Crushed (tons)	617,695	691,528	513,729
Stocks (tons) Feb. 29	1,352,811	1,898,199	1,412,061
Crude Oil—			
Stocks (pounds) Feb. 29	180,058,000	192,547,000	145,221,000
Produced (pounds)	211,401,000	231,041,000	169,946,000
Shipped (pounds)	195,888,000	189,248,000	151,001,000
Refined Oil—			
Stocks (pounds) Feb. 29	417,399,000	416,904,000	545,824,000
Produced (pounds)	182,780,000	174,915,000	141,252,000
Consumption (pounds)	147,672,000	123,015,000	141,288,000
Cake and Meal—			
Stocks (tons) Feb. 29	220,215	191,461	257,064
Produced (tons)	287,668	320,731	254,430
Shipped (tons)	258,914	292,319	239,499
Hulls—			
Stocks (tons) Feb. 29	138,965	136,324	68,917
Produced (tons)	140,654	153,802	114,203
Shipped (tons)	138,013	137,682	123,301
Linters (running bales)—			
Stocks Feb. 29	200,419	190,613	356,759
Produced	186,617	207,352	165,675
Shipped	176,811	171,029	198,170
Hull Fiber (1,000-lb. bales)—			
Stocks Feb. 29	586	441	618
Produced	850	1,091	676
Shipped	705	1,176	1,098
Motes, Grabbotts, etc. (1,000 pounds)—			
Stocks Feb. 29	5,222	5,153	4,342
Produced	1,544	1,973	1,457
Shipped	1,475	1,128	1,508
METAL PRICES (E. & M. J. QUOTATIONS)—Average for month of March:			
Copper (per pound)—			
Domestic refinery	46.728c	44.588c	32.935c
Export refinery	48.532c	45.822c	37.314c
Lead—			
Common, New York (per pound)	16.000c	16.000c	15.000c
Common, East St. Louis (per pound)	15.800c	15.800c	14.800c
‡‡Prompt, London (per long ton)	£121.125	£119.375	£104.005
††Three months, London (per long ton)	£118.696	£115.423	£103.117
¶Antimony, New York boxed	36.470c	36.470c	31.970c
Antimony (per pound) bulk, Laredo	33.000c	33.000c	28.500c
Antimony (per pound) boxed, Laredo	33.500c	33.500c	29.000c
Platinum refined (per ounce)	$103.000	$103.000	$78.500
Zinc (per pound)—East St. Louis	13.500c	13.500c	11.500c
††Zinc, London, prompt (per long ton)	£101.560	£100.405	£88.247
††Zinc, London, three months (per long ton)	£98,696	£96.375	£87.152
†Cadmium, refined (per pound)	$1.70000	$1.70000	$1.70000
‡Cadmium (per pound)	$1.70000	$1.70000	$1.70000
§Cadmium (per pound)	$1.70000	$1.70000	$1.70000
Cobalt, 97	$2.60000	$2.60000	$2.60000
Silver and Sterling Exchange—			
Silver, New York (per ounce)	91.143c	90.901c	87.250c
Silver, London (pence per ounce)	78.982d	78.565d	75.902d
Sterling Exchange (check)	$2.80494	$2.80645	$2.79143
Tin, New York Straits	100.616c	100.745c	91.106c
§§Tin—New York, 99%	99.616c	99.745c	90.106c
Gold (per ounce, U. S. price)	$35.000	$35.000	$35.000
Quicksilver (per flask of 76 pounds)	$258.778	$267.583	$321.556
Aluminum, 99% plus ingot (per pound)	24.621c	24.400c	23.200c
Magnesium ingot (per pound)	32.500c	32.500c	27.556c
**Nickel	64.500c	64.500c	64.500c
Bismuth (per pound)	$2.25	$2.25	$2.25
NON-FARM REAL ESTATE FORECLOSURES—FEDERAL SAVINGS AND LOAN INSURANCE CORPORATION—Month of December	2,403	2,308	2,224
RAILROAD EARNINGS CLASS I ROADS (ASSOCIATION OF AMERICAN RRs.)—Month of February:			
Total operating revenues	$814,236,119	$831,622,598	$727,245,854
Total operating expenses	641,106,316	661,410,900	565,612,008
Operating ratio	78.74	79.53	77.77
Taxes	$84,097,373	$85,254,760	$74,146,650
Net railway operating income before charges	67,038,900	62,877,376	67,563,492
Net income after charges (estimated)	47,000,000	46,000,000	46,000,000
UNITED STATES GROSS DEBT DIRECT AND GUARANTEED—(000's omitted):			
As of March 31	$276,403,742	$280,166,549	$274,080,432
General fund balances	7,071,786	4,756,014	5,150,785
Net debt	$269,331,956	$275,410.535	$268,929,647
Computed annual rate	2.533%	2.499%	2.324%

