As We See It

The Federal Reserve has raised discount rates again, in some banks to 3%. It has ordered a general rise in discount rates in the face of falling bond prices, as well as corporate and municipal, a generally tighter money market situation, and in the absence of any general revival of the sharp increases in business activity that were in evidence in latter part of last year.

It is only a relatively few weeks ago that at least some seasoned observers were wondering if the Reserve authorities would not presently feel it necessary to reduce the discount rate, and otherwise encourage expansion in order to guard against a recession which certainly is not wanted by the authorities this, an election year.

Since that time few of the usual indications of business activity have shown any marked tendency to rise, and some have shown none at all. For the most part business is doing well. In most departments the rate of activity is higher than at this time last year, although not higher than the peak of 1955, but the upward surge that characterized the course of last year is so far lacking. The immediate prospect, moreover, does not seem to be for a repetition of last year's experience. The purchase of new automobiles, for example, which was one of the features of last year's boom, remains fairly steady at a level well below that of a year ago. It is certainly no clear that housing construction will pull shorts as well as as well as corporate and municipal, a generally tighter money market situation, and in the absence of any general revival of the sharp increases in business activity that were in evidence in latter part of last year.

Yet here is another increase in the discount rate. What is the explanation? Quite apart from what the wisdom of the action now taken turns out to be, and without regard to any particular

Continued on page 32

CONSTANTS AND VARIABLES OF REAL FOREIGN TRADE

By MELCHIOR PALYI

INTERNATIONAL ECONOMISTS blame American indirect and direct foreign aid for helping credit inflation abroad, disrupting monetary systems and international accounts, and for seriously jeopardizing American Gold reserves. Dr. Palty finds: (1) real, per capita physical volume of world trade "has been declining absolutely and relatively, " since World War I and cannot be attributed to Russia; (2) current export boom "is a slash in the past" and is not based upon foreign aid, but some as a "liquidity factor" - i.e., handouts; (3) such supports, like farm subsidies, will go on and, generating cumulative increasing costs, and (4) it has caused us our having "no gold that we could call our own." 

Suggests policy of gradual foreign aid attrition to stop the cumulation and subsequent reaction here and abroad, and to embark on free trade, more competition and productivity and less Socialism.

More changes have taken place in foreign trade during our lifetime, even during the last 15 years alone, than in any similar period of known history. Volume of trade expanded, declined, recovered and expanded again. Prices were inflated, deflated, re-inflated, deflated, and inflated again. The direction of trade changed its course back and forth. The Soviet area expanded, stripped, without ever contracting, except for a very short time, with the West-West trade disappearing behind the darkness of the Iron Curtain, only to reappear again clean-shaven and brushed up.

Let me point out, however, that since 1929, say, as far back as I care to remember, there are some trends visible in foreign commerce which seem to be constant. At least one such "long-term trend" is significant in the development of the volume of trade. If you look at the figures,

Continued on page 30

Auto Industry's Outlook and Its Economic Implications

By WILLIAM C. FLAHERTY

Director of Business Research, Chrysler Corporation

Chrysler Business Research Director discerns an excellent automobile industry outlook, this year and the years to follow, and expects 8 million cars by 1956 and probably 10 million by the late '60s to replace those scrapped and meet new demand. Disagrees with those who term 1955 abnormal in pointing out that figure is only 3% above the first time the real-size of automobile demand in a dynamic growth economy. Describes factors promoting dynamic growth, helping to achieve built-in stabilization, and spearheading prosperity - barring war, depression, highway congestion, governmental interference, and assuming rising productivity level and continued family increase with income of $5,000 or better.

In all good conscience, I feel I should warn you in advance that my remarks regarding the prospects of the automobile industry and their possible meaning for the economy as a whole may have a slightly optimistic bias. We in Detroit are notoriouly bullish on the future of the economy and of the automobile industry, and I am quite aware of our reputation for this kind of thinking has gone before.

A writer in the "New Yorker," Mr. E. B. White, recently said that since no man is born vertical, no man is free from slant. This being true, I am just as happy that I myself am born in the direction of optimism. After all, this is the typical, American slant, and anyone who would estimate the future possibilities of the country would do well not to underestimate in his calculations the continued in on page 34

- An address by Mr. Flaherty before the Institute of Investment Bankers, from the School of Commerce and Commerce, University of Pennsylvania, April 2, 1956.

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The Commercial and Financial Chronicle

Volume 183 Number 5526

New York 7, N. Y., Thursday, April 19, 1956

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ROBERT G. SCHNEIDER

**American Express Bank**

New York Hanseatic Corporation, New York City

The American public is on a traveling spree, and the American Express Company is profiting handsomely. The company’s earnings are not only on the increase, but from increased travel business are being substantially boosted. Although travel numbers (of course, called “The World’s Number One Money”) represent a major portion of the company’s business, operations are well diversified—including World Travel Service, Travel Service, Investment Brokers & Dealers, and Security Services. Travelers who are buying air tickets are benefiting from the company’s growth in foreign trade. American Express has been expanding vigorously and has 245 offices and sales outlets all over the world. In addition, there are 750 full-fledged branches and agencies and other outlets selling “selected financial and travel services.”

Following the company’s expansion, the number of travel counselors has been increased from 1945 to 1953 by 25%. This is important to travelers, for it means that the company is closer to them and can provide better service. When people are traveling abroad, they want to have their money changed quickly and conveniently, and the increased number of travel counselors means that service will be enhanced. The company is now operating in 108 countries and territories, and will continue to expand in the future.

American Express has also been active in the field of travel insurance. In 1953, the company established the Travelers Insurance Company, which provides travel insurance for American Express travelers. This service has been very popular, and the company expects it to continue to grow in the future.

The company’s earnings have been increasing steadily, and it is expected that this trend will continue. The company is well managed, and its future prospects are bright. Investors who wish to participate in the growth of this company should consider American Express Bank as a sound investment.
Surging Spending Effect Upon Economy and Solvency

By NICHOLAS E. PETERSON

Vice-President of the First National Bank of Boston

Boston banker sees, as a matter of enlightened self-interest, compelling need to battle for national solvency insasmuch as propelling economic growth forces are contending with critical problems of product development, shortages of production resources, productive proportion of the labor force, productive system, and the fact that total indebtedness rise since 1933 has exceeded national income rise by $220 billion, and since World War II corporate debt doubled and individual debt has increased five-fold. Mr. Peterson refers to Government's critical financial position, and its responsibility to maintain the economy and to act should sorrow sum consumers. Points to precipitate on the Government has no magical income source and, thus, choice must be made on government spending.

The first quarter was the best in that period of years. Not only did Gross National Product—total value of goods and services—closely approached magic $440 billion mark, but also the Dow Jones industrial average exceeded the 500 mark for the first time. Competitive forces have been offset by those growing, with the consequence that the Federal Reserve Index of industrial production for both January and February was within point of the previous level of last December. For the first two months of the year, this index was the same period of last year. The decline in industrial production and in residential building was a healthy development in that it helped control buying pressure, particularly for metals, and thus a breathing spell was provided.

With the announcement by President Eisenhower that he would call for a second term, an important element of uncertainty has been removed from the business and political situation. His election would assure a favorable economic climate for industry and trade. Following close on this announcement came reports that showed an important increase in business inventories and shipments. The one issued by the Department of Commerce and the Securities and Exchange Commission was on a recent survey which indicated that in 1966, businesses will spend $35 billion on new plant and equipment, or an increase of 22% over 1955. About 50% of the total outlay by manufacturers is for machinery, an increase against 45% last year, while the remainder will be for replacement and modernization. All major lines to plan to spend substantial sums for new plants.

Before the President's call, the Great Lakes Steel Companies announced that they have reached an agreement with the labor unions to work a 40-hour week, reducing the Wall Street return rate of $54 billion in the first six months, rising to $35% billion in the second half. This survey predicts confidence in continued prosperity.

The other report was a consumer survey for the Federal Reserve Board by the Survey Research Center of the University of Michigan. According to the findings, the price-cutting gain on the basis of personal interviews made during January and February, consumers are more optimistic about business prospects than at any previous point since the series was first published in 1949, and plan to spend for homes and durable goods at the rigorous pace of 1955.

These two surveys reflect a high degree of confidence in business prospects and the willingness to make commitments. Should these spending plans materialize, however, buying power would be provided. In addition, wages are advancing, government expenditures are fed upward, and industrial material prices are rising. The combination of these strong forces threatens to upset the relative stability that has prevailed for the past few months, and bring about a "bubble on the boom." In view of the fact that industry is now at a peak level.

Long-Range Prospects

From the long-range point of view that the President's thought must be given to basic forces that are shaping, and, in the future, on the other hand, the financial burdens that are being imposed.

The propelling forces include the growth in population, huge expenditures for plant and equipment, unprecedented technological and social development revolution, redistribution of income, automation, and atomic power.

The surging growth in population, significant shift in age groups, and mass movement to the suburbs will continue to have a profound impact upon our economy in the years ahead and call for special consideration.

Impact of Surging and Changing Population Growth. Since 1900, the population of the United States has increased by 35 million people. This is the equivalent of more than double the current population of Canada. By 1975, it is estimated that the number of...

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Volume 110 Number 5526 - The Commercial and Financial Chronicle
Northern Pacific—Main Street of the Northwest

By IRA U. COBLEIGH
Economy Enterprise

Mentioned for: merger and acquisition, not only as a carrier but as a whole new source of revenue in oil and timber.

Market analysts are wont to cite the post-war high of 1894 (1662) for Northern Pacific common as the starting point for current appraisal of the Pacific shares. Despite the bright promises in many diversified businesses, it has not yet toppled this quotation. In its trend of 1958, it would like to point out that this is exactly four years in 1916, Northern Pacific common zoomed from $114 to $1,000 a share. This ancient statistic has been repeated because it is assumed to indicate that NP may again be worth $1,000 a copy; but to infer that it is a mere five or nearer four figures today, some bias years ago.

The 6,900 mile Northern Pacific, one time market football for James J. Hill and H. H. Rogers, has an interesting corporate life. It entered receivables in 1883, along with such distinguished railways as Santa Fe and the Union Pacific. As a result of the growth of that financial setback, there was created in 1916 a Western Pacific a corporate structure that has since gained the popular favor, a common carrier favorite of trustworthy, savings banks, widows and orphans. Northern Pacific prior lien is due 1997 and non-callable at any prior date.

NP serves a broad scenic and rapidly growing commercial area of the United States, running from the edge of Lake Superior through Minnesota, North Dakota, Montana and Idaho, to Spokane and Seattle, Washington, and finally to Portland, Oregon. Heaviest traffic is in lumber, wheat, coal, and timber. Petroleum is also the road is regarded as a well managed, and important operating efficiency. Not only does it run on an automatic time freight classification classification yard at Tewan, with (costing nearly $6 million) went into service last summer.

If we were, however, merely to outline here a sound railroad (to be completely described in 1856) serving these purposes, there would perhaps be no special occasion for emphasis in NP common, at $6 paying dividends current. The 1957 payment, for instance, the tail here may very well wag the dog; and by tail we mean the "supply" of NP common. The owners, on the company balance sheets.

Well what are they? First there's land owned — 2,054,283 acres outright, and an additional 2,858,681 acres owned by Northern Pacific Development Co. (a wholly owned subsidiary). Of the foregoing around 1/2 mile square of land is timbered. At 90 a acre, which is certainly not an inflated figure, you could track these days, you wind up with a valuation of $90,000,000 on the woodlot itself. But NP has no intention of selling the land, preferring instead to sell oil and reforest.

A half million acres are now in this virginizing and reforesting program.

Next, mineral lands. In addition to real estate, NP has a king size lignite beds in the Williston Basin. These include the company owned rights on 4,470,430 acres; and in addition, 252,259 acres, and mineral rights on 1,370,300 acres in the Northwestern. The big lignite minerals to the location in the Williston Basin at the present NP draws revenues from 126 producers, and oil wells, and oil revenues were roughly $14 million. This compares with only $2 million in 1946 due to the new pipeline now in operation for the transport of crude oil from this field to refineries.

But oil is not the only mineral. NP has extensive lignite beds in the Williston Basin commercial. The commercial uranium used is in the mining of uranium ore bodies has been delineated.

Another land based valuation potentials and potential for future earning power. But land is not just these security, excellent ones. First NP gains entry into Chicago over the lines of the strategic, 8,000 mile, Chicago, St. Paul, Minneapolis & S. Puget Sound R.R. It is pretty sure to keep running into Chicago over C & Q trackage and Central above the line of the common, to wit, 305,176 square miles. At 90/100s of a land owner owns an equal amount.) Dividends from this line is gaining generally the largest single item of non-operating income. Control of the Great Northern (the Northern Pacific 900 miles) is also owned, as well as the main line in the Northern; and the NP holds $36,850,000 of 5% bonds of the Spokane line.

This co-ownership with Great Northern, very extensive mileage, over which both Great Northern and Northern Pacific operate, has led to a joint study of the advantage of a merger. This study was announced Jan. 22, 1956 and carried out by the creation of a new super-railway operating 27,000 miles, and grossing 4% billion and including line into one corporate unit the four lines all mentioned above. As an additional to the 667 mile Colorado and Southern Ry., (of which Burlington has 50% ownership) and the 1,000 mile Fort Worth and Den-}

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The Trend of Industrial Production for the country-at-large last week was mild which of that previous week, but noticeably more than the last two weeks. Moderate reductions were reported in the output of electric power and paper mills. Coal is in higher production this last week, but automotive, food processing and lumber industries showed some expansion.

With respect to employment the Government stated that the employment in the last week increased the January-June average, dropped by $2,100 to 1,370,300 in the week ended March 31. This was the highest level since 1954 and brought insured unemployment to its lowest level of the year.

The United States Department of Labor’s Bureau of Employment a report that there were 21,000,000 jobs in the week ended April 7 rose by 6,600 to 273,700, the Bureau reported. But the agency said this was due to "intra-territorial fluctuations" rather than any new employment.

In the same week, the Bureau pointed out that seven states employing more than three-fourths of the automobile workers reported some 8,000 auto workers were laid off in the week ended April 7. These layoffs more than offset the increase called for in the latest report due in part to a further seasonal pickup in construction and other outdoor work.

A year earlier, there were 11,187,000 workers receiving state unemployment compensation benefits.

The Steel State of Trade and Industry

Steel Production Electric Output Grocery Wholesale Retail Trade Commodity Price Indexes Food Price Index Agriculture Business Failures

The traditional trend of industrial production for the country-at-large last week was mildly under what of that previous week, but noticeably more than the last two weeks. Moderate reductions were reported in the output of electric power and paper mills. Coal is in higher production this last week, but automotive, food processing and lumber industries showed some expansion.

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A year earlier, there were 11,187,000 workers receiving state unemployment compensation benefits.
Observations...  
By A. WILFRED MAY  

The real complete volume—
textbook, source-book and 
and one's old-age security has
(See A. May, "The Value of
Retire, by Donald J. Rogers, 224

In this comparatively small
volume, the prolific A. W. May
Financial Editor, New York "Herald
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issue of the "National Banker," page 15, the
author, a retired banker, re-
siding in Princeton, N. J., was in
adversely referred to as a Pro-

THE WASHINGTON POST  

Douglas Firs and Ponderous Pines...  

...just two of the trees that may be hiding a whole
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From fishing and food processing through lumbering, saw-
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For example... 

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SPECIAL REPORT ON REQUEST

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Volume 133 Number 6528... The Commercial and Financial Chronicle (1913) 5

to cover on steel against contracts for accessories which are being
placed in growing volume.  

Demand for steel outlook: some marketmen are 
shutting out business and more are expected to do so, this trade
magazine is advised.  The move is attributed to integration policies 
of auto makers and a price squeeze.

This ordering will renew pressure for steel, and, if continued, 
will mean a reduced steel output in 1956 for 1956.  The largest user 
of steel in the country, the automotive industry, will he
laid up on demand.  fabricators of structural steel are bolstered well into next year and the industry wants more 
steel than it can get, the metalworking authority noted.

The prospects for an active year in steel are looking heavily on plate,
with the pressure expected to continued at least all year.  Others also
wanting plates are makers of heavy industrial equipment, railroad
equipment, tanks, line pipe and ships.

"Steel" said small consumers are taking a lot of steel from
their suppliers on free or deferred terms and good sales
have boosted the dollar volume of some warehouses to the highest
level of this year.  New orders are being placed for as far ahead as producers are willing to take orders, and 
some dealers are finding, and some producers are beginning to open third quarter bookings

Across the border in Canada, mills are working 20 and 21
shifts a week with consumers unable to get enough steel either
from domestic mills or from the States.

Scrap prices in the United States continue to rise.  "Steel's"
price composite on domestic grades of scrap rose to a record $55 a gross ton in the week ended April 10, compared to $49.17 in the previous week. Its price composite on finished steel
remained at $128.02 a net ton.

The American Iron and Steel Institute announced that the
operating rate of steel companies has reached 91.1% of the steel-

growing capacity for the entire industry will be at the average of
89.4% of capacity for the week beginning April 13, 1956, equiva
lent to 2,417,600 tons of ingot and steel for castings as compared with 2,176,500 tons, or 89.4% of capacity,

The industry's output production for the weeks in 1956 is
based on annual capacity of 153,355,000 tons as of Jan. 1, 1956.
For the like production week a year ago, the actual weekly production was also lower by 16.7%, at 2,343,600 tons.  A year ago the actual weekly production was also 11% lower than a year ago.

This week's output advanced 72,000,000 tons, above that of the previous week, and is 4% above the comparable 1955 week and 2,573,000 tons, or 7.7% over the like week in 1956.

Car Loadings in Week Ended April 7, Fell 5.5% Under Preceding Week

Loadings of revenue freight for the week ended April 7, 1956, decreased 5.5% from the previous week, the American Railroads report.

Loadings for the week ended April 7, 1956, totaled 685,397 cars, or 5.5% below the previous week's total of 725,132 cars, and 13% above the corresponding 1955 week, and an increase of 78,001 cars, or 13% above the corresponding 1956 week.

U.S. Automotive Output Shows Further Gains in Latest Week

Automotive output for the latest week ended April 13, 1956, according to the Automotive Review, rose the past week with a slight decline noted in truck assemblies.

Automotive output estimated 123,928 cars, compared with 133,354 (revised) in the preceding week.  The last week's production total of cars and trucks amounted to 138,147 units, and output of trucks rose to 25,816 units, or 45, above the corresponding 1956 week, and an increase of 78,001 cars, or 13% above the corresponding 1956 week.

Last week the agency reported there were 24,318 trucks made in the last week, compared with 24,318 the week before and 30,912 a year ago.

Canadian output last week was placed at 11,420 cars and 2,251.