*Revised figure. †Based on the producers' quotation. ‡Based on the average of the producers' and platers' quotations. §Average of quotation on special shares to plater. Domestic five tons or more but less than carload lot, boxed. §§Price for tin contained. **F.o.b. Port Colburne, U. S. duty included. ‡‡Average of daily mean of bid and ask quotation at morning session of London Metal Exchange. ††Delivered where freight from East St. Louis exceeds 0.5c.

Our Reporter's Report

The corporate new issue market continued on the slow side this week, but there was little or no complaint from investment bankers on that score.

Most underwriters were satisfied to have things quiet since the general situation remains pretty much mixed with no signs that institutional investors have been lured from their roosts by the more liberal yields that have been dangled before them.

While the Treasury market has been behaving a bit better than in recent weeks, its action has not been of a nature to stir up any real enthusiasm or to convince observers that the market generally has established a new and lasting base.

Major buyers of new securities still are reportedly of a mind to ignore underwritings and lean toward private placements and mortgages as outlets for their funds at this time.

As a matter of fact some indicate they are actually shopping around for good bids on gilt-edge holdings, although it does not appear that any material selling pressure of this nature hangs over the market.

It remains true, however, judging from comment in the market place that last week's rally in Governments was not enough in itself to change the current thinking of the "bureaucrats" as some in the underwriting field have dubbed institutional portfolio men.

Dragging Its Feet

That the market is still weathering the effects of what appears to be a "buyers' strike" was apparent as bankers brought Columbia Gas System's $40 million of new 25-year debentures to market.

A sizable issue, it drew only two group bids as might have been anticipated. A matter of about 36 cents per $100 piece or $3.60 per $1,000 bond separated the bids of the two syndicates, both for a 3⅞% interest rate.

But on the reoffering, priced at 100.399 for a yield of 3.85%, the initial response was reported slow. The winning syndicate, however, undoubtedly figured on a bit of a selling job when it took on the business.

Another Slow Week Ahead

The forthcoming week holds little promise of stirring up any substantial flow of new business judging from a look at the calendar which is well-padded with a host of miscellaneous small prospects.

But only one substantial straight-away undertaking shows up in the list. This involves $40 million of first and refunding bonds, 25-years, of Southern California Edison Co. which is slated to be up for bids on Tuesday.

Aside from that piece of business, two "rights" offerings promise to round out the week. General Telephone has $55 million of convertible debentures on the fire which must be offered first to shareholders. And New England Electric System has 834,976 shares of stock slated for offering on "rights."

Inventories Low

While the sluggishness of the new issue market has doubtless been a bit disappointing to the banking world, it has not been entirely without its good side.

A fortnight ago the rank and file of distributing units, from underwriter down, had been piling up "inventory" as new undertakings at the time backed up rather badly for want of investor interest.

But the combination of light offerings in the last fortnight, together with a willingness on the part of bankers to "take their licking" and cut slow issues loose from syndicate, has served to bring stocks on dealers' shelves down sharply.

Stimulation of Housing Credit Dangerous

Stating residential mortgage market is least likely to experience funds scarcity in next five years, Carrol M. Shanks decries proposed Government expanded secondary mortgage market and special FNMA assistance. Norman Carpenter approves competitive mortgage yields in opposing self-defeating legislation that would drive some institutional funds into other areas.

A home mortgage market free from additional Government intervention through expansion of the powers of the Federal National Mortgage Association, coupled with flexible interest rates, will assure continued flow of adequate housing credit from private mortgage financing institutions to home buyers during the next five years.

This view was expressed March 28 by spokesmen for the life insurance business who appeared before the Subcommittee on Housing of the Senate Banking and Currency Committee on proposed legislation which would expand the home financing functions of FNMA. The witnesses were Carrol M. Shanks, President of The Prudential Insurance Company of America, Milford A. Vieser, Financial Vice-President of The Mutual Benefit Life Insurance Company, and Norman Carpenter, Second Vice-President of the Metropolitan Life Insurance Company.

Rigged Interest Rates

Speaking on behalf of the American Life Convention and the Life Insurance Association of America, Mr. Shanks declared that continued Government stimulation of housing credit and efforts to stabilize mortgage interest rates at artificial levels would inevitably result in further inflation of home prices. At the same time, he said, these Government influences would tend to drive private investment funds away from home mortgages and into more attractive investments and would result in demands for more Government loans.

Pointing to the $29 billion total of residential mortgage loans made by life insurance companies in the past decade, Mr. Shanks stated that Congress should be impressed with the way in which private financing institutions have met the postwar demand for mortgage funds. He said that further Government stimulation of mortgage lending through legislation expanding the secondary mortgage market and special assistance powers of FNMA is not needed and would hurt rather than aid the home-buying public.

Inflated Housing Values

The objection to these proposals is that a large part of the funds needed to carry them out will be derived indirectly from the expansion of commercial bank credit and will add further upward pressures on prices in the housing field, Mr. Shanks said. The average estimated construction cost per unit of privately owned homes has risen nearly 96% in the past decade, he stated. "There is a serious question whether the veteran or the small home owner is being done any real service by easy and excessive credit if the primary effect is to increase sharply the price of the house he buys.

"As to the adequacy of private capital funds to maintain healthy activity in the residential financing field, the accomplishments in 1955 speak for themselves," Mr. Shanks said. "Last year was a banner year in the residential field, and private capital funds supplied virtually all the legitimate demands. As to the future, it is noteworthy that repayments of principal sums on the existing national mortgage debt add substantially to the availability of long-term capital funds. . . . In addition, savings and loan associations and mutual savings banks, which by law or by custom devote a very large proportion of their funds to the residential mortgage market, will continue to pour their rapidly increasing savings into this area. And it is probable that additional funds will come in the future from pension funds. My own opinion is that, of all the investment markets, the residential mortgage market will be the one least likely to experience a scarcity of funds over the next five years."

Competitive Yields

Turning to a discussion of interest rates and the discounting of mortgage loans, Mr. Carpenter explained that the nation's accumulated savings are invested by institutional lenders in a wide variety of ways, such as the purchase of industrial and business securities, and public utilities and Government bonds, as well as mortgages. The net yields on mortgages must compare favorably with yields on other investments to attract loan funds, he pointed out.

"Generally speaking, the contract interest rates of these various investments are flexible and are free to move in response to changes in the demand for and supply of capital funds. The life insurance companies and other institutional investors such as mutual savings banks, savings and loan associations, and commercial banks, as well as individuals, direct their funds with an eye toward obtaining the most favorable yields. . . . In their lending capacity the officers of life insurance companies act in a strictly fiduciary character. The funds at their disposal constitute the savings of more than 100,000,000 Americans—the great majority of whom are persons with moderate incomes. It is our duty to invest this money on behalf of our policyholders to the best possible advantage to them," Mr. Carpenter declared.

Mortgage Discounts

"Within the general capital market, VA and FHA mortgages are unique in that the contract rate of interest is relatively fixed by Government order. . . . With the contract rate on FHA and VA mortgages fixed, the discounts thus become the means through which these mortgages have yield flexibility in response to changes in market conditions.

"If some of the legislation currently being considered by your committee is adopted and FNMA purchases of mortgages are used to support the prices of VA and FHA mortgages at artificial levels, the effect under present conditions will be to drive some institutional funds away from the VA and FHA mortgage market into other investment outlets where yields are flexible and more attractive. Thus the use of FNMA funds to increase the availability of mortgage money will be self-defeating. Instead, by upsetting the forces which create a natural balance in the money market and by discouraging private financing it will merely serve to require a larger and larger flow of public funds into the VA field," he declared.