Continued on page 47
Life Insurance Stocks for Long-Term Investments

BY WILLIAM F. GLISS*
Managing Editor, Business Insurance
John C. Lepp & Company, Baltimore

Insurance stocks are the best way to capitalize on the American economy's long-term growth to purchase life insurance stocks, which offer long-term advantages such as guaranteed dividends and an increase in the par value of the stock, which is the book value or the amount invested in the company, and which is equal to the par value of the stock. In addition, the dividends paid by the company, which are usually paid quarterly or annually, are not subject to capital gain taxes. Hence, life insurance stocks are a good choice for tax deferred income and for retirement savings. Life insurance companies are regulated by state insurance departments and are required to maintain adequate reserves to cover policy liabilities. Life insurance companies also have a strong record of paying dividends to their stockholders. In fact, the average dividend yield of life insurance companies is around 4%, which is higher than the yield on many other types of investments. This makes life insurance stocks a good choice for income-oriented investors. However, it is important to note that life insurance stocks are not as liquid as other types of securities, and it may take several years to sell them at a profit. Over the long term, though, life insurance stocks have provided steady returns and have been a good choice for investors seeking a secure and dependable income stream.
Inescapable Trends in Business Jeopardize Our Way of Life

BY DR. H. E. LUEDICK*  
Editor "Journal of Commerce," New York City

Discerning possible paradoxes of economic and moral bankruptcy in our present time is a task which demands no small measure of concern for our way of life; indicates vulnerable soft spots and long-range problems; and warns bromide inflationary guarantees do not day of reckoning but do not resolve the business cycle. Mr. Luedick offers a concise, practical, dollar devaluation and European style devaluation in questioning our morality in failing—or not wanting—to see that we are in for a period to guarantee unanimous automatic business growth, encourage debt increases, and build-up vested interests in inflation. Believes full scale experiment with a planned economy "will result unless business leadership—

The economy as a whole has profited by whatever modernization was initiated into economic planning in recent years at the result of regular Official action, with the exception of the ever-present against speculation by professional economists— and as a result of economic restraint in the Government's efforts to get the late last spring.

Heinz E. Luedick  

Actually, the oil-up trend has been stopped since late last summer and even recently the "bubble" has been based more on hope and reality. At the start of the year we were told that the automobile business and residential economic conditions were at a nadir and would go down this year at least moderately. We know that the bubble is over. Now we hear that it is clear sailing again for both the major manufacturers of the consumer goods that their adjustments are over; that the auto market is only temporary and will be back on track.

The result most people are seeing is a clear and steady improvement in the economy, which had been suffering from the impact of the "bubble". This situation will only be accurate if we are going to be able to sell our goods and services.

This country is truly experiencing some changes, and it is also mysterious. We have just turned from a short trip to Europe. We have been away only four weeks. After my return, I had to rub my eyes to believe.

When I left, the experts were walking on the edge of a cliff, and a slight change in the air was in the atmosphere. Upon our return, I found that a new boom was getting under way. It appears that the National Product was above US$40 million. The situation had already crossed the magic number.

"There was even a new term for what had been going on since the first quarter of 1955. This was indeed something new: it was a "straight-line recession."  

I came away from Europe with the feeling that any moderate recession was palpably categorized and magnified by European troubles—only to find that nobody here seems to realize it, even faintly. It is obvious by any such possibility that we have not made a discovery. Usually it is relatively easy to get at the root of a situation economically speaking but more difficult to determine where one is going. Right now the economic situation seems reversed. We all seem to have forgotten without knowing where we really are.

I Fact or Fiction

ECONOMISTS have a curious mixture of fact and fiction, but seldom, if ever, have facts been so apparent. The curious contradiction to the extremely bullish sentiment has been the persisted belief in a moderate recession. That there is a possible fallback in spite of the fact that these vulnerabilities did not cause serious trouble last year or the year before does mean.

that they no longer exist. They are still with us and rather the economists not the politicians have thus far have been surefire method for taking the outovers of these or similar soft spots without the necessity of more or less careful corrections of past mistakes.

Nobody can tell you today at what level investments will become "too high," obviously, that depends on future sales.

Nobody can tell you today at what level investment debt—or any other category of private debt—for that matter—will become "too high," obviously, that also depends on future developments.

Nobody can tell you today at what time the prolonged decline in farm income will threaten to drag the whole economy down. We don't even know whether farm income still deserves the key role in economic planning it has been given in the past.

We know that none of these points weighs immediately but that due to the fact that we do not have any right as responsible business leaders—

III New-Term Strength vs. Long-Range Problems

I cannot quite swallow the conclusion that those who are being asked to do so. As a matter of fact, I do believe that we'll do well to move sideways for the next six months. There may even be a slight downward trend during that period. It will be the fourth quarter before anything will be any marked change from present levels; and that will probably be all the upside once the uncertainties of the elections is out of the way and the automobile industry is squared away on the production line of its 1957 efforts.

This does not mean, however, that we can relax and enjoy our selves again. The situation is far more serious than the prolonged range futures. The Golden 55's are high ahead all right. But a number of serious things are happening or we are likely to get there without first running into serious trouble.

These pitfalls are important because they do have to do with the future of our country and our future as a nation. They have to do with our heritage and our solemn obligation to preserve it. They have to do with the future of our children and our children's children and the world we want them to live in. In short, they have to do with the preservation of our way of life, our form of Government and our free market system.

Our heading north into ever greater prosperity is creating a number of long-range problems for us that are基本性 in character—but that actually go beyond the scope of both economic policies and politics because they involve a test of our moral fiber as a nation.

IV Pitfalls of Inflation

For years now, there has been a growing conviction among American business men that this is little to worry about the immediate and the intermediate business trend because the Administration in power—regardless of whether Republican or Democrat—would feel compelled to bail us out of any impending trouble, or—worse still, to worry about the fact of inflation, or will take on a scale of many, many hundreds of millions of dollars, but will believe that inflation, even more so than love, is a many—  

When are we talking about inflation? In such a general sense, we are talking about a thing which has deliberate deficit spending; or why think of price increase in order of magnitude? How think of things in prices in order of magnitude? We think of prices in order of magnitude, which think of things in prices in order of magnitude—

Continued on page 22

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April 18, 1956

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American Foreign Trade Policies And a Healthy, Strong Economy

By HONORABLE STYLES BRIDGES
U. S. Senator from New Hampshire
Chairman, Senate Republican Policy Committee

New Hampshire Senator views with deep concern the Administration's foreign trade policies and the resulting condition of our nation. The Administration's foreign trade policies and the resulting condition of our nation's economy is imperatively imperatives. We must impose our economic policy on the rest of the world. The other, of course, is Moscow. De¬cision-making in a de¬pendency is made in the next several months and years. In these two world capitols, we are either making the civilized world or the judgment is imperative. The billions of the economic billions of the world are just as important as the billions of our economy. It is only by understanding them that we can maintain stability in the world and intelligently.

I am willing to be the ranking Rep¬resentative in the United States Senate and Chairman of the Senate Policy Committee. As such, I represent one of the two great political parties of our country. We now have a Republican Administration. The action of the control by the New Deal and Fair Deal is not the fault of the other Party. A little more than three years have passed since this change in government took place. They have been short years. They have gone quickly—too quickly. Yet the specter of depression has taken place in that brief period of time. It is right that we stop and evaluate our progress.

In the first place, we must know what this Administration is doing in Wash¬ington. It is doing. Secondly, we must identify the major problems which confront us today, and determine how these problems shall be solved. I think it is fair to say that this Administration probably satisfies neither extremes in our country—neither the extreme left wing nor the extreme right. I am sure that the New Dealers are not pleased with the Administration's performance. The ultra conservatives are not happy with the Administration's performance. The Administration is following a con¬servative course, and that course is directed to the best interests of the majority of the American people. Any definition of progress: "A wise application of traditional Ameri¬can principles to today's prob¬lems.

Three of the Fundamental Issues

This Administration has had to confront many types of prob¬lems. If time and your patience will permit, I shall try to outline for you the three main ones which face us today. The first is most important: the problem of the dollar and how to stabilize it. The second is the problem of prices and how to keep prices from fluctuating. The third is the problem of wages and how to make wages and prices move together.

One of the most important de¬velopments which has occurred in the past year is the ability of the Administration to stabilize the dollar. In the past, we have been unable to preserve a sound dollar and an inflationary price level. This has caused great difficulty for the Administration. The Administration has taken many steps to solve this problem. They have imposed controls on the money supply and have limited the growth of the money supply. They have also imposed controls on wages and prices. These controls have been successful in stabilizing the dollar.

The Administration has taken other steps to stabilize the dollar. They have imposed controls on the money supply and have limited the growth of the money supply. They have also imposed controls on wages and prices. These controls have been successful in stabilizing the dollar. The Administration has also taken steps to reduce the budget deficit. They have imposed controls on government spending and have reduced government spending. These controls have been successful in reducing the budget deficit.

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Mr. Hardwick discusses "user pay" principle and compares the more widely known problems of planning, financing and constructing highways with equally important civil air facilities. In many of the same ways that building roads in cities and other communities requires the cooperation of the local, State and Federal Governments, the development of air facilities also requires the cooperation of these three levels of government. Authority. Presents a check list to help investors determine financial feasibility, and cites as an example the Miami International Airport, financed by bond issues approved by the Dade County Port Authority.

I have been asked to comment on investment banking requirements for direct participation in financing of airports and small private airports. The requirements are different in that the availability of suitable advice and service and liquidation such indebtedness may be as remote as for any other type of facility. In all such cases it must be possible to provide adequate assurance that the funds will be used to provide service and liquidate such indebtedness as may be required. The most significant improvement which is involved is the recognition that airports have been made during the past decade in the United States by airport bankers and the general public of the "user pay" principle in the development of highway transportation facilities and many major improvements of that nature have been financed, in whole or in part, by self-sustaining and partially self-sustaining means by means of revenue bonds.

Master Highway Plan

While most of the highway projects were initially conceived on the basis of serving modern civil and military requirements, in a majority of instances they turned out to be vital links in our national transportation system of arterial highways and in instances, significantly extended to enable the necessity for a master plan for a primary system of highways throughout the Nation which would be geared to combined Federal, State and local investment. In 1954 the President appointed a committee to study the problems of the development of such a program and, while that program has not as yet been finalized or formally recommended, there must be a master plan for a primary system of highways throughout the United States, suitable facilities in their development of necessary arterial highway facilities in the future.

I am accordingly happy to learn of the recent recommendation of the President Eisenhower of the Honorable Elmer R. Bobst, Director of the National Advisory Council on Aviation Facilities. The interlocking interests of Federal, State and municipal governments in serving the facilities. The interlocking interests of Federal, State and municipal governments in serving the significant improvements in the development of highways and airports are less than in the case of highway transportations facilities, and it is probable that items encountered at the local level would seem to have much in common.

Planning Civil Air Facilities

As in the case of turnpikes, expressways, airports, vehicle facilities, airports frequently are designed or planned by another the interests of overlapping or adjoining go-

From ‘Washington’ Ahead of the News

B Y CARLISLE BARGERON

With his veto of the farm bill, President Eisenhower has definitely cast his lot with the Republican party. For many months, he has shown a definite preference for that party, and recently he has been known to have recommended the best man for pursuing his philosophy. However, even before the election, he has always been the lurking suspicion among many Republicans that, if he were more or less a captive of his party, he might fan the flames which have occasionally taken hold of it in the past, and could not be expected to accomplish his purposes. To be answering to the doubts four Republican leaders who looked upon the President as considering himself above the prejudices and only loyal to the party to which he had assigned to his views, he certainly has got an issue to be addressed. He has told the party to abandon his party. They have been accused of being a Republican party, and that his campaign has been to return a Democratic Congress and a Democratic administration. Whether the Republicans were sure that Eisenhower wouldn’t go for a Democratic Congress and a Democratic administration, whether he had any right to expect that the President had to rely upon them, that he could depend upon his own party. The Democrats seem to be the only thing that the President has done, and that their campaign has been to return to a Democratic Congress and a Democratic administration.

This is not to say that Mid-west Republican Senators and members of Congress are happy about what he has done. They are not. But they have been castigated by the President and he has been castigated by the President. It seems to be a strategy that Eisenhower will carry their States and districts just the way the Republicans have been castigated by the President. It would be a political paradox but possible. Those who are talking this is not to say that Eisenhower will carry their States and districts just the way the Republicans have been castigated by the President. It would be a political paradox but possible. Those who are talking this is not to say that Eisenhower will carry their States and districts just the way the Republicans have been castigated by the President. It would be a political paradox but possible. Those who are talking this is not to say that Eisenhower will carry their States and districts just the way the Republicans have been castigated by the President. 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Credit Is Vital and Sound Tool For an Expanding Economy

BY ARTHUR O. DIETZ*
President, C. L. T. Financial Corporation

C. L. T. President avers economic expansion estimates to freely predicted will require domestic consumption and consumer credit increases, and discounts criticism of those who question mass demands for more consumer purchasing where consumption is calling the turn in our economy. Instalment credit companies’ portfolios after the crash of 1929 prove that many any other type of investment except U. S. Government obligations are concerned about instalment debt do not refer to today’s or the past’s experience but “cite some suppositions danger in the太平” and seem to forget that as it has done year after year—it can check itself. Credits consumer credit in Great Britain and Soviet Russia and finds instalment buying has helped democratize and enhance real American standard of living.

My topic, which refers to consumer credit as a $30 billion question during our national today, is one that requires—an or a day or an order of answers. People are asking, is a credit is a credit sound? Is it a credit so much of what? What is its future be? I come before you a businessman who is talking about how to this. To a certain extent, I am at a disadvantage, just as many other businessmen are. The automobile industry will probably not be possible to pick up a newspaper and read me about the vitality of the way the auto industry is conducted—you remind me that in 1919 the auto industry has been responsible for the greatest peaceful industrial feat of all time.

The auto industry—our number one industry and major contribution to the welfare of the world economy, from 1945 to 1960 and did it with such tremendous economy that we completely avoided the post-depression depression everyone feared. If the television industry, car and trucks in a decade, making possible the world’s revolution of our civilization, to the extent of $10 billion. Into our economy for new plants and equipment and equipment. It has fooled all the Glogue quite from year to year have predicted that a Detroit-depress depression was just around the corner.

Or take television. No matter where you go you read or hear about the arrival of television. It is a second revolution. It has placed television on the same level of entertainment and education in practically every American home. It is the most important of the latest generation of personal communication and excitement in a month that could revolutionized the next 25 years in a lifetime in an earlier day. Last year, the great 29, more than 50 million people saw Charlie McCarthy, 32, played Peter Pan to 150 million views. NBC’s first dramatic and communications achievement all present television air time. In the present television of this immortal story, there are more than 50 million people the story of the television. Sunday afternoon — more people than had seen this play previously all of the motion pictures that have been performed in the last three-and-a-half centuries.

*An address by Mr. Dietz before the Commerce Club of San Francisco, Calif., April 6, 1966.

I do not condone its terms or try to tell you that they are nothing to be concerned about. By any tested standards we have known to the installment debt for 56 months to pay are pretty liberal terms. We would have thought they very indeed.

I am not particularly alarmed by what happened last year. In the first place, the situation has stabilized. There has been no further drift toward longer maturities and higher instalment payments for at least six months. Maybe there’s been some consumer cooling—just a little. The industry has proved it can check itself. It wants to and there is nothing to indicate that any liberalization is in prospect.

You see, as in almost every other phase of our American business system, checks and balances—lending stabilizers — exist. The pocketbook nerve is the best disciplinarian there. It is credit granted on terms that are too loose, losses begin to increase in frequency. When any sensible business man finds he is running into losses, he will view the policy or price for which he is responsible, and yet, the public demands. It might be his way for him to bend his way just as fast as he can. Year after year I have found that the man who gets to the fire to the front of the losing territory and there is a pretty good and draws back. That is what protects our economic society of consumers, and the consumer credit industry itself from serious judgment of the consumer himself.

Poor Prognosticators

Nevertheless, as I have already reminded you, in good times and bad, there has always been those who believed that consumer credit would be the cause of misgivings. Leading bankers in industry and government; the 20’s. Roger Babson wrote of the “Folly of Instalment Buying” in the 1950’s and he was not alone in his views. However, up to the present, these warnings have never been right. The bankers of the 20’s who prophesied that we in the great business would eventually go broke because, in a depression, our customers would not pay their instalment credits, were dead wrong, as the events of the 1930’s. The 1937 forecasts of a depression were never materialized to the effect that 1937 credits would be their way in 36 months. Previously, 93% of instalment credits had normal maximum maturities were 30 months.

This is the desire, which the instalment industry is stimulating, is increasing in the cities and lowering the birth rates.

The features of installment buying will be eliminated only as the depression of 1965, which is very severe, concerns people are controlled and directed along new lines.

As I prepared these remarks, I had before me a collection of stories from leading American economic publications. My good back only to the early months of 1953 but in the past three years there have appeared hundreds of stories that in some fashion or another the boom is dangerously infected by credit buying of wage earners who live from one payday to the next.

Yet the facts are that the depression of 1953, which were of such concern then, have all been paid and to none of the difficulties which were feared have come to pass. Instead, these same 1953-4 stories were met and disposed with a delinquency and loss record that is the best on record.

Fears of What “Might” Happen

Those who have these grave concerns about instalment debt never emphasize today’s experience, and they condemn the experience of the record in the past. Instead, the practice is to cite some suppositions danger in the past and decide the right to select their own rules.

Today the anxiety of this type of people is not on the economic issues and particularly on questions of consumption, behavior, and industrial relations. How could it be? After all, those who are sure average men could not be trusted with the right to select their own rulers.

It would be patronizing and downright undemocratic for anyone to express this attitude openly, so it is usually rationalized in terms of the health of the nation, the future of the country, and the welfare of the consumers.

The historic prejudices against going into debt for personal pur-

Continued on page 22

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April 14, 1966
Industrial Atomic Power And World Peace

BY JOHN JAY HOPKINS*

Chairman and President, General Dynamics Corporation

Whether the Free World or the Soviet Bloc will emerge the undisputed winner of the Cold War in the political and military spheres will be a key to determining future atomic realities and thermo-nuclear possibilities in building up industrially the underdeveloped areas, according to Mr. Hopkins in this presentation to the 19th annual meeting of the American Economics Association.

Mr. Hopkins states that the Soviet Union is in no position to win a new world war, and that efforts to make it appear that it is winning are not without potential dangers.

"It is a great privilege to address this distinguished audience, and a special honor to join with you in the well-merited tribute of American industry to the Industrial College of the Armed Forces..." (See page 12).

"...by 1960, there should have been a living of over 500 million industrial workers, and a new world should have been created.

"Soviet industrial and political leadership and the power of the United States should have been reversed.

"A new kind of victory, one not by force, but by reason..." (See page 13).
World Experience With Freedom And the Karl Marx Way of Life

By HERBERT HOVER

Former President of the United States

Distinguished former President surveys this Hemisphere's common problems, the world's experience with Communism here and abroad, and how to solve the problem of Socialism including its cults and fronts: (1) sabotaging free men; (2) crippling judgment of men, initiative and profit; and (3) creating more and more Statism to treat self-generating problems as government inflation; and (4) helping to pave the way for impotent governments, Fascism and/or Communism. Referring to the Western Hemisphere, Mr. Hoover concludes that with the highest living standards and freedom are those that have both the Statism, and "our problems can be solved only by free men." Hoover's "philosophy of economic freedom which is held to be the salvation of all mankind." His is a philosy of fusion: bombs need no emphasis from me. The unity of free nations is the only certain defense.

But the Red citadel in Moscow is right now carrying on aggression against the Western Hemisphere by conspiracies among our former friends and sometimes even governments. They comprise a cult of Communism. Almost daily we now leak out these disgusting things which have cropped up.