The life insurance company spokesmen said the business opposes provisions in several pending housing bills which would reduce the present FNMA stock purchase requirement for lenders who sell mortgages to this Government financing institution from 3% to 1%, which would allow FNMA to purchase mortgages "within the range of market prices" rather than at the market price as at present and to purchase mortgages where the original principal amount of the loan exceeds $15,000.

He said that the life insurance business also does not favor legislation increasing the amortization period of Government guaranteed loans to 40 years, authorizing FNMA to make advance VA and FHA commitments to lend up to $7,600, restoring the powers and operations the FNMA had prior to enactment of the Housing Act of 1954, and creating a National Mortgage Corporation with authority to issue up to $1 billion of debentures to make and service loans on single family, rental and cooperative properties.

Continued from page 12

The Importance and Helpfulness of Our Public Libraries

(2) To prepare us for making a living and progressing in our vocation, or to help in that process.

(3) To prepare us for mature and complete living — personal and family, social and civic — in today's world, and to help develop the natural, cultural, and spiritual values which benefit both the individual and society.

(4) To increase our understanding of sciences and humanities and our appreciation of our cultural heritage; also our understanding of others. This last greatly helps in all walks of life.

Actually, the librarian's job is the job of a teacher of adults.

(5) To help us interest our children in reading good books. Every Public Library has a specialist who knows how to interest children.

"Do-It-Yourself" Education

As work-hours decrease, our children will have more time to read good books. Those young people who get their education **themselves** from good books, I forecast, will be the leaders when they grow up. Let us use our extra hours in helping our children to help their future by good reading now.

I even forecast that the time is coming when men and women will get college degrees by studying **by themselves** in Public Libraries. Therefore, when you are **building yourself** some furniture and other things, take some time to **build yourself** a college degree.

Frank Jay Gould

Frank Jay Gould

Frank Jay Gould, member of the New York Stock Exchange, passed away April 1.

Washington . . . And You

Behind-the-Scene Interpretations from the Nation's Capital

WASHINGTON, D. C. — Far-seeing business men are going to evaluate Rep. Wright Patman's proposal for a graduated corporation income tax as something which may seriously have to be contended with at a not too distant future.

They will not treat it as a joke in spite of its authorship or the hard reality of political life that the Federal Government and the labor unions have a vested interest in big business.

Mr. Patman is a man whose zealous time-consuming feud with the monetary authorities, especially the Federal Reserve Board, has often thereby induced an antagonism toward his proposals among his bored colleagues. He is not among the Congressional leaders and his authorship as such does not bring the idea of "progressive" income taxation for corporations to the fore.

That Federal administrations like big business is attested by the overwhelming mass of political evidence. With the trend toward dispersed and institutional investment and the passing of the tycoons who as individuals once dominated great business establishments—all in a very considerable part the consequence of "progressive" personal income taxation, so-called "big business" has tended to become more and more the passive ally of Big Labor and Big Government.

Big Business by and large is becoming docile toward Big Labor, and of late years has fought Big Government with diminishing enthusiasm. Big Business alone, despite high taxes, can garner the money through retained earnings and borrowings on a big scale to spark the ever-expanding economy which is the do-all and end-all of Big Government. Big Business can pay Big Labor big wages, and be the hand-maiden of government in collecting withheld personal income and social security taxes.

Big Business appears to some to become increasingly sensitive over the years to the suggestions of Big Government and is generally disposed to accommodate the latter. Of course, it does bleat its hurt at such times of rough treatment as when the antitrust wild dogs are released to have their political sport pulling down the occasional business lamb cropping innocently in the pastures.

Actually, as is pretty well understood among the informed, the newer socialists far prefer to operate behind the facade of "private enterprise," for in that manner they can pull the strings without facing up to the manifold liabilities of acknowledged public ownership.

Cloaks Situation

So it can be taken for granted that the real hard-bitten economic planners in this center of the furious struggle for power, are happy to have Big Business. They are happy, even if they do not take the millions of TV listeners into their confidence.

However, the more harshly the Big Government and Big Labor climate bears upon medium-sized and small business, the more loudly the "liberals" who really want Big Business will harass it. It is the same masking procedure the late Franklin D. Roosevelt used in building an imposing marble monument in Washington, D. C., to Thomas Jefferson, as he was jettisoning the last vestiges of Jefferson's principles.

Not the least of the lush advantages of Big Business is that it serves as such a pure gold whipping boy for the self-same neo-liberals who are making life difficult for all business establishments not already thoroughly entrenched in the economic society.

Wants It, But—

All this line of reasoning, held by many in this Capital who are not starry-eyed, would seem to suggest that such a scheme which just incidentally the Hon. Mr. Patman put forward, of a graduated schedule of corporation income taxation, would be the last thing the Washington power-grabbers would want. Superficially, the growing tacit truce among Big Labor, Big Government, and Big Business, would lead partners one and two to come to the aid of their party of the third part.

Need Money and More Money

This overlooks the inescapable problem which Big Government faces of getting More and More Money. In times of peace, higher personal taxes are a turnip which cannot be squeezed, even for the last drop of blood. And war, which makes higher personal taxes easy, is as of much political disadvantage during over-full employment as it is advantageous during times of unemployment to steam up a lagging economy. Current history demonstrates the unavailability politically of still higher personal income tax rates.

More and More Money is a need which is becoming desperate for the Federal administration, for the Treasury is committing itself to Bigger and Better welfare programs even when its valiant attempt to hold down military spending is coming a cropper. The Federal Administration has got perhaps only one more year in which it can count upon the Expanding Economy to produce the revenues to absorb the inexorably rising expenses of the countless built-in inflationary programs of the past.

There is left but one resource, the corporations. The drums already are beating off in the corners of the political parade grounds, as this column has reported in the past, for sentiment to encompass income now partially-excluded from the 91% bracket under capital gains rates.

Only by breaking into the corporation income tax schedule can the Administration effectively put the lasso around more corporation income.

And the "progressive" corporation income tax provides a political "natural" for cracking these inhibitions.

It is noted parenthetically that the current managers of Big Government do not care a fig about continuous balanced budgets as such. However, they do want to operate the continuous, controlled inflation, **under control.** Too great a shot of deficit spending over too long a period could cause such a rapid rise in the cost of living as to create widespread discontent — and threaten their power complex.

So this leads them to want more revenues and the gilt scheme of "progressive" corporation income taxation could come in mighty handy in 1957 or 1958, as the vehicle for getting a lot of things done.

In the first place, the common garden variety of politician would find this easy. He would say: "If we have progressive rates of taxation on individual income, why shouldn't we have them on corporations?" This is hard to beat when there are thousands of individuals who vote to one corporation.

Second, it could be taken for granted that Little Business, hoping that its tax burdens could be shifted to Big Business, would fall into the trap. The upper middle class for a long time was benevolent toward high surtax rates, but now the 50% rate begins at $16,001 of taxable income. Little Business would soon find a parallel easing decidedly temporary, but in the interim such things as "loopholes" for mineral leases and depletion could comfortably and with political painlessness, be sucked into the Treasury maw.

Reserve Faces Problem

If the portfolios of the banks show a diminishing trend of business loans after the Easter holiday, the Federal monetary managers will have no problem. On the other hand, if loans continue contra-seasonally to rise as they have briskly during 1956, they will have a problem.

The chief cause of the sharp rise in business loans has been the magnitude of business capital investment. In addition to the GE and AT&T borrowings, many more are waiting at the window, if discouraged temporarily by the immediate outlook.

In fact, the speed of the forward pace is countering the trend of somewhat reduced motor vehicle production, a slight moderation in housing construction, and the ever-present problem, especially politically, of declining farm income.

Present Philosophy

Moreover, the doctrine of the present Administration is that the forward pace of the business boom should be moderated, lest it go too fast and invite a sharp dip. This was the philosophy which the Administration stuck to in the face of the sharpest criticisms in early 1953.