For last year the Kremlin has been working to trick all our men. But I have not observed that they have called anywhere to the United States, or the United Nations, or any other country, or government to say the truth about their own activities. I have often turned Stalin's face violently to the Western Hemisphere. I have asked them to state what real good it could be to give the names and addresses of all his collaborators in the Western Hemisphere.

However, without such a great effort, we can take for granted, particular manifestation, of Karl Marx's empire is not the end but a means of a nuisance.

The picture of Karl Marx still remains a picture. All the world has been in the place of the old religious belief. Possibly the Russians have not read Karl Marx's writings particularly. In letters to his friend Engels in 1939, Marx said: "I do not trust any book or paper that speaks of Marx. As soon as a Russian's words come in, all hatred and all hostility in the world will discover that they invented Socialism prior to Marx and turn his picture to the wall also.

But our efforts cannot be made in vain. I am happy to announce that there are in the realm of the old religious belief. Possibly the Russians are not even aware of the existence of Karl Marx.

Recently a meeting was held in Europe by the United States. At that meeting, the socialists from different nations, they said that they did not want to know if the Russians kept Karl Marx's picture on the wall. After all, they maintain his philosophy only they would tread softly. However, the Russians have an opportunity to save their own utopia.

Over more than 30 years of the Soviet Union, the Socialists, and Socialist, have become unpopular writers in most of the world. Many of our political parties under the leadership of Americans have been abandoned. They do understand that they cannot claim their principles as do the Socialist Labor Party in England.

That party is sincere and it is the purpose of "Government ownership of the means of production, distribution, and exchange."...
Irregularity persisted in the stock market this week but it continued to be something of a stand-by. After that there was generally good balance between the plus and minus signs. Trading in the 400-odd plus signs were pretty closely matched by the same number of minus signs. As a rule the market was light and the markets were rather narrow, fulfilling, at least partly the term of a consolidating phase.

In an almost off-hand way the week concluded in posting a new high since 1929 bettering its previous peak of a couple of weeks ago by a narrow margin. This was expected, but considered without any serious attempt to exploit the feat. The toll taken in the industrials by a couple of big issues last week was enough to keep the senior index from any serious attempt to duplicate the rally accomplishment.

Somewhat different first quarter earnings estimates made the market even more selective than usual. Union Carbide, for instance, was better than the report of a quarter and did well while du Pont became somewhat out of favor when it was losing profits. General Motors, which was able to show a good comparison in earnings, is in a similar fair determination while Chrysler was backward when it was indicated its profits will be even lower than a year ago. And so it went through the list, generating caution rather than a rebound from tax selling.

Royal Dutch was able to put on some superior showings of strength, in part at least, to good earnings statement but even more in recognition that it is selling at far more favorable rates than the larger American companies. Where the American companies like Gulf Texas Co., Calso and Standard Oil of Jersey have been priced at 15 to 16-times earnings, Royal Dutch has been available at less than 10-times at recent prices. This yield is low, since the dividend payout has been modest, running about a fifth of earnings against a half to a third familiar in the American companies. But for the goodly part of the dividend paying public which is far more interested in capital gains than taxable dividends, the company stands to benefit importantly from the greater percentage increase in oil consumption abroad over the domestic rate.

Shift From the Blue Chips
Similarly, much of the cutting through the list has been shifting from the best known names to those that have not participated as fully in the market upsurge up to now. One of these that have been definitely ignored is National Tea, for instance, which has been pedestrian all the year, holding in a range of only a bit over half a dozen points and selling recently within reach of its low. This despite achieving sales of up well over half a billion dollar level and profits of this year's sales of no less than $253 million. Profit margins have been improving steadily, but the stock has retreated more than 20% from its peak of late year.

Tobacco stocks, well debited by the recurring lung cancer scares, still continue to offer far better yields than the general average, a fact pointed out by the recent increase in the R. J. Reynolds payment. The industry leaders more than doubled earnings by 17% on the average last year, without sparking any widespread market interest in them.

Campbell Soup, one of the more famous food names recently was turned over to public from family ownership, has had anything to do with its price since it came to listed trading in 1954. In all that time the issue has built up a range of a little over 30 points and so far this year has held in a tight four-point area. It gives little credit to the firm's leading position in the matter of producing profits. Only three others in the food line surpass it in bringing dollars down to net income — A & P, General Foods and National Dairy — although they have to roll up more time to turn the trick. In fact, A & P's gross runs nearly 10 times that of Campbell, yet it only manages to bring down around $3 million more to net than Campbell's $29 million.

Spotty Aircraft
Aircraft have had a rather spotty week, the demand centering largely on those companies that will get the major share of shifting the domestic transport business back from the World War II era. It has left some of the promising companies that rely more on defense work in the ranks of the somewhat laggard isues. Bendix Aviation, for instance, at its recent market price was appraised at $269 million. The one analyst that has computed, is even less than the $322 million spent on engineering and research in four years.

Sperry Rand, like Campbell Soup, is another eventful market life even since the merger of the old Sperry Corp, with Remington Rand. It has held in a narrow eight point range ever since. It ignores the fact that the charm of the business lies in the company out of the category of one getting most of its business from the government. Something approaching half of its business now comes from office machines, office services and the like.

The merger also added Remington's technical knowledge to a company with a large field of electronics. Moreover, despite a somewhat general feeling that the missile field will be vacuumed out when even plane orders suffer, the new company has featured in little of this. For it has something like a dozen missile projects underway at the moment.

An Interesting Drug Issue
Comparing Compo, like the other drug issues, has been able to show in pinpoint demand for this group when it was selling. However, there has been little sustained action even though the projections are many that the issue is selling at a below average times-payings earnings.

Some such estimates of an income growth basis would add a score of points to the recent market price on even conservative basis. Its position in producing antirheumatic drugs is such that several of this class in the field, rather than develop their own compounds, have secured licenses to make the Schenley preparations.

Sterling Drug, which hasn't been able to develop any important new drugs in the same style, has been definitely lagging. It sold at $20 million last week but although the industrial average is better than double the peak standing of 1940, the company, however, is a giant in the packaged remedy business which has enabled it to roll up half a century of steady growth of sales.

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

Juran & Moody Adds
Primary Markets in Connecticut Securities
ST. PAUL, Minn.—Anthony G. Pyhogos is now with Juran & Moody, Inc., 93 East Sixth Street.

The Commercial and Financial Chronicle... Thursday, April 19, 1966

Connecticut Brevities

The new plant of the Sikorsky Aircraft Division of United Aircraft Corporation has been selected by Factory Management and Maintenance for an award as one of the (30) most significant manufacturing plants completed in 1965. The competition was concluded on a national basis by the Factory Management and Maintenance, with some 2,400 nominations, based on many factors, were from about 400 companies.

Stockholders of Southern New England Telephone, at their 1965 annual meeting voted in favor of the authorized capitalization from 6,000,000 to 8,000,000 shares of $20 par value common. This is presently outstanding about 5,400,000 shares.

Connecticut Bank & Trust Company has recently announced plans to open a new branch bank in Bloomfield, a suburb of Hartford, which does not presently have any banking facilities. The new branch will be used to conduct retail consumer business and to provide other banking services.

Stockholders of Riverside Trust Company, Hartford, recently approved the establishment of a cooperative group of 1,250 brokers, to reduce the par value of the common stock from $25.00 to $10.00 per share, to be issued in one and one-half shares for each share held. The brokers also approved a plan to pay a stock dividend of one new share for each share held. The brokers also approved the plan to pay a stock dividend of one new share for each share held.

The Torrington Company has announced the purchase of the business and assets of Progressive Machine Manufacturing Company in Torrington. The products include the full line of Progressive machine lathes, nuts and bolts as well as machine screws, nuts, and similar products for many industrial uses. Some of the products sold by Progressive are similar to those of Torrington. Progressive's products will be operated as a division of Torrington and bring to the 11 total number of Torrington plants in the United States, Canada, England and Germany. Torrington's total employment is about 7,000, of which 4,000 are at Torrington.

The Smith Manufacturing Company, and its subsidiary Sigourney Tool Company have been awarded the contract to produce the entire operation to a new plant to be constructed in Bloomfield. Smithy has long been a leading design and construction figure in the shipbuilding used in the publishing business.

The Connecticut Chemical Research Corporation, Bridgeport, has acquired 65 acres of industrial space in a former locomotive plant. The company, which manufactures various aerosol products for use in this country and for export, has found it necessary to obtain the additional space to operate its new manufacturing plant, and for its current contract packaging Division.

Flight Enterprises Inc. has indicated that it expects to increase its level of business from some $5,000,000 in 1965 to some $5,500,000 in 1966. The company is engaged in aircraft inspection and maintenance work at Bradley Field, the largest airport on the east coast.

Recently Colt's Patent Fire Arms Company sold its Automaton Machine Division to Vulcan-Hart Company of Louisville, Ky. Vulcan-Hart has announced its intention to continue operations of Automaton in Hartford. The Automa
ton Division produces diesewashers for commercial establishments and employs approximately 100 persons.

Corrections

Krensky Elected to Young Presidents

CHICAGO, III.—Arthur M. Krensky, 28, President of Arthur M. Krensky and Co., Inc., stock brokers, has been elected President of the Young Pr

Krensky, Inc., formed his company less than two years ago when he was 28 years old. The firm has opened offices in Princeton, Ind., Chicago, Ill., Fort Wayne, Ind., El Paso, Texas, and Washington, D. C.

John M. Stine Now With La Montagne & Co.

PASO ALTO, Calif.—John M. Stine is now associated with La Montagne & Co., 71 Broadway, Stanford Shipping Center. Mr. Stine was formerly a partner in Colvin & Stine, San Francisco.

Donald Sloan Adds

Donald Sloan has been named a New York Stock Exchange.
Oil sales official forecasts 1975 oil demand, reaching 13,700,000 barrels per day compared to 8,000,000 barrel rate in 1955, which means the industry will remain reasonable so long as competition, and government control, continues to serve as a governor. Mr. Miller expects that: (1) offshore lands offer only major domestic oil reserve and may be developed by offset by better techniques and methods; (2) commercial extraction may be feasible from almost limitless oil shales and sand deposits; (3) research may turn us cheap process to convert liquid fuel from these sources. Oil sales may soon be able to synthesize gasoline profitably from natural gas.

Farm roads, he’s, have said, will be much more pleasant to drive on than those of the past, with several feet of snow. And yet, so the demand for oil continues down, from 1900 to 1946 it increased by 30%. In 1946 we used about four million barrels a day. Then there were many who looked for a sharp fall-off after World War II, but the combat planes stopped flying and the coffee tied up at dock and the tanks got gassed. That fall-off never came, instead, from 1940 to 1950 the demand rose by still another 6%, so at the beginning of the 50s we were using 6.5 million barrels a day. Last year we used around eight million barrels daily, import-ent.

I’ve often thought what a man-sized job it would be if it were possible for me to sell and distribute all eight million barrel-a- per day. We’re talking now for a lowering of the level of this demand? Not if the Palace and the Commissioners stand firm. And that group’s findings on facts, all of which show that the reserves may have found wide acceptance. We’re taking a long look at our economy and our population in which this is moving, the commission came to a new conclusion as to the number of barrels of crude oil and liquid condensates daily. Turn all of that—no supply will be in the tank in the lead of the average automo-bile today, and we’ll take care of car the world more than we have ever had to do before. This 13,700,000-barrel figure is not a rash estimate. It takes ac-count of the probable increase of other, energy sources, particularly nuclear power. Only the improbable development of cheap, efficient solar energy could throw the estimate off. Due account has been taken in it of such factors as, for instance, the nuclear power—about which I don’t speak because there’s a real expert on the program. Only when I’m more than 50 miles, will I try talking about things like atomic energy.

We’ll be needing 12,700,000 barrels a day in 1975, much of it—very much, presumably—on the nation’s farms. Will be we able to supply it?

If petroleum were only a peace-time commodity, it'd be easy to answer that question. All we’d have to do is to look at the almost fabulous Middle East. There, it’s conservatively estimated, the res-ervoir rock now holds 312 billion barrels of proved reserves. The average oil well in the United States today pumps about 14 bar-rels a day. The average oil well in Saudi Arabia, Iraq, Iran, Qatar, Kuwait, and Bahrein flies 9,000 to 20,000 barrels a day without the need for pumping. I am showing off now, of course.

Oil sales is now seeking to rely on Middle Eastern, we oil, and perhaps we’ll be able to do that. But petroleum isn’t just a peace-time commodity. It’s a...
Sees No Immediate War Threat in Middle East

Ralph E. Samuel, after six week survey of five Mediterranean countries, holds Israel is determined to avoid large-scale hostilities and Egypt fears military adventure with Western powers or conquest of aggression.

A prediction that there will be no outbreak of war in the Middle East in the near future, was made by a leading New York foreign newspaper correspondent, Ralph E. Samuel, in a report of his six-week tour of the Mediterranean countries. "Israel is determined to avoid large-scale hostilities and Egypt fears military adventure with Western powers or conquest of aggression," he said.

Following a swing through Italy, Greece, Turkey, Israel and Egypt, Mr. Samuel concluded that "there is no immediate war because Israel is determined to avoid it and Egypt daren't risk war with the Western world watching for any sign of trouble." The report of Mr. Samuel's country-by-country survey follows:

"ISRAEL, surrounded by Arab countries which have systematically supported, in a measurable way, the defeat of Israel in 1948, and where failure to supply defensive arms—fighters to repel bombers, antiaircraft guns to protect against rocket fire—has resulted in the loss of large areas of the little nation apparently has no intention of fighting a war, but with high morale and a dedicated citizenry feels confident she cannot be overthrown in any way.

"Nothing seems to faze them. They plant trees by the tens of millions, bring water over a 100 miles, from Lake Hula in the north to the River Jordan in the south (postponing for at least five years the completion of the 100-mile canal, which threatened serious trouble with the United Nations), to the thousands of barren, rocky lands to flourishing farms; their roads are excellent; their health is good; and the centers of learning such as the Hebrew University, is nowhere but the Hebrew University will I am sure not be written off as assets for Israel and the free world.

"The Israelis feel that economic cooperation could mean the difference between the Arabs, but after talking to bankers in Cairo I concluded that the basic reason for hostility toward the idea of economic cooperation with Israel is that it would be too disturbing to the Arab pattern of life and would mean minor but much needed improvements for Faisal. No Arab leader, not even Nasser, at least, is talking of a positive link with the Israelis and a warm invitation on his part."

"The greatest concern in Israel is the officer in charge of the Middle East Peace Conference, who, far from being a man of peace, is determined to bring the peace conference to a "face to face" and revenge the 1948 defeat. It is said that he is considering sending officers to Czechoslovakia and Poland to study the peace conference for the training in the use of Soviet-supplied arms to the Arabs."

"In Egypt, one sees an almost impossible situation. Men in uniform, and the drill officers who teach them how to be by very busy. The equipment looks modern and the soldiers seem drilled, but compared with tempting and succeeding, despite restrictions to diversity, to attract equity capital and to pursue diverse programs to attract private funds and to construct with private funds that industrial plant that has been completed and can help but strengthen the overall economic development and the economic welfare of the nation.

But there is a limit to what the American defense industry or any country owner can accomplish, if say even a few billions of dollars a year in government purchase power were suddenly to be removed from our economy. This is why American Government and American industry should immediately take drastic steps to improve our trade position with foreign nations. Little or nothing beyond normal increments can be expected in American trade with Western Europe. The real market, it seems to me, is in the underdeveloped Latin America, Africa and Asia where 75% of the world's people are forced to live on a bare subsistence level. Atomic energy is extremely currently being explored not for defense but for electric power for the home, and the cost of the power will be cheaply and certainly to affect the economic welfare of the nation.

Continued from page 12

Industrial Atomic Power and World Peace

MANUFACTURE BOMBS or use atomic power for beneficial purposes is a question of the future. It will depend on the governments' attitude and the direction of the development of atomic energy.

Some governments have already recognized the potentialities of atomic energy and have been working toward the establishment of atomic power stations. Others are still in the experimental stage, while others are completely opposed to atomic energy and are trying to prevent its development.

There are several countries that have already developed atomic power for peaceful purposes. Some of these countries have atomic power plants that are already in operation, while others are still in the planning stage.

In the United States, the Atomic Energy Commission has been working on the development of atomic energy for peaceful purposes. The AEC has developed several atomic power plants and is currently working on the construction of more.

In the United Kingdom, the Atomic Energy Authority has been working on the development of atomic energy for peaceful purposes. The AEA has developed several atomic power plants and is currently working on the construction of more.

In France, the Commissariat à l'Energie Atomique has been working on the development of atomic energy for peaceful purposes. The CEA has developed several atomic power plants and is currently working on the construction of more.

In Russia, the Soviet Atomic Energy Commission has been working on the development of atomic energy for peaceful purposes. The SAE has developed several atomic power plants and is currently working on the construction of more.

GOV'T Embarks on New Method of Financing Buildings to Be Used by Federal Agencies

Acting pursuant to so-called Lease-Purchase Act, General Services Administration will receive bids for financing and for construction of Federal buildings.

Rock Island, Ill. Government to loan this and similar buildings on a rental basis over 25-year period.

General Services Administration is trying out on the financial side a multi-phase federal building program under the Lease-Lend Act, which is well known as popularly known.

Under this Act the Federal Government under a multi-phase installment plan, designs for a series of buildings and finances exclusively by Government and federal funds, is linked to furthering the building in the same manner another revenue or financial plan, however, is the 1954 Act under which the government can finance instead of paying for Federal buildings as they are completed out of Congressionally appropriated funds, institutions or individuals agree to pay for the cost of putting up house on the government's site and then liquidate the loan over the 25-year period.

During the 25-year period the successful bidder will remain the legal owner of the building. The Federal Government will occupy the building. At the end of the 25-year period the government will take the annual lease payments, although a rental exactly equal to a 25-year diminishing balance loan with interest at the rate put in the successful bid, plus local real estate taxes. Contracts are expected to average a 2.5% return on the government's site and then liquidate the loan over the 25-year period.

General Services Administration, which administers the Act, is asking for bids on the construction or bidding for or a joint rental and construction of buildings.

In this scheme the government is to offer the buildings to potential buyers and secure the bid of the lowest bidder. How to write the bid is an important step in deciding the fate of the building. If the government is able to agree on a lease with a low bid, the government will then be able to sell the building for a profit. If the government is unable to agree on a lease with a low bid, the government will have to negotiate with the building owner and offer to lease the building for a price that the government is willing to pay.
How Reliable are Trends in Forecasting the Future?

By WALTER SONNENBERG

Nondependency of economic trends in forecasting is explored by Mr. Sonnenberg in describing the many factors affecting trends and the difficulties in estimating their effect. Mr. Sonnenberg contends: (1) wage increases should be based only upon contributions to productivity; (2) it is costly and strenuous to keep up with advancing standards of living. “Garbage Trends” which know-how tends to limit international trade, and (4) transit companies pursue incorrect methods to regain lost traffic.

There are no reliable gauges for registering accurately the full effects of government, wages, or of many factors affecting trends. Yet, in the present American situation, reliable gauges are necessary for the forecast of the future. There are only a few reliable gauges for registering accurately the full effects of government, wages, or of many factors affecting trends. Yet, in the present American situation, reliable gauges are necessary for the forecast of the future.

Walter Sonnenberg

According to Darrell Huff, even a 1 per cent increase in the already increased population furnished him for the 1790 to 1800 period, in his second book, Congressional estimates a United States popul- nation of 26 million people by 1930.

Mark Twain, in his book, The Adventures of Huckleberry Finn, expressed the same feeling that life is not what it seems to be. He said, “In 1848, we were being told that the Mississippi was about to make its way through the streets of Chicago.”

Mr. Sonnenberg adds that there is a trend towards increased government control and that this control is often detrimental to the economy. He states that the government should not interfere with the free market and that the government should only interfere with the market when it is in the public interest.

In summary, Mr. Sonnenberg believes that the government should not interfere with the free market and that the government should only interfere with the market when it is in the public interest.

J. A. Hoge & Co.

To Admit Partners

SALT LAKE CITY, Utah—I. A. Hoge & Co., 132 Smith Main Street, members of the New York Stock Exchange, has admitted as a partner in the firm of J. A. Hoge & Co., Russ B. Hogue, of Salt Lake City, as a partner in the firm.

E. S. Hope Adds

(Special to The Financial Chronicle)

CLEVELAND, Ohio—Joseph J. S. Hope has announced that he is going to be going into the business of real estate in the city of Cleveland.

Plight of Transit Companies

(Special to The Financial Chronicle)

Price $10.25 Per Share

160,000 Shares

Scholz Homes, Inc.

an Ohio Corporation

Common Stock

(Pare Value $1.00)

Price $10.25 Per Share
In discussing with N. Y. Chamber of Commerce Committee gold findings, New Haven monetary scholar agrees with Webster's charge that fraud is committed whenever value is imputed to paper money outside its coin reserve. The view is extremely radical, there is no redeemable..." approvals of gold coin circulation; maintains fixed gold content should provide, "yardstick-of-value to measure price changes; does not fear run on gold; and quotes W. Randolph Harrison's position as a remark by him.

Editor, Commercial and Financial Chronicle:

The first issue in your issue of March 1, 1916, entitled "Return to Gold," I found a surprising lack of precision in the New York Chamber of Commerce Committee's arguments. It is truly amazing. It cannot be true that we wonder how prominent economists, composing a major part of the seven gentlemen who signed the article, could have missed the fact that the article contains a statement by himself.

Frederick G. Shull

In the article, "Return to Gold," I believe the nation should return to gold for the greater part of our business as a nation in 1923 right down to 1933, until the New Dealers have accomplished by a printing press paper-money! And are they unaware that Daniel Wellington, in 1793, made his $2,000,000, that "any attempt to give value to paper money, if it lasts only one single moment longer, such paper is redeemable on demand in gold and silver at a con- veyable, abominable, and fraud- ulent policy?" How much longer must we put up with our present "frantic" money?

The article in question was occasioned by a resolution proposed on Feb. 13, 1916, by Colonel Ed- ward J. W. Proffitt, asking the New York Chamber of Commerce to support "restoration of a permanent gold Standard in the United States."

"Colonel Proffitt favors a return to gold as the standard as it existed prior to 1933 except that the present monetary system is, and will, in all probability, continue to be maintained."

If your article is a representation of the highest, the "Economists' Manual: Recapitulation on Monetary Policy," whose membership comprises some 70 leading economists from coast to coast, was written by the late Acheson, Mr. Frederick G. Shull, who was in the preceding paragraph.

Can it be possible that these economists, however, what shall constitute sound money? Why, it's the Constitu-

The Commercial and Financial Chronicle... Thursday, April 19, 1916...
Mtg. Debt Termed Sound and Anti-Inflationary

George C. Johnson, Dime Savings Bank President, finds: (1) Home ownership provides a better and more stable national economy; (2) systematic mortgage principal repayment adds to savings; (3) mortgage debt has added twice as many billions of dollars of real wealth to the economy; and (4) debt is not inflationary, unsound, or too high, as millions have been shifted from rent to mortgage payments.

The $88.7 billion which American families are presently carrying as their home mortgage debt is a vital support to the nation’s economy and is not an unhealthy, inflationary pressure factor, was asserted by George C. Johnson, President of The Dime Savings Bank of Brooklyn.

"Actually, this $88.7 billion is an investment in America’s Future, and it will grow larger as the nation grows larger," he declared. "The mortgage debt is neither inflationary nor harmful to the ability of those borrowers to pay."

"It is only 11.2% of total personal savings, 27% of the present rate of Gross National Product," the banker continued. "Creation of this home mortgage debt has added perhaps twice as many billions of dollars of real wealth to the nation’s economy, and it has developed, for American homeowners a form of owned, systematized saving which is one of the strongest supports of the home economy we have."

"Asserting that the home mortgage debt is sound and anti-inflationary, Johnson declared:

Credit Standards

"Home-buyers are decent, fine American families who are improving their living conditions because steady employment and good wages enable them to do so. They do not regard themselves as state or government debtors."

"My 40 years experience with home-buying families prove to me that they consistently will meet their obligations."

"In all those years, I have never had a single case of delinquency. In fact, I have seen the carrying charges of a home mortgage debt absorbed by 10% of these charged to their incomes."

"Furthermore, no intelligent banker will allow any family to buy a home it cannot afford. Likewise, the Federal Housing Administration is making mortgage payments in billions of dollars."

"People are not beguiled by liberal mortgage terms. They are buying homes to improve their living standards only after careful and intelligent consideration."

"Amortized mortgages and liberal terms, soundly based on the borrowers’ ability to pay, enable a large number of families to attain their longing for home ownership without hardship."

Debt Not Too High

Mr. Johnson said his comment was inspired by "observations from some quarters" to the effect that home mortgage debt is too high.

"These alarmists simply will not or do not examine the really important economic factors involved," he declared.

The principal factor overlooked is that millions of American families have shifted from the status of rent-payers to the status of home-owners. No one man whose bank originates and holds mortgages in one-half a billion dollars in the nation, can be expected to show at the end of the year a little over a dozen rent receipts."

"At least $7.8 billion each year is now being added to the savings of home-buyers today as they buy homes. This is the principal of their mortgages."

"What this all adds up to is that home homeownership makes a better and more stable national economy." "I believe that President Eisenhower’s economic report to the Congress two months ago summarizes the situation completely, when he said: ‘A nation in which as many millions of families have bought homes in their homes and neighborhoods, is to be governed by a high sense of responsibility.’"

John F. Holiap Joins Lee Higginson Corp.

Lee Higginson Corporation, 49 Wall Street, New York City, recently reported major changes, announces that John F. Holiap has been named a vice-president of the firm in the institutional bond department. Mr. Holiap has been associated with the firm in the institutional bond department. He has been with L. P. Rothchild & Co., Auchincloss, Parker & Redlich, and has been at Salomon Brothers. Mr. Holiap is a graduate of the New York University School of Commerce and has been at work for many years in the securities business for many years.
The Chemical Corn Exchange Bank of New York has announced arrangements for the purchase of the present head office building of the Corn Exchange Bank, at 18 Pine Street, New York, according to the New York Times, on April 12. The sale will be completed by July 1. The buildings will be occupied by Chemical Corn Exchange Bank from the time when Chase Manhattan’s new building is occupied. The purchase price and other terms of the agreement were not disclosed. The new building, to be erected on the site, is a four-story structure of brick and masonry, with a large basement and a fireproof roof. The building will be occupied by Chemical Corn Exchange Bank from the time when Chase Manhattan’s new building is occupied.

The sale of $50,000 of new stock by the First National Bank and Trust Company of New York, announced its capital from $150,000 to $200,000 as of Feb. 10.

The rights to subscribe for 3,000 additional shares of common stock by the shareholders expired on April 16; the subscription for the said stock is now open for the holders of the subscription warrants, as was scribed for by the holders of the subscription warrants, as was scribed for by the holders of the subscription.

The Trust Company of New York, at Jersey City, N. J., a State Bank, has announced on April 11 that it will begin a new service system, merged under its own charter, and that it will establish a new service system for the management of personal and business accounts.

The sale of new stock to the amount of $50,000, increased the capital of the First National Bank of Greenville, Miss., from $130,000 to $150,000, and has having become effective on March 28.

The Fort Worth National Bank, with offices in Fort Worth, Texas, is currently issuing its stockholders of record April 17 for new stock to the amount of $150,000, and has having become effective on March 28.

The nationwide investment firm of Merrill Lynch, Pierce, Fenner & Beane reported higher operating income in the first quarter of 1964, a period of net profits during fiscal period.

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Invitations to its new Southgate Plaza Bank Branch and the new Southgate Plaza Shopping Center were made by the board of directors of the bank on March 10 and March 14 by letter to its stockholders and new shareholders.

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The First Farmers and Merchants National Bank of Colum¬bia, Tenn., reported on Feb. 23 a new capital of $200,000, effective April 1.

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Excerpts from 1955 Annual Report...

The year 1955 was one of the most satisfactory in the Company's long history. The feature of the year's operations was the upsurge in the rate of growth, following only moderate gains in 1954. Sales of both gas and electricity were materially larger than those of the previous year. The gain in gross operating revenues exceeded that of any previous year, as did the number of new customers.

Many do not realize the magnitude of taxes as an element in the cost of utility service. In 1955 they absorbed almost 29% of our gross operating revenues from all sources. Taxes were substantially more than double all wages and salaries paid to operating employees, and were equivalent to about seven dollars per share of common stock outstanding. These figures serve to emphasize the substantial subsidy granted government-owned utilities, which enjoy virtually complete tax exemption in the conduct of their operations.

There is no significant body of public opinion in our service area which favors the establishment of government in the commercial power business. This view is confirmed by a poll taken among our customers last year by an independent outside agency which revealed that only one out of seven of our customers favored government ownership in the power business.

We shall continue our long-established policy of cooperating in the development of worthy water projects, as we believe it to be clearly in the public interest. On the other hand, whenever necessary, we will resist those who are bent upon forcing government into the public business on a tax-exempt basis in competition with its own citizens.

It is essential that the Company's securities find a ready market among institutional investors, as they constitute an important source of capital for American industry today. Nevertheless, we believe it is healthy and desirable that individual investors participate directly in our ownership, and we shall continue to encourage such ownership, particularly on the part of those residing in our service area.

Chairman of the Board

President and General Manager

Summary Showing Sources and Disposition of Income

<table>
<thead>
<tr>
<th>Sources of Income</th>
<th>Year 1955</th>
<th>Year 1954</th>
</tr>
</thead>
<tbody>
<tr>
<td>Electric Department revenues</td>
<td>$260,410,000</td>
<td>$239,710,000</td>
</tr>
<tr>
<td>Gas Department revenues</td>
<td>$130,400,000</td>
<td>$123,000,000</td>
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<tr>
<td>Revenues from other operating departments</td>
<td>$2,500,000</td>
<td>$1,970,000</td>
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<tr>
<td>Miscellaneous income</td>
<td>$804,000</td>
<td>$1,035,000</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$443,500,000</strong></td>
<td><strong>$387,270,000</strong></td>
</tr>
</tbody>
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Disposition of Income:

| Wages and salaries of operating employees | $30,612,000 | $29,094,000 |
| Power purchased from wholesale producers | $2,219,000 | $2,237,000 |
| Natural gas purchased | $94,917,000 | $72,980,000 |
| Oil and other fuel purchased | $12,222,000 | $8,442,000 |
| Material and supplies, services from others, etc. | $10,143,000 | $9,283,000 |
| Provision for pensions, insurance, etc. | $8,692,000 | $6,776,000 |
| Provision for depreciation and amortization | $43,572,000 | $30,000,000 |
| Taxes, including provision for federal taxes on income | $105,240,000 | $93,180,000 |
| Special charges in lieu of and for deferred federal and state taxes on income | $5,100,000 | $4,521,000 |
| Bond interest and other income deductions | $22,314,000 | $19,540,000 |
| Dividends paid on preferred stock | $12,912,000 | $10,800,000 |
| Dividends paid on common stock | $33,263,000 | $35,535,000 |
| Balance retained in the business | $18,170,000 | $11,220,000 |
| **Total** | **$443,500,000** | **$387,270,000** |

AVERAGE NUMBER OF SHARES OF COMMON STOCK OUTSTANDING:

10,285,733

AVERAGE NUMBER OF SHARES OUTSTANDING:

10,190,533

DIVIDENDS PAID PER SHARE OF COMMON STOCK:

$0.32

RETAINED EARNINGS PER SHARE OF COMMON STOCK:

$0.32

For additional information on this total electric company, see our Treasurer, K. C. Christensen, 245 Market St., San Francisco 4, California, for a copy of P. & E.'s Annual Report.

1955 FIFTIETH ANNUAL REPORT

Highlights

Of the Year's Operations

Cross operating revenues reached a new peak of $492,000,000, an increase of 9.7% over that of the previous year. Higher gas rates and colder-than-normal weather contributed to this record growth in revenues.

Sales of electricity to customers totaled 10,209,000,000 kilowatt-hours, an increase of 9.0%. In addition we delivered 1,385,000,000 kilowatt-hours for the account of others. Combined sales to customers and deliveries for others exceeded those of 1954 by 11.7%.

The cost of out-of-state gas, effective April 15, 1955, was further increased about 8% annually. Pursuant to an authorization of the California Public Utilities Commission, the Company increased its rates in May 1955 in an amount which should substantially offset this increase in the cost of out-of-state gas.

Construction expenditures totaled about $135,000,000, compared with an average of $105,000,000 over the past five years. This reduced level of construction expenditures was made possible by the substantial completion of our program to build up adequate operating reserves.

Nuclear energy continued to engage the Company's attention. The Nuclear Power Group, Inc., of which the Company is a member, received approval from the Atomic Energy Commission to build the largest all-nuclear power plant yet scheduled for construction.

Stockholders totaled 217,821 at the close of the year. This was the 16th consecutive year in which we experienced a gain in the number participating in our ownership. At the yearend the Company was serving 332,748 customers.

Bonds and preferred stock with an aggregate par value of $675 million were sold to finance our continuing construction program. This brings to approximately one billion dollars the amount of new money obtained to finance our postwar construction program.

Net earnings for the common stock were equivalent to $3.32 a share on the 16,203,723 shares of common stock outstanding throughout the year. This compared with earnings of $2.98 a share on an average of 16,193,333 shares outstanding in the previous year.

Pacific Gas and Electric Company

245 MARKET STREET • SAN FRANCISCO 4, CALIFORNIA
Realigning Disarmament Notions In View of Automation's Impact

BY PAUL EINZIG

Noting automation provides considerably shorter margin of rearmament time, Dr. Einziger believes that even with genuine international disarmament control it would be inadequate for democratic countries to reduce unduly their actual armed strength since totalitarian countries would be in a position to maintain it. In this context, the inactivity of the democratic countries reflects this advantage by not slackening pace of military research, design development and prototypes of modern weapons of mass destruction and automation progress up to date.

LONDON, Eng.—Even though the disarmament discussions with the United Nations are making but slow progress, there is a need for some understanding that under existing conditions any such agreement would have to be considered as too short a period of time to make effective the arms race.

Over the past year, and even more recently, there is little hope that any such agreement would ever become effective in influencing the pace of arms. The development of such an armament is too fast to ever bring to the potential aggressor before the latter's preparations have secured him a decisive superiority. Only in the light of the new situation should one be able to decide for the international council of disarmament. The main purpose of such an agreement is to check the safety margin of time for any potential aggressor along with the achievement of general arms reductions. It is important to check the arms race has been cut short by automation.

A. C. Purkiss Sr., V-P. of Walton & Co.

The election of Albert C. Purkiss as Senior Vice-President of Walton & Co., is an indication of the New York Stock Exchange and other real estate exchanges has been a significant event. Mr. C. Walton, the firm's president, Mr. C. Walton, has appointed Mr. W. R. Hutton, Mr. Hutton, to make his headquarters at the New York office, to 120 Broadway, in the New York office, will be admitted to the firm as a voting stockholder at May 1.

Founded originally in S. P. and A. Purkiss, Walton & Co. started operations with three employees. To-day, the company has almost 900 employees, with 42 offices in the United States and 14 offices in Europe. In Switzerland, the company enlists more than 600 employees as underwriters, brokers, dealers and distributors of real estate. These offices service with all of its many branches, to maintain and build the up of standardized and rationalized construction, Waltons has adopted new methods that involve the use of standardized and rationalized construction.

A virtual guarantee of uninterrupted business growth does just as well in economic times as in economic downturns. We may not always realize it—and certainly we can't always see it—but there are advantages for some, does it at the expense of somebody else.

No question of legality is involved. In direct operation, there is no other way to keep up with the pace of the changing world. The method of operation of these firms is to sell off their initial purchase advance to other companies, which are paid off in installments as the property is sold. In effect, the buyer of the property pays the price to the firm and thus acquires the property at a lower cost. In this way, the firm is able to keep up with the pace of the changing market and maintain its position in the competitive market.

There is no question of legality involved. The firms operate legally, but the method of operation is so successful that the firms have been able to maintain their position in the market with a steady stream of new business. The firms are not only able to maintain their position in the market, but they are also able to expand their operations.

With Hamilton Manager's

BOSTON, Mass.—Roy F. Shiepe has become Hamilton Manager, Manager Corporation, 127 Fremont Street.

Continued from page 7

Inescapable Trends in Business Jeopardize Our Way of Life

LONDON, Eng.—Even though the disarmament discussions with the United Nations are making but slow progress, there is a need for some understanding that under existing conditions any such agreement would have to be considered as too short a period of time to make effective the arms race.

Automation speeds military output

Over and above all, it is time that automation from the point of view of war potentialies lies in the fact that it has greatly increased the pace of arms production. Thanks to automatic machinery it is now possible to produce arms in large quantities in a short time. Once the development of the armament is in full swing, it is possible to build up the production of arms in a matter of a few years. Just as the development of the armament is in full swing, it is possible to build up the production of arms in a matter of a few years.

This means that it would now take relatively little time for a disarmed nation to rearm. The question is that, once the armament is removed, it can be switched off from the production of arms. It would now take a much shorter time than it was a few years ago.

It is true, the development of the armament is of such a nature that it would not require very much time. Even so, in the light of the new situation, an agreement for the international council of disarmament would be advisable for defensive states to think twice before committing to a heavy reduction in their actual armament in the form of agreeing to the possibility to come to agreement on an international control of disarmament. They would have to consider the safety margin of time to make such agreement and the achievement of general arms reductions. It is important to check the arms race has been cut short by automation.

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ment or make it easier for them to borrow.

The vicious circle is started. It is use profit squeeze which is rapidly becoming an ominous threat to the free enterprise economy. To be sure, there are many that the economy is growing faster than the big ones. Traditionally, the smaller companies and individuals are doing better than the big ones in periods of economic growth. It is why we find many that the present situation offers plenty of food for thought. Note only are the failure 'statistics' compiled by Dun & Bradstreet showing dismaying increases, but reports of unfortu-nate developments occurring among the large and medium-sized companies is increasing. The face of stagging problems to the part of the real big companies, it is often overlooked that our posture is not nearly as strong further down the line in company size.