Therefore, if this month business loans resume their rise, credit is likely to get tight. And of course if it gets tight, interest rates will rise. The present small penalty margin of the 2½% discount rate in force since last Nov. 18, would evaporate. Then the monetary managers would be faced with accepting the inflation of credit or trying once more to top the boom, smoothing out the bulge, as it were, in favor of a continuous and sustained progression at a reduced pace.

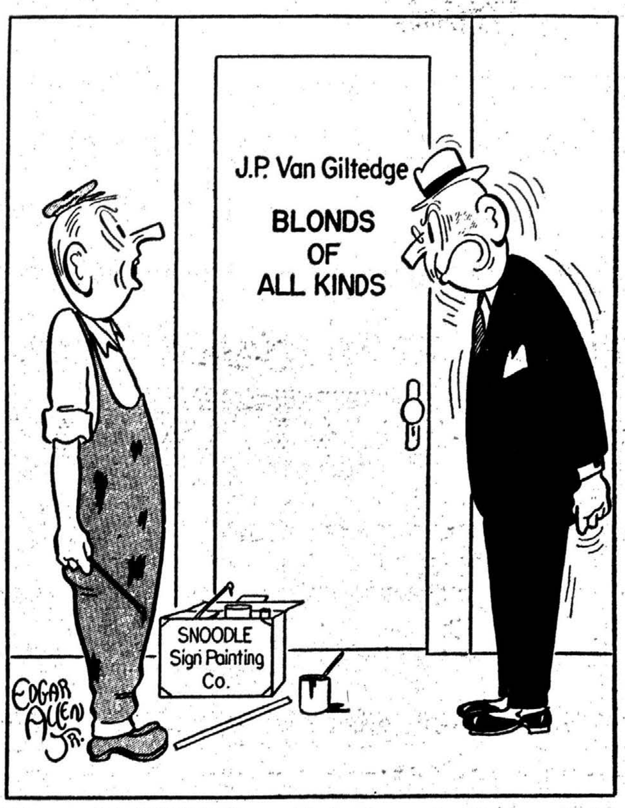
The problem is complicated by the fact that a great many corporation balances have been shifted from demand deposits to the Treasury's bills with their current attractive yield. This will aggravate the problem for or against monetary intervention if the demand for bank loans resumes.

The problem is aggravated further by the fact that so much attention is focused politically on the cut-back in auto production, the ever-present farm income problem, and the moderate cut-back in housing production which might not be so moderate with a substantial rise in interest rates, especially if the discount rate goes higher.

Many will be prepared to buy the Eisenhower Administration a halo if it has the courage to top the boom under such circumstances, and on the eve of a national political campaign.

[This column is intended to reflect the "behind the scene" interpretation from the nation's Capital and may or may not coincide with the "Chronicle's" own views.]

BUSINESS BUZZ



"You said 'BONDS'?—well, is it my fault if you talk like you've got a mouthful of mashed potatoes?"

NY Municipal Women To Hear Hawaii Treas.

The Municipal Bond Women's Club of New York will hold its next education meeting on April 19, at which time the guest speaker will be Mr. Kam Tai Lee, Treasurer of the Territory of Hawaii. Color films of the Hawaiian Islands will be shown and a short talk by Mr. Lee will follow.

Guests are invited to the meeting which will be held in Room 1703, 15 Broad Street, New York, N. Y., at 5:30 p.m.

Exch. Firms Govs. Change Meeting Date

The meeting of the Board of Governors of the Association of Stock Exchange Firms scheduled in Detroit, Oct. 3-5, 1956 has been changed to Oct. 4-6.

With Stewart, Eubanks

(Special to THE FINANCIAL CHRONICLE)

SAN FRANCISCO, Calif. — Sydonia Chance Masterson has become associated with Stewart, Eubanks, Meyerson & Co., 216 Montgomery Street, members of the San Francisco Stock Exchange. Mrs. Masterson was formerly with Hannaford & Talbot and prior thereto was associated with several investment houses in the Los Angeles area.

Fahnestock Adds to Staff

(Special to THE FINANCIAL CHRONICLE)

WATERBURY, Conn. — Alphonse L. Pazera has become affiliated with Fahnestock & Co., 76 Center Street. He was formerly with the R. F. Griggs Company.