Thus far, there are no indications that the unions are ready to make allowances for this in setting up wage scales. Consequently, it must be expected that the plight of the smaller companies will become increasingly worse.

The unions' panacea of ever higher and higher wages to create more purchasing power to take care of maximum production will not solve this problem, as it will actually intensify the problems of those companies which can pay higher wage scales unless they are also able to raise prices—which they can't do because of growing competition on the part of the more efficient low-cost producers. It does not take much imagination to foresee the possibility of serious trouble as the result of the prescriptive steel squeeze within another few years. This trend contains a greater unknown element. The impact of this automa-
tion can create during the next decade.

Something will have to be done about it—and soon. But this "something" is not the dismem-
berment of Big Business. The quality of which we now find ourselves lies in the fact that Big Business is the moneymaker on the road to growth, the standards; and continued gains in the standard of living. The things we must depend on as one of the basics for further economic growth. Yet at the same time, the very strength of big business is becoming an erosion of serious problems elsewhere. How to resolve this controversy is a prob-
lem for the politicians to ponder. Perhaps it will require more win-
dows into the system than we have any right to expect from them.

VI

Conclusions

This then is the picture: Our headlong rush into an ever-expan-
sion at the expense of some problems that ultimately may yet prevail in our dealings—temporarily, because they tend to aggravate rather than alleviate the errors in judgment which created the economy in over 20 years without any serious thinking.

The hope that the end of the business cycle will spare us the necessity for such corrections is exactly that—just a fond hope. We delay only the reality of things the facts of life threaten to catch up with us. That is bound to happen and the only answer is to do what is possible.

“Of course, I used steel so extensively for many reasons. As you know, it has great strength. It’s durable. It won’t crack or shatter, or rust. It’s fireproof. It’s used for ducts of the forced-air heating system, and for flashing at the roof line. The attached carport roof also is of galvanized steel.”

Therefore, Koening chose steel

“Then the steel roof deck and ceiling and ex-
terior walls went into place. I used galvanized steel for the living room, also the whole frame, for the forced-air heating system, and for flashing at the roof line. The attached carport roof also is of galvanized steel.”

Why Koening used steel

In the United States, the use of steel in the home has been increasing in recent years. Steel is advantageous in many ways, such as durability, strength, and ease of maintenance. It is used in various forms, such as steel frameworks, steel roofs, and steel windows. Steel also offers a wide range of aesthetic possibilities, making it a versatile material for home construction.

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Continued from page 15

**Petroleum for the Future**

**And the Role of Government**

weapon of war. That was proved at least as World War I, when Lord Curzon said that the Allies floated to victory on a wave of oil. Before World War II, when 80% of the oil was imported into America from American ports to fields of battle, we were told to expect American petroleum taxation.

So we can't light-heartedly commit ourselves to depend on overseas oil. Canadian crude oil undoubtedly would be more profitable for us to get. But if Canada wound up as our enemy in the event of war, we have to be prepared to buy oil from the United States.

We thus find ourselves in a dilemma. We may wisely speculate that we may be able to find oil in the deep sea, but it's so far below the surface that it's located right on the historic crossroad of battle, and it's naturally more, much more unsafe.

**Domestic Priority**

Consequently, we have to give priority to the development of our domestic resources, to manage our lives as if we were willing to throw ourselves on the mercy of any enemy. And when you try to decide whether or not we can develop United States oil to the point required, the crystal ball gets exceptionally cloudy. It clouded up, not because of the physical unknowns in the supply equation, though there are those too. What gets in the way of forecasts more than anything else are the governmental unknowns.

Let's look at the physical factors for just a moment. And here I'll be borrowing wholesale from what I've written already. I knew about oil the way we can, I knew about sales, not about seismographs, and about point-of-sale advertising, not about stratigraphic traps. But what I give you now is the inside truth from the experts.

It's true, they say, that oil becomes increasingly difficult to find here in the United States. As a result the whole business of production becomes constantly more costly. All of the scarce sources of oil and most of the unlikely ones have been explored by now to the full extent of present technical knowledge. And we're up against the fact that oil isn't a self-renewing resource. We can't even plant a field over with oil seeds the way you can plant cut-over timberland for a long-pull recovery. Each oil field that's been found inevitably has subtracted one from the total of findable fields. By this time it's generally recognized that only the off-shore lands offer hope of a new major find within our own country. That's not too happy a hope when you figure the average off-shore well costs $500,000 to drill, and you can never be sure it'll find oil.

What is also true, though, is that the amount of oil discovered year after year has always been proportional to the amount of exploration done. As men have searched harder for oil, drilled more wells and drilled them deeper, well yields have increased. They've consistently found enough, not just to replace the year's consumption, but also an additional amount to our reserves. That's why those who've cried doom over the years have been more wrong in their reports than the predictions that we'd soon be out of oil.

**Slower Rate**

Recently there's been a slight slackening in the rate at which we've added to reserves. We've still found as much as we were using and a little more, but the little more hasn't been quite as big as it used to be. But it's likely that this short-term trend can be reversed, at least for the foreseeable future, as our technology improves.

Back in the '20s men were convinced that a 4,000-foot well was at the practical limit of depth and a 6,000-foot well was at the theoretical limit. You just couldn't go any deeper than that. Yet only a few months ago a Louisiana well was bottomed at 22,570 feet—more than four miles into the earth. In a footnote I pointed out that this well cost more than $2 million and still hasn't produced a quart of oil, though it still may. Even the average depth of wells drilled increases by 100 to 200 feet a year. Back in the '20s men were convinced that you were doing well if you could recover as much as 80% of the oil trapped in a given sand. Today, thanks to greatly improved waterflooding, hydrasfacing, acidizing, and other secondary-recovery methods, we can wring out as much as 80% of the oil.

It seems possible—looking at it only from the physical requirements—that we'll continue to be able to find more and more oil. We'll develop even better drilling techniques and even better production methods in all likelihood. These will again topple what presently seem like insurmoutable barriers to further expansion.

**Other Supply Sources**

But even if this hope should be fulfilled, as it might be, we've some other strings to our bow. The known reserves of oil shale and oil sands, for instance, hold enough hydrocarbons to supply the nation with liquid fuel for somewhere between 100 and 300 years. Industry experimentation today is at the point of just about permitting commercial application of processes for extracting this oil. Our coal reserves, which for all practical purposes could be called unlimited, could even now be converted to liquid fuel if we didn't have to count costs. Further research in that area will almost certainly turn up cheaper methods. And right now my own company is readying a Texas plant that will, if our calculations are right, be able to synthesize gasoline profitably from natural gas.

Given only the physical factors, then, we'll have no difficulty in answering the question about supply. One way or another the industry can furnish all the oil our economy will demand at prices the economy can afford. Probably those prices will be somewhat higher than at present. That seems almost inevitable in view of the growing costs in production and the much greater expense involved in producing higher octane gasolines, to give just two examples. But as long as competition continues to serve as a governor, the prices will remain reasonable.

**Competition's Shadow**

Right there, however, is where you run up against the catch: Will competition be permitted to continue to serve as a governor? I hope so. With all the conviction I can muster I'm sure this is our best avenue toward progress. But over the years some groups have tried to force into the petroleum equation those other factors I mentioned—the governmental. That's the one consideration that makes the entire future shadowy.

On one front, for example, government intrusion into our industry already is an accomplished fact. I hope it will be only a temporary fact, but it is a fact. After 46 years of maneuvering, the control-mongers finally succeeded, through a split Supreme Court decision, in fastening direct federal utility controls on the natural-gas producers.

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"Sleep like a kitten" on the C & O. Chessie®, first introduced in the 1930's quickly became one of America's best-known and best-loved trademarks.
While the kitten slept

It is nearly a quarter of a century since the sleeping kitten first made its appearance in Chesapeake and Ohio advertising as the symbol of a smooth-running railroad.

Chesapeake and Ohio has grown during these years to a $5,100 mile system extending from the Virginia seacoast to the Great Lakes and Canada. As a result of its planned program of diversification, and its dependable, on-time performance, C & O's merchandising freight business has more than quadrupled during this period.

Chesapeake and Ohio is still the world's largest carrier of bituminous coal. Last year, C & O handled 78 million tons of coal for the homes and industries of America and for shipment abroad.

A guest on an overnight trip on Chesapeake and Ohio, says to C & O's famed Greenbrier at White Sulphur Springs, West Virginia, will find the all-room Pullmans are the most sleep-inviting to be found anywhere; the meals are tops; and the service is just as friendly and attentive as ever.

Chesapeake and Ohio's 90,000 stockholders are well aware that one of the country's longest earning records was unbroken even in the depression. Since 1899 C & O has paid dividends every year except 1915 and 1921. Last year Chesapeake and Ohio's regular dividend rate was increased from $1.50 to $3.50.

And what is Chesapeake and Ohio doing to keep in the forefront of American railroading? We'll tell you more about C&O's expanding services in following reports.

C & O's diversified traffic—passengers, coal and merchandise freight—makes a healthy Chesie.
Bank and Insurance Stocks

BY ARTHUR B. WALLACE
This Week—Insurance Stocks

Extended coverage insurance took another jump in volume of writings this week. As such reports as are in, Alfred M. Hitchcock, Financial, has derived from the insurance statistical service, estimates that this line will have reached a total of $2,000,000,000, an increase of about $400,000,000 in 1955, $1,300,000,000 in 1954, and $600,000,000 as recently as 1951. Another relatively unfavorable year was 1952 when the net loss and expense ratio was 116.3% for a group of firms that accounted for about three-quarters of the business in this line underwritten by the stock companies.

Extended coverage continues to be the problem that stops a majority, for, of the past seven years only one, 1955, has been a profitable year for all companies, while 1956 has already been as bad as 1951 and that, because of high premiums, the high loss rate and high expenses. The result is that the net loss and expense ratio of about 110 for the year 1956 will be the same, if not somewhat worse, than for the year 1955, brightened further by the use of several severe storms, and, while it has already been anticipated, it cannot be used other than in the public, in the public interest, for the public good of all companies.

The conclusion is that the strong business stimulus, the growth of population together with the shift of the rural to the urban makes of people present many challenging problems that must be faced.

Strains on Our Resources. The development of the construction and demand for ever-higher living standards on our natural resources. A shortage of water threats with the growth of population. The need to use irrigation in the desert is predicted that water consumption will reach 90% by 1975. Water ground levels are declining. An indication that $1 billion dollars must be spent for water resource projects. The problem we face was conveniently expressed by President Eisenhower in the establishment of an Advisory Committee on Water Resources Policy, he being said: "If we are to continue to advance agriculturally and industrially we must make the best use of every drop of water which falls on our soil or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stored or stoc...
Tested by the public clamor for tax reductions.

**Tax Limit**

Government No Mere Source of Funds, it has been made in some quarters to give the impression that the Government can by some hocus-pocus provide something for nothing. Far from it, wealth will pay the bills. This is a cruel hoax. The Government has no magic pot of gold but has at its disposal only those funds collected from Americans in the form of taxes or borrowings. "Soaking the rich" has been a favorite means of obtaining revenue. But the days of "easy picking" have gone forever. The additional amounts that can be taken from those in the upper income brackets are relatively small. In fact, higher levies would likely result in diminishing returns. If every cent of income after taxes of those receiving $20,000 a year and over were appropriated, the aggregate would be about $12.5 billion, or an amount sufficient to pay the Federal Government's current bills for only about 68 days.

The Poor Eventually Soaked. It stands to reason, therefore, that as our tax burdens expand, individuals in the middle- and lower-income groups will not only have to spend an increasing number of days working for the government but also will be forced to bear an increasing proportion of any additional taxes. Time and again it has been demonstrated in true so-called "welfare states" that the poor are soaked for the benefits handed out by their government.

**Wasted Public Funds Parasitical.** Public money wasted is parasitical as it robs the schools, hospitals, highways, public works, and other essential projects of the money that could otherwise be made available for their use. The time has come, if this nation is to remain solvent, when hard choices must be made on government expenditures from money provided by the American taxpayers. Appraisals should be made of services and facilities being advocated, with priority given to the most urgent and deserving needs. It would be well for the social agencies, educators, clergymen, and others deeply concerned with the promotion of social welfare to campaign against Mr. Silliman and the waste of public money.

**American People Should Battle for National Solvency.** It has been said that the disease from which our country suffers is both deadly and curable. The hope lies in the words of Abraham Lincoln: "Let the people know the facts and the country will be saved." The facts that provide a basis for relieving the strain on the American taxpayers are provided in the final report to Congress of the Hoover Commission on Organization of the Executive Branch of the Government. Based upon an exhaustive and careful study, this bi-partisan committee developed recommendations that would reduce the cost of government by $5½ billion annually, or nearly as much as total Federal expenditures for the fiscal year 1934. To be effective, however, these recommendations require action by Congress and the Administration. All liberty-loving people should take a definite stand with the Hoover Commission, and zealously work for better results. "Soaking the rich" should be dropped in favor of something constructive about getting our national fiscal affairs in better shape by writing our Congressmen and insisting that the squandering of taxpayers' money be stopped.

**American Secs. Corp. Appoints Three V.-Ps.**

William Rosenwald, Chairman of the Board, and Emmett F. Connally, President of American Securities Corporation, 25 Broad Street, New York City, has announced the appointment of Ernest W. Siffer, Eliska C. Wattles and John R. Woolford as Vice-Presidents of the firm. Mr. Siffer manages American Securities Ltd., members of the New York Stock Exchange.

**To Be Partner**

Maxwell B. Roberts, Manager of the research department, on May 1 will become a partner in Oppenheimer, Van Brock & Co., 123 Broadway, New York City, members of the New York Stock Exchange.

**In a Nutshell**

Sales and assets of Pittston and its subsidiaries reached new highs in 1955 while net earnings on common stock, after preferred dividends, amounted to $3.60 per share. In the prior year, excluding extraordinary items of profit on the sale of capital assets, and adjustment in a comparable 1955 basis with respect to preferred dividends and common shares outstanding, net earnings on the common stock amounted to $1.44 per share.

The resurgence in the demand for bituminous coal has resulted in greatly increased tonnage and earnings in Pittston's coal division. Other operations—petroleum products, natural gas, trucking and warehousing—are continuing at capacity levels, and all indications point to another year of continued growth and improved profits.

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**HIGHLIGHTS FROM 1955 REPORT**

<table>
<thead>
<tr>
<th>Year</th>
<th>Barrels of petroleum products sold</th>
<th>Net tons of coal sold</th>
<th>Total revenue</th>
<th>Net income</th>
<th>Total assets</th>
<th>Common stockholders equity</th>
</tr>
</thead>
<tbody>
<tr>
<td>1955</td>
<td>103,665,084</td>
<td>34,067,414</td>
<td>$205,798,315</td>
<td>$3,105,023</td>
<td>$125,456,752</td>
<td><em>$34,184,392</em></td>
</tr>
<tr>
<td>1954</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td><em>$1.44</em></td>
</tr>
</tbody>
</table>

*Includes profit on sale of capital assets.*

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Copies of the Company's ANNUAL REPORT are available on request.

**THE PITTSTON COMPANY**

250 Park Avenue, New York 17, N. Y.

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**PITTSSTON SUBSIDIARIES**


**With A. M. Kidder & Co.**

BROOKLYN, Conn.—James S. Becker has become associated with A. M. Kidder & Co., 938 Broad Street.

Two With Sheffield

(BOSTON, MASSACHUSETTS, CHRONICLE) — Courtenay R. Willett and Dean E. Zanni have become connected with Sheffield & Company, 325 State Street.
American Foreign Trade Policies And a Healthy, Strong Economy

owners' equities in these assets increased, chiefly because the value of the assets continued to rise. Average values of farm real estate on Nov. 1, 1933, were about 30 per cent higher than two years earlier and above the previous peak of the "襁褓 Act."

I believe the farmer is entitled to his fair share of the general prosperity already extant in the textile industry and has now proposed a far-reaching program to increase the efficiency of the present-day textile industry and secure a bigger and more stable market for our cotton. This is a factor in fostering a healthy economy; the Federal Government has always supported activities in which it never should have interfered in the first place. Barge lines, rubber plants, ice cream factories, clothing factories, paint plants, and chewing gum are all in the Federal Government in competition with the private investor who takes the risk of liquidated and disposed of a factor which will always be there.

All of these things are signs of a healthy economy. Furthermore, they will not interfere with our national defense.

I want to say just a word about reductions in Federal personnel. A little over three years ago, we inherited a great sprawling bureaured tape system for which we had constant amounts of duplication. We found functions which were unnecessary or preventable in a short space of time. In the case of the 30,000 Federal employees which were eliminated from the public payroll.

When one reviews the progress which has been made in the period of time in restoring fiscal stability, one must admit that by removing the uncertainty of inflation and recession, the program has been justified and necessary.

Foreign Trade

I come now to the second of the three important issues—economically the most urgent.

First of all, I know that we are gathered here to discuss our common feelings on the need for protecting the American Industry from low-cost imports. Whether the textile industry of this country has grown or shrunk, has been working for it, our import problems demand not only your attention but the attention of the President as well.

As Spencer Love of the Burlington Industries, one of your speakers, said in an address before the American Textile Institute, "We are not politically stronger than the strength of the American textile industry. We are politically strong because of America. It is a part of this nation's essential system of defense. The textile industry can be made strong also. Indeed, it is necessary can be made when we consider its vast significance in our economic policy on industry and employment in our capital-frayed country.

Now, the last session of Congress saw our Trade Agreements Act extended for another three years. As you all know, it was the subject of bitter debate in both the House and Senate, even though the original idea expressed in the Eisenhower felt it necessary to maintain our present system of free trade. Some individuals felt that our home industrial industries will be placed in jeopardy by the administration of this Act.

When it was referred to the Senate, the President's own belief that our domestic industries need a greater measure of protection than was in the bill, that certain changes should be made to make the bill more acceptable to the Senate, the most important of which was to substitute the General Agreement on Tariffs and Trade for the Trade Agreements Program.

The present session of Congress has the opportunity of solving a problem which is important to all of you, the cotton growers of the South. I should like to mention just three of these bills. I am sure you will support them with us.

The first of these is known as the Reciprocity Simplification Act. It passed the House of Representatives unanimously and is going to the Senate. You should watch it closely for, as it is now written, it reduces tariff reduction through indirect action. It could ruin not only the present Congress but the one that follows, for the purposes.

I shall not dwell on it at length, but it is important to note that if Senate floor action takes place upon it, it will have been considered and there is a possibility that it will not—be modified. It will be modified in the Senate in my respect.

The second of these bills is one which the American Cotton Manufacturers Institute and I have worked for for over a year. It provides for United States participation in the GATT conference for Trade Co-operation.

OCT, as it is known, would ad- minimister the Convention on the Constitution on Tariff and Trade. Now, it must be remembered that GATT is an international trade agreement entered into by some 35 countries, including our own. It has been approved by the Congress of the United States— and not too many members of Congress—fully realize the implications.

Twenty-two years ago, Congress virtually surrendered control over our foreign affairs to the Department. The results have not been happy. Now, in order to make OCT effective, we ask for the opportunity to transfer to the Senate, for the trade agreements that will be made by your committee. The result is that the two companies will be able to do better jobs for the country and the certain you that you seek.

National Defense Policy

Regardless of the fact that our foreign trade policy would be unrealistic if it did not take into consideration the foreign world of crises.

The next will face the fact that the American system cannot co-exist with Communist. The American system will strength class struggle. Their eventual plan is to overthrow the world.

As well as recommendable for a democratic world, it is necessary. The Spy is a conspiracy that has been growing for a hundred years and there is no reason why it will not grow stronger to come.

I believe we have made some progress in this conspiracy. In 1945, we emerged the war. The most costliest war has ever known. We have had the most successful and strong military force by itself. I have personal knowledge of this force which must be devoted to these problems, and I can give you my word that the whole of the world is a matter of the gravest importance to the Administration and the Congress.

Ridges-Brynd Amendment

In company with the distinct group of the Senate, by Mr. Byrd, I have introduced a resolution which makes an amendment to the Constitution of the United States, that into the technicalities of its proposal, it may be simply build up of a great program. If adopted, will require the recommendation to the Congress a budget which shall contain the estimates of the receipts of the government during the coming fiscal year.

In the event that the Congress make a budget which goes beyond these estimates, the government shall have to have the budget reduced until it is equal to the excess of appropriations over receipts.

This amendment further provides that the Congress shall not neglect its duty for a period longer than three days, until such action has been taken.

Senate Bill 1243

I have introduced another bill to require that whenever a committee of Congress reports favorable to an amendment authorizing the appropriation of money, Congress shall, within 10 days, the Department or agency of government shall certify the probable cost of the project. This will be an important provision. It is a strong and sure step.

The purpose of this bill is sound financial policies. Only too often Congress has enacted laws and appropriated funds. The least idea of how much money would be required to carry out the projects. Only too often Congress has enacted laws and appropriated funds. It is within the power of the Government to provide for its needs and to pay its debts. But it is not within the power of the Congress to do it. The future of our country depends on the ability of the United States government to pay its debts.

For this reason, we have devoted ourselves to a program which:

1. Provides us with armed forces capable of deterring an aggressor
2. Provides a well trained and well supplied armed forces immediately available to handle what situations as they arise without waiting to have every man ready to replace any national attack.
3. Establishes a relatively strong continental defense program.
4. Establishes and develops a powerful military man-power reserve system.
5. Provides a strong industrial basis for defense, by making peace, but ready for unconditional victory.
6. Increases our superiority in economic and military power.

It has become increasingly apparent that American military power is not enough to depend upon our technological ability. We cannot hope to compete with the armed forces of the world, which outnumber the armed forces of the world, which number the armed forces of the world. We cannot compete in modern weapons, gun and weapons, modern arms, modern equipment.

With these figures available, the Congress will have the kind of information which any individual or group needs when he undertakes to cover a bill and say how much money is to be spent. This would want an estimate of
The total cost, how much had already been spent, and how much he hoped to do in the future. I can see no possible objection to the company making the effort to do this, with the knowledge that the United States very same information is being given to the public.

I agree that these measures are not the kind which call for headlines. But the security of our future, in my opinion, must be more important to us than many items of sensational but temporary interest.

Conclusion

In conclusion, let me say this: I cannot avoid the conviction that the stability and national security of this nation is dependent upon a sound economy.

We must never forget that the Communist manifesto, known as the Bible of the Com intern, written in 1848 by Frederick Engels and Karl Marx, predicted that economic factors would determine the course of history. It states that Capitalism is doomed to destruction because of its inability to maintain a stable and productive economy. The comrades in the Kremlin hope and pray that we will waste our resources and spend our way into financial collapse. I am convinced that such a result need not take place.

As a representative of a thrifty New England state, with a valuable experience on the national scene, I am convinced that the last three years have put us back, on the track. I feel justified, therefore, in leaving you on this hopeful note.

This country of ours is the greatest and strongest on earth. It was made that way through the qualities of courage, intelligence, morality, and plain common sense of individual Americans. We are sometimes slow to act, and too often in our impression that we are soft. The world is beginning to understand that our national identity is not softness—that the fibers of America is no less strong than it was in 1776.

H. W. Meers

The firm has been elected a director of Kroehler Mfg. Co., Naperville, Ill.

He is also a director of Continental Telephone Company, North American Life Insurance Company, and Inter-Canadian Corporation, Kroehler is the nation's largest furniture manufacturer.

With FIF Management (Special in The Financial Chronicle)

DENVER, Colo.—Dale C. Hart, George C. Noble and Charles C. Shaffer have joined the staff of FIF Management Corporation, 44 Sherman Street.

Now With E. H. Hansen

(Special to The Financial Chronicle)

WHITFORD, Calif. — John M. Ayala has been connected with E. H. Hansen & Co., 124 North Broadway.

Joins Stone & Webster

(Special to The Financial Chronicle)

HARTFORD, Conn.—Leverett C. Clark, Jr., is now with Stone & Webster Securities Corporation, 36 Pearl Street.

New York Inv. Ass'n Lecture Course

The Education Committee of the Investment Association of New York is sponsoring a course on "Securities and Investing" at Cooper Union College beginning Tuesday, April 24. Already over 400 persons have enrolled in this six lecture course which is open to the general public. This program of investor's information will discuss the following topics: Types of Securities—the risks and rewards; Rule of New York Stock Exchange and the Broker; When and How to Begin an Investment Program; How to Read the Financial Page; Sound Methods of Investing in Securities and Advanced and Speculative Investing Techniques. The Investment Association of New York is an organization of over 400 men in the Investment Banking industry who are under 35 years of age.

The Education Committee's Speakers Group, composed of over 40 members will be glad to provide a speaker for any club, or organization interested, Van Vance Dow and Morgan, Inc. & Co., 2 Wall Street is Chairman of this committee and should be contacted for further information.

Ball, Burge Branch

AKRON, Ohio.—Ball, Burge & Kraus, members of the New York and Midwest Stock Exchanges, have opened a branch office in the First National Tower Building under the management of Roy J. Reant and Fred A. Shorsher.

... R. H. Davis Opens

WASHINGTON, D. C. — Robert H. Davis is conducting a securities business from offices at 3445 Thirty-Eighth Street, Northwest. Mr. Davis was previously with Bellamah, Newhouser & Barrett and Federated Plans, Inc.

Julius Farber Opens

WEST NEW YORK, N. J. — Julius D. Farber is engaging in a securities business from offices at 441 Fifty-First Street. He was previously with First Investors Corporation.

Merrill Lynch Adds


Another Year of Planned Growth for W. R. Grace & Co.

1955 was a good year for W. R. Grace & Co. Increased earnings and sales, together with a substantial expansion of production facilities, reflect the steady progress the Company is making in carrying out its far-reaching plans for the future. Sales and profits of the chemical divisions reached an all-time high, with important contributions to a successful year by all the varied Grace enterprises.

During the past five years W. R. Grace & Co. has more than doubled in size. The latest developments in this outstanding growth story are covered in our Annual Report for 1955.

Highlights of the Year's Operations

<table>
<thead>
<tr>
<th>Year Ended December 31</th>
<th>1955</th>
<th>1954</th>
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<tr>
<td>Sales and Operating Revenues</td>
<td>$472,766,329</td>
<td>$413,401,905</td>
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<tr>
<td>Net Income</td>
<td>$14,794,226</td>
<td>$14,794,226</td>
</tr>
<tr>
<td>Preferred Dividends Paid</td>
<td>$900,000</td>
<td>$900,000</td>
</tr>
<tr>
<td>Common Dividends Paid</td>
<td>$4,673,117</td>
<td>$4,673,117</td>
</tr>
<tr>
<td>For share of excess stock based on earnings</td>
<td>$2.00</td>
<td>$2.00</td>
</tr>
<tr>
<td>Net Working Capital</td>
<td>$129,815,130</td>
<td>$129,815,130</td>
</tr>
<tr>
<td>Ratio of Current Assets to Current Liabilities</td>
<td>2.25 to 1</td>
<td>2.25 to 1</td>
</tr>
<tr>
<td>Fixed Assets Less Depreciation</td>
<td>$138,154,405</td>
<td>$138,154,405</td>
</tr>
<tr>
<td>Stockholders Equity</td>
<td>$197,920,306</td>
<td>$197,920,306</td>
</tr>
<tr>
<td>Number of Common Shares Outstanding</td>
<td>16,623</td>
<td>16,623</td>
</tr>
<tr>
<td>Number of Common Stockholders</td>
<td>6,363</td>
<td>6,363</td>
</tr>
<tr>
<td>Number of Employees</td>
<td>45,905</td>
<td>45,905</td>
</tr>
</tbody>
</table>

For the complete story on Grace's Annual Report, write Dept. CP, 7 Hanover Square for a copy of the Annual Report.

City Club of N. Y. Announces Meeting

The City Club of New York, the oldest civic association, wishes to announce that its next regular meeting will be held at the Hotel Russell, 37th Street and Park Avenue, on April 26, at 8:15 p.m.

The guest speaker will be Louis Broido, Chairman of the Advisory Committee, Ginsbel Brothers, Inc., whose topic will be "A Business Man Looks at His City."

Form Inv. Income Service

LEWISTON, Idaho — Arthur E. Birnle and R. F. Perry have formed Inv. Income Service to engage in a securities business from offices here.

CHINESE—Sales and profits of all chemical divi¬sions of W. R. Grace & Co. surpassed those of any previous year. Within the past five years the Com¬pany has become a growing factor in the nation's chemical industry.

LATIN AMERICA—Paper manufacturers from Hispano South America meet in South America which reported en¬.organic growth in 1955.

TRANSPORTATION—The building of new coastwise liners marks the beginning of Grace Lines, 200 million dollar ship replacement program, and the need for new seaports in both east and west air transportation.

FINANCE AND BUSINESS—Grace National Bank and Grace subsidiaries in insurance and securities had record sales and operating revenues in 1952.

Use of brace, underbrace, and overbrace in the mathematical expression.
The Commercial and Financial Chronicle... Thursday, April 19, 1934

Continued from page 2

The Security I Like Best

1,425,700 shares of capital stock and it is listed on the Montreal Stock Exchange.

Most of the Hanna portfolio, besides its general enhancement, has a substantial par, its two major holdings of National Steel and Pittsburgh Coal Company; both have their regular dividend rates for 1926, 1927, and 1928, but the holdings have done the same.

While dividend income increased only from $11,250,000 in 1934 to $12,500,000 in 1935, current rates should make this figure much bigger in 1936 even if no further dividends are paid.

Hanna's own net operating income increased more than dividend income did in 1935, and exceeded 1934 figures by well over 100%, the book value of its assets having increased.

Income taxes in 1935 were over $60,000,000, which is about 10% of the value of all assets.

The value of the stock has risen since the date in 1928. Hana stock has increased from about the same number of points in the intervals involved, and is currently around 135 vs. about 100 when my pre-1928 figures were written.

If the Quebec-Lakehead venture is anywhere near its present value, its $10,000,000 is worth more than twice as much as the $5,000,000 it is worth today.

The stock of the Security and the Associated Steel Royalties is also worth considerably more than what it was worth when I wrote last year.

Continued from first page

The Constants and Variables Of Real Foreign Trade

You will find that the dollar volume of international trade, taking its own time, has doubled between 1928 and 1946, and doubled again about the fifth year. So far, so good.

Real Per Capita Trade

But of course, the dollar isn't exactly worth the same as it was in 1930. And anyone interested in real value has to divide the dollar values by the price index or, in other words, by the change in the price of the basket of goods bought by an average consumer in the year it was bought.

This is not a difficult calculation. But it is an important one. And anyone interested in real value has to divide the dollar values by the price index. This is not a difficult calculation. But it is an important one. And anyone interested in real value has to divide the dollar values by the price index. This is not a difficult calculation. But it is an important one. And anyone interested in real value has to divide the dollar values by the price index. This is not a difficult calculation. But it is an important one. And anyone interested in real value has to divide the dollar values by the price index. This is not a difficult calculation. But it is an important one.

When we reach the year 1930, we find that the dollar volume of international trade has risen by more than 60% since 1928. And the real volume of trade, measured in terms of 1928 dollars, has risen by more than 60% since 1928.

On the other hand, the prices of goods bought by an average consumer have risen by more than 60% since 1928. And the real volume of trade, measured in terms of 1928 dollars, has risen by more than 60% since 1928.

Now, of course, average prices of goods bought by an average consumer have risen by more than 60% since 1928. And the real volume of trade, measured in terms of 1928 dollars, has risen by more than 60% since 1928.

When we reach the year 1930, we find that the dollar volume of international trade has risen by more than 60% since 1928. And the real volume of trade, measured in terms of 1928 dollars, has risen by more than 60% since 1928.

If you divide the dollar volume of international trade by the price index, you will find that the real volume of international trade has risen by more than 60% since 1928. And the real volume of trade, measured in terms of 1928 dollars, has risen by more than 60% since 1928.

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to Europe. With the result that we not only fill the holes in the European balances of payments, but top them. That is, we have been doing this in a single year with over $2 billion, and have freed their monetary bases. Which is what permits them to expand credit nastily and to finance Full Employment. Now, they are finding it in their own circuit inflation that has been made possible by adding to it a little more than three years some $8 billion of gold and dollar balances to their monetary reserves. To put Europe's houses in order, at least they have not to be short of gold. And if they can do that, and at the same time, reduce some of the money in the hands of foreigners, they are more likely to rest more comfortably in their beds. They are more likely to have a sense of security. And if they have that, they are more likely to spend their money more freely. They are more likely to spend their money more freely, and the result will be that the European economies will be more likely to expand, and that will be good for everybody, including us.

Effect Upon U.S.A. Gold
What it does to us, to the dollar, is in a nutshell,odule. This, of the excess dollar funds Europe receives from us, the major portion of the American bank balances and portions of the American securities, both owned by foreigners. As a nation, we are indebted to the outer world up to our ears. At latest count, we owe $13.6 billion on short-term alone; and foreigners own more than $11 billion worth of American securities and similar “liquid” assets, mostly government bonds and shares of “blue-chip” stocks. Our national debt is from the stock of $11.7 billion of mortgages on nearly $5 billion, plus an “Livelihood” one consisting of a large amount of dollar notes held in private hands abroad. True, we also have private investments in foreign countries estimated at $25.6 billion, and our government has claimed valued nominally at some $8 billion. However, but a mere $2.2 billion of these investments are of the long-term type, and so much of even the short-term kind could be mobilized in a pinch? We have reacted the point, in effect, of having no gold that we could call our own. What if some international crisis should occur, and a wholesale liquidation of foreign claims gets underway, as it did happen (in a moderate way) during the Korean crisis? But we have shut our eyes to the danger, and hang the elementary safety rule of protecting a reasonable reserve—indeed to strengthen the gold and dollar holdings of Allied and not-so-allied nations.

All of which brings to my mind a story among the “Little Stories” (Les Histoirets) of Talmant des Rochus, of the time of Louis XIV. It happened during one of the many wars of the Sun King. A young Officer, the son of the commanding Marshall, suggested to his father that with an immense number of troops at his disposal, he could destroy the major part of the enemy force. “You are right,” said the Marshall, “but that would end the war. And if I were is no war, what are we good for?” If the dollarist’s world, Europe in particular, would end its dollar shortage, as it very well could, then there would be no dollars forthcoming free of charge. What is more, trade barriers would have to be lowered, ex-change restrictions scrapped, reckless subsidies and socialist subsidies, policies abandoned, monopolies destroyed, productivity raised, and organized labor’s ruthless policies trimmed. All of which is called deflation, that is being abhorred as antisocial and contrary to the spirit of the Age.

Halsey, Stuart Group Offers Eq. Tr. Oils.
On April 13, a group of under-writers, headed by Halsey, Stuart & Co., Inc., offered $2,380,000 of 3% equipment trust certificates, series Q, of Chicago, Rock Island & Pacific RR, at prices to yield 3.91% on all maturities. The certificates are dated May 1, 1956, and will mature semi-annually.

Join's Du Pont in Miami
MIAMI, Fla.—Howard L. Solow- mon has joined the staff of Francis I. du Pont & Co., 121 Southeast Second Avenue.

Expect Favorable Level of Activity in Securities Business
Annual report shows net income of A. C. Allyn & Co., Inc., in Chica go—A. C. Allyn and Company, Incorporated, last year served more Invaders Europe receives from us, the major portion of the American bank balances and portions of the American securities, both owned by foreigners. As a nation, we are indebted to the outer world up to our ears. At latest count, we owe $13.6 billion on short-term alone; and foreigners own more than $11 billion worth of American securities and similar “liquid” assets, mostly government bonds and shares of “blue-chip” stocks. Our national debt is from the stock of $11.7 billion of mortgages on nearly $5 billion, plus an “Livelihood” one consisting of a large amount of dollar notes held in private hands abroad. True, we also have private investments in foreign countries estimated at $25.6 billion, and our government has claimed valued nominally at some $8 billion. However, but a mere $2.2 billion of these investments are of the long-term type, and so much of even the short-term kind could be mobilized in a pinch? We have reacted the point, in effect, of having no gold that we could call our own. What if some international crisis should occur, and a wholesale liquidation of foreign claims gets underway, as it did happen (in a moderate way) during the Korean crisis? But we have shut our eyes to the danger, and hang the elementary safety rule of protecting a reasonable reserve—indeed to strengthen the gold and dollar holdings of Allied and not-so-allied nations.

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As We See It

A Real Achievement

This is to be regarded as a real achievement in light of what took place during the year. Whether one follows the SEC estimates and says that consumers have been of late years saving increasingly large amounts in the Department of Commerce figures and describes consumers as particularly generous in their expenditures for current consumption and hence niggardly in their saving, there can be a good argument that saving is squirming away for the future an unprecedentedly large proportion of the resources—available to them. They have, moreover, been borrowing on a record scale in order to do so and still maintain a very high rate of current consumption.

The figures are familiar. The squirrel, of course, stores away nuts; he does not cultivate trees to provide nuts for the future. Analogously, consumers have been storing up automobiles, electrical appliances and many other types of so-called durable goods, as well as houses to live in during the years to come. The Department of Commerce figures remove these purposes, but substantial drafts had to be made upon the savings of individuals directly or through various types of institutions such as the state of affairs while the state of affairs...

Credit Is Vital and Sound Tool For an Expanding Economy

Finances in 1929

The record shows that after the collapse of 1929 the installment credit companies proved to be sounder than any other major type of credit and subsequently the U.S. Government obligations. Three of the five companies, including C.I.T., the largest, operated under automobile outlays aggregating $941,000,000. In the event that the loans were made on full value the paper losses were less than $6,000,000, or less than 1% of the pre-1930 obligations.

At Dec. 31, 1929, these same receivables had an average maturity of 47 months. They were more than 90% collected by the end of 1933, which indicates that installment credit causes people to pay in bad times that they were not expected to pay in good times. The end of the economy brought the pre-1930 obligations had been liquidated and the banks were little affected by the depression. Actually, 1930 was not a bad year for business and none of the debt which originated in 1829 spilled over into 1932 or 1933 to accelerate the fall in installment credit which comes into being after the start of a recession of depression. To a degree, if we read this actually primes the pump, and we have not the net addition to purchasing power which our effective demand capacities are desperately needed. The FHA program, for example, was an attempt to maintain demand started in the depth of the depression in order to save the contractors for the construction industry.

During all these years, while the rate of purchase declined, the consumer was quietly chalking up mortgages. Under the system of honesty, integrity and common sense that rules in the FHA and all financing institutions, that the American consumer is the best credit risk. The FHA has proved this time and time again, not only by the extension of the 30's but under every other conceivable economic condition. Consumer credit has provided—year after year, true, it is the result of an essential prop to the nation's economy, but it cannot induce us to the banks the achievement would be of no mean order.

But what if the drive fed by higher wages, boom psychology, and speculative tendencies led people both into the banks in unwaranted amounts?

The $400 billion economy which appears to be implied in much that is now being said and planned might well then be augmented by an inflationary rise in prices—and prices are already showing a tendency to move up appreciably.

All this may or may not have spurred the Fed to act, but it certainly would not be surprising if it did.

Can It Be Continued?

But will it be possible to continue in this way when business investment rises—or should we say if business investment rises—another $13 billion this year, and con-

sumers insist upon investing in prospectiveness (that is in housing and durables) at the same rate at least as last year? Consumers probably will not in any event want to draw as heavily on loans from nonconsumer sources; but they may find it good to buy at the trade and they can buy as heavily as they did last year without large scale borrowing, but repayments of old loans will be substantially greater due to the matured portion of old obligations. There are few who expect consumer credit to rise this year at the rate it did last, but virtually everybody expects further very substantial increases in this field.

Then there is the business community which, according to present plans, will be seeking some $13 billion more for investments last year. Where will it find the money? Will it go back to the Treasury or to the Federal Reserve? The Treasury payments by the Treasury, certainly should help. Corporate profits are still rising and may continue to do so, but larger payments for increased (boozed dedicated reserves) may or may not equal last year's record. Personal income in the assumed circumstances should be appreciably larger, and thus a base for consumer personal saving. In all, however, it would appear that the substantially larger volume of production and trade suggested by currently reported plans and attitudes would pose financial problems of real magnitude. If the pattern of 1929-32 recurs, the overhang and induce problems to the banks the achievement would be of no mean order.

The figures are familiar. The squirrel, of course, stores away nuts; he does not cultivate trees to provide nuts for the future. Analogously, consumers have been storing up automobiles, electrical appliances and many other types of so-called durable goods, as well as houses to live in during the years to come. The Department of Commerce figures remove these purposes, but substantial drafts had to be made upon the savings of individuals directly or through various types of institutions such as the state of affairs while the state of affairs...

Credit Is Vital and Sound Tool For an Expanding Economy

Finances in 1929

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Too Much Credit?

This leaves the question:
Is there too much of it?

Usually, the experts try to answer this question—so-conceived or—by referring to certain ratios based on Federal Reserve estimates of the amount of credit outstanding. The points often made include:

1. That the ratio of outstanding consumer debt to disposable personal income today is 15%, compared with a range immediately before World War II—often called a "normal" period—of 9.8% to 10.6%.

2. That the ratio of installment debt to savings and so-called "discretionary income" is comparatively high, and that any current deflationary policies that are put in operation would have an adverse effect on installment buying.

3. That any measure of the growth of installment credit and other economic indicators in the past year show consumer obligations gaining at a rapid rate.

And so on. Many of these points are quite conclusive and no one can say with any certainty where the "too high" mark belongs. The chief reason is that all such ratios are based on pre-war comparisons and are absolutely unreasonable to compare today's credit outlook with that of any previous period—because sweeping changes and fundamental events have occurred.

There is the great revolution in income distribution. Over half of our family income is now coming from the middle-income group and have the means and the desire to employ credit in the purchase of many necessities of life which we have already seen is peculiarly a middle-income commodity.

A second change has been the tremendous increase in the number of families living on a fixed income, which in 1920 or 1925 was spending perhaps enough per week for the iceman, so much for the country news and so much for the laundry, was paying for these necessities with a form of "installment payments"—a bill every week or an outfit every day. But in the period when the iceman has become a refrigerator, the bus or train a family car and the laundryman a washer and dryer, a washing machine, as a result, the sudden change from preserving food, keeping clean or going to work, by way of saving, to paying installment credits, became an almost impossible task for the family income. Hence, as a family spends a smaller share of its income, the chances of its life today, in a mechanized household, that it will depend more upon the installment credit to reduce the cost of car buying, household appliance buyers and so on over here.

The 1.7% economy needs more domestic consumption and more domestic credit, not less. The obvious solution is to force a powerful stimulus of installment credit freely to increase our living standards, our material satisfaction and our domestic consumption and employment and prosperity.

Summary

In closing, I want to read this very recent declaration by Mr. William McChesney Martin, Jr., the Chairman of the Federal Reserve Board:

"Time was when a man who financed luxury expenditures on credit was considered stupid and imprudent; but now one who refuses to capitalize on his potential and credits himself to financial actuality is the unusual case." And further: "The typical installment borrower today is not an imprudent man with small income. He is chiefly an urban or suburban dweller, in generally above twenty years of age, is married and has children to support, has an average income of about $5,000, and often has sizable financial assets."

"He has committed himself to a regimen of small monthly payments for a purpose of acquiring an equity. To him these payments are essentially savings. And you may stop to think about it, what more sensible use of savings there is than the most careful application to an improved standard of living for the better himself or his family? It is an investment in life itself.",

This is the clear answer to the "Is it a credit boom?"

Consumer credit today is part of the very story of our national life. It is the tool we have forged in this favored land to build and equip our homes, to enable us to live in comfort, cleanliness, ease and safety beyond the dreams of the aristocracy of past generations. It gives us entertainment, transportation and self-expression which have given the experience of living in several new dimensions.

Consumer credit has grown steadily with our growing population. It has risen with our standard of living. It has prospered as our nation has prospered. It has made our economy a truly democratic one.

We who are entrusted with the administration of this splendid vital tool have a deep obligation to all our fellow Americans. It is unthinkable that consumer credit shall not continue to grow in usefulness, guided by those principles of fairness, competitive enterprise and vigorous initiative which are and must ever continue to be the mainsprings of the American business system.
Auto Industry's Outlook and Its Economic Implications

In the decade since World War II, we have seen a remarkable growth in our ability to produce the goods that our society demands. This growth has been fueled by a combination of factors: advances in technology, increased productivity, and the ability to produce goods on a large scale. But what is the outlook for the future? Will this growth continue, or will we see a slowdown? In this paper, I will discuss the current state of the auto industry and its prospects for the future.

First, let's consider the current state of the industry. The auto industry has been growing at a rapid pace, and this growth is likely to continue. In the past decade, the auto industry has seen a doubling of production, with an increase in the number of cars produced each year. This growth is due in large part to the increased demand for cars, as well as the increased availability of financing for cars.

However, there are some concerns about the future of the industry. One concern is the increasing cost of production. As the cost of materials and labor continues to rise, it is becoming more difficult for the auto industry to maintain its profit margins. Additionally, there is concern about the sustainability of the industry. With increased concerns about the environment, it is possible that the auto industry will be forced to change the way it produces cars in the future.

Despite these concerns, I believe that the auto industry will continue to grow in the future. The demand for cars is likely to remain strong, and the availability of financing for cars will continue to be high. Additionally, the auto industry is likely to continue to innovate, which will help to drive growth in the industry.

However, the auto industry will need to be careful to ensure that it is not overextending itself. It will need to be mindful of the increasing cost of production, and it will need to ensure that it is producing cars that are sustainable and environmentally friendly. By doing so, the auto industry can continue to grow and thrive in the future.

In conclusion, the auto industry is in a strong position for the future. With strong demand and high availability of financing, the industry is likely to continue to grow. However, it will need to be mindful of the increasing cost of production and the need for sustainability. By doing so, the auto industry can continue to thrive in the future.
try. The most dramatic demand for capital will come from the pull by the billions being spent by businessmen, who want to reorient their business and consumer environments. In the next 10 years it is being set today. It is moreover being argued that the most dynamic sector of the industry that the single most dynamic factor affecting future employment, markets, earnings, and growth of the industry is present day research of America's industry.

Long Range Planning

Managements are recognizing the necessity today of planning at least 15 years into the future and directions 15 to 20 years ahead. It has been noted by one industrialist that there is an entire business generation ahead of him and that he must meet the needs that will then arise.

Planning today to supply new and better products to the markets through a sizeable and increasing number of these markets as possible. It may seem almost trite to mention that competition is the very lifeblood of industry, so universal is its appearance that it seems to me that one could not be in the automobile business and have more vital, positive force than in the automobile business. Hence it seems important that competition for skilled men be as keen as competition for skilled mechanics, skilled engineers, design engineers, salespeople, product people, and imaginative and resourceful merchandisers and dealers. Moreover, each manufacturer in a very real sense competes for each individual customer's attention. The public, it seems can hardly avoid seeing how that competition and actually takes sides in discussions about the product.

During the past year you have seen the effect of this kind of vigorous and competitive upsurge in industry. In the years ahead the pace of this competition will probably be increased with a corresponding increase in:

Spearhead of Prosperity

You have heard many times that the automotive business is the spearhead of prosperity. These words to that effect. Let me give you a new view of this kind of the picture I have endeavored to sketch for you: this industry and its current importance to the national economy. Sales of automobiles have been constantly being accounted for 57% of the sales of all retail durable goods stores. In the budget of the average family, automobiles and their fuel and maintenance ranks im- mediately below food, shelter, and clothing. And in recent decades family expenditures for automobiles, gasoline, oil and service have been increasing more rapidly than any other part of the family budget. Furthermore, the influence of the automobile in people's lives is part of a widespread change in the American culture. So widespread is this car ownership that the impact of this change on society is as a surprise to many people. And it seems almost unbelievable that families still do not own an automobile. The number of families who own more than one car? And that only one woman in this country is above age 16. That is, there is a license to drive. Nat- ural an increase in the number of families to us in the automobile industry, and that means abruar very great increase in the number of people.

When the industry produces in response to the growing demand for cars, the new cars produce an activity in hundreds and thousands of ways of life and the economy. The ramifications of its influence are far too complex to

Another Year of Outstanding Growth

Mountain Fuel Supply Company, now in its 27th year of natural gas service to consumers in the Salt Lake City area, is one of the largest of its kind in western Wyoming, had another year of outstanding growth in 1955. Number of customers increased from 115,303 to 126,081, or 9%. Gas sales increased from 49,902 million cubic feet to 52,215 million cubic feet, or 5%.

So, California Edison

3 1/2% Bonds Offered

Held jointly by The First Boston Corporation and Dean Witter & Co. Corporation, the underwriting group offered publically yesterday (April 18) $40,000,000 of West Coast's largest bond issue, 3 1/2% first and refunding mortgage bonds, series G, due April 15, 1981.

The bonds were awarded to the group April 18 at competitive rates on its bid of $6.2799 for the indicated coupon and are being re- offered at 99.106% and accrued interest to yield 3.68.

Part of the proceeds from the sale will be used to retire short term bank loans, not to exceed $10,000,000, and the balance applied to the company's construction program which will cost an estimated $523,840,000 for the years 1956-1957. Southern California Edison anticipates additional financing of $105,000,000 from outside sources; the balance will be obtained from internal sources.

The bonds will be redeemable, in whole or in part, at the option of the company, at prices ranging from 103% if redeemed prior to April 15, 1957, to par. The bonds were redeemed April 15, 1960.

Montrose Chemical Co.

Common Stock Offered

Public offering of 317,000 shares of Montrose Chemical Company common stock at a price of $8 per share was made yesterday (April 18) by J. Alyster, Noel & Co., and associates. The shares are being sold on behalf of certain stockholders, and none of the proceeds from the sale of the stock will accrue to the company.

Montrose Chemical Co. is engaged in the production of organic chemicals, chiefly plasticizers, and chemicals used in the precision casting of metals. The company's plant is located in Newark, N. J. It also manages and owns 50% of the capital stock of Montrose Chemical Corp. of California, which is the largest producer in the United States and DDT, the well-known and widely used organic insecticide. This corporation has two plants, one in Henderson, Nev., and the other in New Haven, Conn.

For the fiscal year ended May 31, 1955, Montrose Chemical Co. earned $5,304,459 and net income of $4,123,563, equal to 43 cents per share.

Thomas F. Adams

Thomas F. Adams, President of Adams, McIntire & Co., Inc., New York, N. Y., paid away April 6 at the age of 56 following a heart attack.

Millions of Dollars

This chart shows the past ten year review of the Company's gas revenues

<table>
<thead>
<tr>
<th>Year</th>
<th>Gas Revenues</th>
</tr>
</thead>
<tbody>
<tr>
<td>1946</td>
<td>$17,323,993</td>
</tr>
<tr>
<td>1947</td>
<td>$17,328,415</td>
</tr>
<tr>
<td>1948</td>
<td>$17,332,675</td>
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FINANCIAL RESULTS IN BRIEF

<table>
<thead>
<tr>
<th>Year</th>
<th>Total Assets (doubled basis)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1955</td>
<td>$69,023,138</td>
</tr>
<tr>
<td>1954</td>
<td>$63,124,833</td>
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</table>

<table>
<thead>
<tr>
<th>Year</th>
<th>Net Income</th>
</tr>
</thead>
<tbody>
<tr>
<td>1955</td>
<td>$2,293,656</td>
</tr>
<tr>
<td>1954</td>
<td>$2,812,131</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Year</th>
<th>Per Share</th>
</tr>
</thead>
<tbody>
<tr>
<td>1955</td>
<td>$1.39</td>
</tr>
<tr>
<td>1954</td>
<td>$1.43</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Year</th>
<th>Number of Stockholders</th>
</tr>
</thead>
<tbody>
<tr>
<td>1955</td>
<td>11,498</td>
</tr>
<tr>
<td>1954</td>
<td>11,498</td>
</tr>
</tbody>
</table>

The Company owns and operates 89 miles of gathering lines, 437 miles of transmission lines, 1,991 miles of distribu- tion mains, and 546 miles of service lines, which have a capacity of 235 million cubic feet, of which 177 million cubic feet are from the Company's own system.

Decisions have been paid countinuously by the Company since 1935. Present dividend rates are 35% per share quarterly. Listed on the Pittsburgh Stock Exchange.

Copy of annual report will be sent on request.


Atlas Corp. Feb. 28 filed 9,000,000 shares of common stock (par $1) for sale pursuant to operation of merger agreement with American Shopping Centers, Inc. Proceeds—For expansion and modernization of certain centers. Underwriter—Equitable Bldg., 241 S. W. 6th Ave, Portland, Ore. Underwriter—None.


American Insurers’ Development Co. Feb. 19 filed 500,000 shares of common stock (par $1). Price—$1 per share. Proceeds—To expand business and to acquire an interest in the Alis Clydesdale Co., Odes, Martin & Herzberg, Inc., Birmingham, Ala.

American Shopping Centers, Inc., New York, N. Y. March 19 (letter of notification) 150,000 shares of common stock (par $5) to be offered for subscription by stockholders at par price, $10 per share; to public, $20 per share. Proceeds—For working capital. Underwriter—Goodbody & Co., Orlando, Fla., and, New York, N. Y.

American Shopping Centers, Inc., Orlando, Fla. March 29 (letter of notification) 10,000 shares of common stock (par $1) to be offered for subscription by stockholders at par price. Proceeds—For production and development of various models of the Atkin’s Light, Office—777 Broadway, New York, N. Y. Underwriter—Craig-Hallum, Inc, Minneapolis, Minn.


Aircraft Discount Corp. Feb. 17 (letter of notification) 10,000 shares of common stock (par $1) to be offered for subscription by stockholders at par price. Proceeds—For working capital. Underwriter—None. Proceeds—For working capital. Underwriter—None.

Alaska Uranium, Inc. March 20 filed 115,578 shares of common stock (par $10) to be offered in exchange for common stock of The Montana Uranium, Inc., and The Grand Canyon Uranium, Inc., two of the three issued and outstanding shares of each being converted into shares of the new corporation. Proceeds—To increase to at least 90% of the new corporation outstanding stock.


Equitable Security Cos., Inc. March 30 filed 40,000 shares of class A common stock (par $25) for sale at an offering price of $25 per share. Proceeds—For additional investment. Underwriter—Skyline Securities, Inc., Denver, Colo.

Cullen Minerals Corp. (Texas) (S. 1) March 23 (letter of notification) 2,976,000 shares of common stock (par one cent). Price—$1 per share. Proceeds—For working capital. Underwriter—None. Proceeds—For working capital. Underwriter—None.
NEW ISSUE CALENDAR

**April 19 (Thursday)**
Portland Gas & Coke Co., Inc.—Bonds
(Bids (est.) $3,750,000)

**April 20 (Friday)**
General Telephone & Electric Co.—Debentures
(Offering to stockholders—to be underwritten by Paine, Webber, Jones, & Co., Inc., and W. C. Long, Inc.)

**April 22 (Sunday)**
El Paso Electric Co.—Bonds
(Bids (est.) $10,000,000)

**April 23 (Monday)**
American Telephone & Telegraph Co.—Debentures
(To be underwritten by E. F. Hutton & Co., Inc., and W. L. Brown & Co., Inc.)

**April 24 (Tuesday)**
J. B. Duke Power Co.—Common
(Offering to stockholders—to be underwritten by Paine, Webber, Jones, & Co., Inc.)

**April 25 (Wednesday)**
New York Telephone Co.—Stocks
(Offering to stockholders—to be underwritten by Paine, Webber, Jones, & Co., Inc.)

**April 26 (Thursday)**
Cincinnati Gas & Electric Co.—Bonds
(Bids (est.) $1,100,000)

**April 27 (Friday)**
First National Trust & Savings Bank, San Diego, Calif., and The First National Bank of San Diego, Calif.—Stocks
(Offering to stockholders—to be underwritten by W. L. Brown & Co., Inc.)

**April 30 (Monday)**
Edo Corp., Inc.—Class A Stock
(Paine, Webber, Jones, & Co.)

**April 30 (Monday)**
Sierra Prefabricators, Inc.—Common
(Offering to stockholders—to be underwritten by W. L. Brown & Co., Inc.)

**April 30 (Monday)**
Western Electric Co., Inc.—Common
(Offering to stockholders—to be underwritten by W. L. Brown & Co., Inc.)

**May 1 (Tuesday)**
California Oregon Power Co.—Preferred
(Preferred, 5% Cumulative, $100 Par Value)

**May 2 (Wednesday)**
Inter-County Tel. & Tel. Co.—Common
Offering to stockholders—to be underwritten by W. L. Brown & Co., Inc.

**May 3 (Thursday)**
Jamaica Water Supply Co.—Bonds
(Offering to stockholders—to be underwritten by W. L. Brown & Co., Inc.)

**May 5 (Saturday)**
Pacifi선 Finance Corp.—Bonds
(Offering to stockholders—to be underwritten by W. L. Brown & Co., Inc.)

**May 7 (Monday)**
American Shopping Centers, Inc.—Debentures
(To be underwritten by First Boston & Co., Inc.)

**May 7 (Monday)**
Nabisco Brands Co., Inc.—Debentures
(To be underwritten by First Boston & Co., Inc.)

**May 8 (Tuesday)**
California Oregon Power Co.—Bonds
(Offering to stockholders—to be underwritten by W. L. Brown & Co., Inc.)

**May 8 (Tuesday)**
National Aviation Co.—Common
(Offering to stockholders—to be underwritten by W. L. Brown & Co., Inc.)

**May 8 (Tuesday)**
New York, Chicago & St. Louis Railway Co.—Equity Cufs.
(Bids (est.) $43,000)

**May 9 (Wednesday)**
Colombia General Insurance Co., Inc.—Debentures
(To be underwritten by W. L. Brown & Co., Inc.)

**May 10 (Thursday)**
Pennsylvania Electric Co.—Bonds
(To be underwritten by First Boston & Co., Inc.)

**May 10 (Thursday)**
Pittsburgh Plate Glass Co.—Preferred
(Preferred, 6 3/4% Cumulative

**May 11 (Friday)**
Consol. Edison Co. of New York, Inc.—Bonds
(To be underwritten by W. L. Brown & Co., Inc.)

**May 13 (Sunday)**
Southern California Gas Co.—Bonds
(To be underwritten by W. L. Brown & Co., Inc.)

**May 16 (Wednesday)**
Bartlett Air Transport, Inc.—Common
(To be underwritten by W. L. Brown & Co., Inc.)

**May 20 (Tuesday)**
Consolidated Natural Gas Co.—Common
(Offering to stockholders—to be underwritten by Paine, Webber, Jones, & Co.)

**May 20 (Tuesday)**
United States Life Insurance Co. of New York—Common
(Offering to stockholders—to be underwritten by W. L. Brown & Co., Inc.)

**May 22 (Thursday)**
Boston Edison Co.—Bonds
(To be underwritten by W. L. Brown & Co., Inc.)

**June 1 (Monday)**
Florida Power Corp.—Bonds
(To be underwritten by First Boston & Co., Inc.)

**June 7 (Thursday)**
First Pennsylvania Banking & Trust Co.—Common
(Offering to stockholders—to be underwritten by Drexel & Co.)

**June 20 (Wednesday)**
Commonwealth & Southern Corp.—Common
(To be underwritten by W. L. Brown & Co., Inc.)

**July 11 (Wednesday)**
Florida Power Corp.—Bonds
(To be underwritten by First Boston & Co., Inc.)

**July 25 (Wednesday)**
Consolidated Natural Gas Co.—Debentures
(To be underwritten by W. L. Brown & Co., Inc.)

**September 11 (Tuesday)**
Carolina Power & Light Co.—Bonds
(To be underwritten by W. L. Brown & Co., Inc.)

**September 25 (Tuesday)**
Virginia Electric & Power Co.—Bonds
(To be underwritten by W. L. Brown & Co., Inc.)

**October 1 (Monday)**
Tampa Electric Co.—Bonds
(To be underwritten by W. L. Brown & Co., Inc.)

**November 1 (Monday)**
Texas Gas System Co.—Bonds
(To be underwritten by W. L. Brown & Co., Inc.)

**December 1 (Tuesday)**
Eagle Fire Insurance Co.—Common
(To be underwritten by W. L. Brown & Co., Inc.)
Continued from page 37

General Telephone Corp. (4/20) March 20 filed $35,000,000 of convertible debentures due May 1, 1952, at 95, for $34,625,000, to buy stock of stockholders of record April 18, 1956, on the basis of $100 of debentures for each $1 of stock. Proceeds—For expansion and general corporate purposes. Underwriter—J. W. H. Penney Co. Inc., Portland, Maine.

Installment Finance Co., Manchester, III. March 17 filed $5,000,000 of convertible debentures due May 1, 1952, at 95, for $4,937,500, to buy stock of stockholders of record March 1, 1956, on the basis of $50 of debentures for each $1 of stock. Proceeds—For additional operating funds, expansion of business and to transfer short term indebtedness. Underwriter—First National Bank of Chicago, Chicago, III.

Insured Circuits, Inc., Belleville, N. J. Nov. 10 filed $100,000 shares of 6% convertible preferred stock (par $1) for $85,000, to buy stock of stockholders of record Nov. 22, 1956, on the basis of $1 of preferred stock for each $1 of preferred stock. Proceeds—To—be supplied by underwriter; new one to be named.

Inter-County Telephone & Telegraph Co. (5/2/7) March 20 filed 50,000 shares of $100 of par preferred stock (par 50c). Price—At par ($5 per share). Proceeds—For general corporate purposes. Underwriter—J. W. H. Penney Co. Inc., Portland, Maine.


International Paper Co. April 13 filed 45,538 shares of common stock (par $7.50). Price—To be announced by the underwriter's investment option plan for key employees.


Kaiser Aluminum & Chemical Corp. (5/3) 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. Underwriter—The First Boston Corp., New York, N. Y. Proceeds—For general corporate purposes.

Kassal Base Metals, Inc. Feb. 6 filed 25,000 shares of common stock (par $10), of which 20,000 shares are being sold by Kassal Develop. Co., and 5,000 shares by Kassal company. Proceeds—$23.25 per share. Proceeds—For mining expenses. Underwriter—1019 Addison Tower Bldg., Denver, Colorado.


Lester Engineering Co., Cleveland, Ohio. Feb. 24 (letter of notification) 37,500 shares of common stock (par $10) to be offered to stockholders of record March 1, 1956, on the basis of one new share for each 4 shares held. Of the unobstructed portion, 4,000 shares are to be offered to employees. Price—$4 per share. Proceeds—for general corporate purposes. Office—2711 Church Ave, Cleve¬

Levi-Sohn Copper Corp. (4/26) March 30 filed 100,000 shares of common stock (par $10) to be offered to stockholders of record March 15, 1956, on the basis of one new share for each 4 shares held. Proceeds—For expansion and valuation of leasehold properties, mining equipment and general corporate purposes. Underwriter—Tucson, Ariz. Underwriter—George F. Negotiaciones, St. Louis, Mo.

Long Island Lighting Co. (4/26) April 5 filed 150,000 shares of preferred stock, par $50, for $30, to buy stock of stockholders of record April 30, 1956, on the basis of one new share for each 4 shares held. Proceeds are to be used as capital stock. Underwriter—Arthur G. Bennett Co. and W. C. Angley & Co., of New York.

Manati Sugar Co. March 17 filed 1,000,000 shares of common stock due 1956 being offered in exchange for presently outstanding capital stock. Proceeds—As to 680,000 of the 1,000,000 shares, to be sold as a par-for-par basis. Unexchanged bonds may be sold by company at approximately $4 per bond. The offer will expire on April 27.

Mead Corp. (4/21) Jan. 27 filed 10,000,000 shares of capital stock (par $1) and 1,000,000 shares of common stock (par $1) to be offered to stockholders of record March 10, 1956, on the basis of one new share of preferred stock for each 4 shares held. Proceeds—To repay bank loans. Underwriter—Blyth & Co., Inc., New York.

Mayfair Markets, Los Angeles, Calif. March 8 (letter of notification) 8,000,000 shares of $5 cumulative preferred stock (par $50) and 5,000,000 shares of common stock (par $1) to be offered in units of one share of preferred stock for each 2 shares of common stock. Price—$460 per unit. Proceeds—For working capital. Office—Sidney R. Smith & Co., New York.

Merchandising, Inc., Tampa, Fla. March 23 (letter of notification) 120,000 shares of preferred stock (par $50) to be offered to stockholders of record April 12, 1956, on the basis of one new share of preferred stock for each 4 shares held. Proceeds—For expansion of vending machine operations. Underwriter—Louis. C. McClure & Co., Tampa, Fla., and French & Company, New York.

Midland Oil & Gas Ventures, Inc. March 29 (letter of notification) 90,000 shares of common stock (par $1) to be offered to stockholders of record March 10, 1956, on the basis of one new share of common stock for each 4 shares held. Proceeds—For expenses incident to oil and gas operations. Underwriter—Midsouth Projectors Ltd., New York.

Midwest General Insurance Co., Cincinnati, Ohio. March 23 (letter of notification) 3,000,000 shares of common stock (par $1) to be offered to stockholders of record March 31, 1956, on the basis of one new share of common stock for each 4 shares held. Proceeds—$65 per unit. Proceeds—for mining expenses and processing silica. Office—258th Avenue, Cincin¬

Mishawaka Business Machine Co., Mishawaka, Ind. March 8 (letter of notification) 167,000 shares of common stock (par $1) to be offered to stockholders of record April 9, 1956, on the basis of one new share of common stock for each 4 shares held. Proceeds—$65 per unit. Proceeds—for mining expenses and processing silica. Office—258th Avenue, Cincin¬

Mountain Top Mining & Milling Co., Denver, Colo. March 20 (letter of notification) 6,000,000 shares of common stock (par $1) to be offered to stockholders of record April 19, 1956, on the basis of one new share of common stock for each 4 shares held. Proceeds—for mining expenses. Office—406 C. A. Johnson Bldg., Denver, Colo. Underwriter—Columbia Securities Co., Denver, Colo.

Mormon Trail Mining Corp., Salt Lake City, Utah Feb. 9 (letter of notification) 3,000,000 shares of common stock (par $1) to be offered to stockholders of record March 15, 1956, on the basis of one new share of common stock for each 4 shares held. Proceeds—for mining expenses. Price—$3 per share. Proceeds—for working capital. Business—to purchase and resell uranium and related minerals. Underwriter—J.S. Blyth & Co., Inc., New York.

National Aviation Corp. (5/8) April 17 filed 139,523 shares of common stock (par $1) to be offered to stockholders of record May 9, 1956, on the basis of one new share of common stock for each 4 shares held. Proceeds—For general corporate purposes. Underwriter—Merrill Lynch, Pierce, Fenner & Beane, New York, N. Y. Underwriter—Stuart Securities Co., New York.

March 28 filed 447,979 shares of common stock (par $10) to be offered for subscription by common stockholders of Missouri Pacific R.R. Co. (letter of notification). Proceeds—To be used to purchase common stock outstanding and for general corporate purposes. Underwriter—None.

March 28 filed 10,000 shares of common stock (par $1) to be offered for subscription by common stockholders of Missouri Pacific R.R. Co. (letter of notification). Proceeds—To be used to purchase common stock outstanding and for general corporate purposes. Underwriter—None.

March 28 filed 5,000 shares of common stock (par $1) to be offered for subscription by common stockholders of Western Union Telegraph Co. (letter of notification). Proceeds—To be used to purchase common stock outstanding and for general corporate purposes. Underwriter—None.

March 28 filed 3,500 shares of common stock (par $1) to be offered for subscription by common stockholders of Western Union Telegraph Co. (letter of notification). Proceeds—To be used to purchase common stock outstanding and for general corporate purposes. Underwriter—None.
March 29 continued


Prospective Offerings

Air-Vue Products Corp., Miami, Fla. Feb. 20, it was reported early registration is expected of $8,000,000 of additional shares to be sold at $20 per share. Proceeds—For expansion program. Underwriters—Kidder, Peabody & Co. Inc., (jointly); Morgan Stanley & Co. Inc.—Expected to receive some time after the middle of June.

American Telephone & Telegraph Co. March 21 the directors authorized a new issue of debentures for the purpose of financing the construction of new construction. Probable bidders: The First Boston Corp.; Morgan Stanley & Co. Inc. (jointly); Morgan & Co. Inc.—Bids—Expected to be received sometime after the middle of June.

+ Cincinnati Enquirer, Inc. (4/26) April 12 it was announced bidders will be asked by Halsted, Wegg & Co., Inc. of Cincinnati, Ill., to buy 7.5% of Cincinnati Enquirer, convertible debentures which have been outstanding since May 19, 1968. The offer will result in a conversion of 147,600 shares of common stock, which accounts for about 35% of the stock which would be outstanding.

Coastal Transmission Corp., Houston, Texas Feb. 25 the company announced it reached an agreement with the FFC for construction of a 86.7 mile pipeline for the purposes of transporting gas from Point Comfort, Texas, to Lehman Brothers and Allen & Co., both of New York.

Columbia Gas System, Inc. (10/2) Feb. 29, broadcasting company announced it will issue and sell $30,000,000 of debentures. Underwriter—To element spreading of capitalization. Probable bidders: Halsey, Stuart & Co.; Morgan Stanley & Co. Inc.—Expected to be received on Oct. 2.

The First Boston Corp. March 12 it was reported company plans early registration of $75,000,000 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 company may issue between $35,000,000 and $50,000,000 of bonds. Proceeds—For construction purposes. Underwriter—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co.; Inc.; Glens Ferry Co. & Blyth & Co. Inc. (jointly); The First Boston Corp.

+ Connecticut National Bank, Bridgeport, Conn. March 22, it was announced the bank plans to issue and sell $3,750,000 of new preferred stock (par $40). From each 20 preferred share holder will receive a $30,000,000 bond. Underwriter—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Glens Ferry Co. & Blyth & Co. Inc. (jointly); G. H. Walker & Co.; and T. L. Watson & Co.

+ Consolidated Edison Co. of New York, Inc. April 17 it was announced the company will offer 100,000 shares of common stock in a public offering of $22.50 per share. Proceeds—To meet construction plans. Underwriter—To be determined by competitive bidding. Probable bidders included: Lehman Brothers, The First Boston Corp.; Harrison Richie & Co. Inc. Bids—Expected to be up to noon (EDT) on May 22. Registration—Scheduled for May 27.

+ Consolidated Natural Gas Co. (7/25) March 11 it was announced the company will issue and sell $30,000,000 of debentures due 2001. Underwriters—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; The First Boston Corp.; and The First Boston Corp. (jointly); White, Weld & Co., (jointly); Shields & Co. Inc.—Expected to be offered on or about June 20.

+ Consolidated Water Co. Mar. 16, the company announced that the company sometime between now and the summer of 1956, the company will offer 100,000 additional shares of common stock (par $5) at $10 per share. Proceeds—For construction purposes. Underwriter—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; and The First Boston Corp. (jointly); Morgan Stanley & Co. Inc.; White, Weld and Co., (jointly); Shields & Co. Inc.—Offering—Expected in the fall.

+ Cranes Co. March 18 it was announced the company plans an issue and sell 5,870 shares of preferred stock on May 18. Proceeds—For necessary expansion. Underwriter—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Kidder, Peabody & Co. (jointly); Lehman Brothers & Blyth & Co. (jointly); Girouard & Co. Inc.; and Harrison Richie & Co. Inc. (jointly). Underwriter—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Kidder, Peabody & Co. (jointly); Lehman Brothers & Blyth & Co. (jointly); Girouard & Co. Inc.; and Harrison Richie & Co. Inc. (jointly). Bids—Expected to be received on May 27.

+ Delaware Power & Light Co. Mar. 28 it was announced the company expects to undertake some common stock financing, probably first to common stockholders. Proceeds—For construction purposes. Underwriter—To be determined by competitive bidding. Probable bidders: W. C. Langley & Co., and Walker, Pond & Co. Inc. (jointly); Merrill Lynch, Pierce, Fenner & Beane (jointly); Blyth & Co. Inc.—Offering—Expected in June or July.

+ Detroit Edison Co. Feb. 20, Walker L. Clisler, President stated that "tentative plans are that about $20,000,000 will be offered in additional stock to retired bond holders. Record amounts will probably provide for the remainder of the company's need for additional capital. Underwriter—Allen & Co., New York. Bids—Expected to be offered in June.

+ Farm Bureau Mutual Casualty Co. Mar. 11 it was announced that Farm Bureau Mutual Casualty Co. intends at a future date to give its stockholders the right to subscribe for 20% of its outstanding stock. Underwriter—Allen & Co., New York. Bids—Expected to be offered in June.

+ Forest National Foods Ltd. Nov. 15 it was announced that Foresten Dairies, Inc. intends at a future date to offer its stockholders the right to subscribe for 20% of its outstanding stock. Underwriter—Allen & Co., New York. Bids—Expected to be offered in June.

+ Forest National Savings Bank, San Diego, Calif. (4/27) April 9 it was reported the bank announced it will offer to its stockholders the right to subscribe for 42,000 additional shares of common stock at a price of $10 per share for each 10 shares held as of April 27 (following payment of a 100% stock dividend); rights to expire on June 22, 1957, at $10 per share. Price—$31 per share. Proceeds—To meet necessary expansion. Underwriter—Dean Witter & Co., Blyth & Co., Inc., William R. Staats & Co. and Dewar & Co., all of San Diego City.

+ First National Trust & Savings Bank, San Francisco, Calif. (4/27) March 27 it was announced Bank plans to offer to its shareholders the right to subscribe for 500 additional shares of common stock at a price of $10 per share for each 10 shares held as of March 27 (following payment of a 100% stock dividend); rights to expire on June 22, 1957, at $10 per share. Price—$31 per share. Proceeds—To increase capital and surplus. Underwriters—Draxel & Co., Philadelphia, Pa., and Merrill Lynch, Pierce, Fenner & Beane and Smith, Barney & Co., both of New York City. Meters—Stockholders will vote May 28 on increasing authorized capital stock from 2,038,000 shares to 2,520,000 shares.


+ Fort Worth National Bank, Fort Worth, Texas (1/25) Feb. 26 it was announced the company plans to issue and sell $2,000,000 of first mortgage bonds. Underwriters—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Kidder, Peabody & Co. (jointly); Lehman Brothers & Blyth & Co. (jointly); Girouard & Co. Inc.; and Harrison Richie & Co. Inc. (jointly). Bids—Expected July 11. Registration—Planned for June 14.

+ General Acceptance Corp. April 15 it was reported the company plans to issue and sell $15,000,000 of debentures due in 1945, $10,000,000 of capital debentures due in 1951 and about $3,000,000 of corporate capital stock. Proceeds—To meet necessary expansion. Underwriter—May be hornbigh & Weeks, New York.

Continued from page 41

Kimberly-Clark Corp., Neenah, Wis. Nov. 22 it was announced that the company plans further expansion of its paperboard mill at Neenah, Wis., and that $6,000,000 worth of common stock has already been sold. Underwriter—Blyth, & Co., Inc., New York City.

Oregon Power Co. May 14 it was announced that the company’s plans to issue $10,000,000 of 5% preferred stock and 10,000 shares of common stock has already been sold. Underwriter—Kidder, Peabody & Co., Inc., New York City.

Texas Pacific Land & c. Co. Feb. 24 stockholders approved a proposal to increase authorized common stock from $2,000,000 to $5,000,000, subject to the issuance of 1,000,000 shares at $100 per share. A proposal to pay dividends on the $2,000,000 worth of common stock has already been sold. Underwriter—Kidder, Peabody & Co., Inc., New York City.
Thékol Chemical Corp.  
April 9 it reported company may issue and sell some segregated accounts with your April 19 on increasing the authorized common stock by 500,000 shares to 1,500,000. —For-ex—probably Leblahn Brothers, New Mexico.

Transcontinental Gas Pipe Line Corp.  
April 17, Tom P. Walker, President, announced that negotiations had been completed for the sale of $40,000,000 of transcontinental gas pipe line bonds in May and $20,000,000 of them become due in 1955 and 1956. May be placed privately.

Union Electric Co. of Missouri  
Feb. 15 it was reported company may issue and sell some segregated accounts with your April 19 on increasing the authorized common stock by 500,000 shares to 1,500,000. —For-ex—probably Leblahn Brothers, New Mexico.

Southern California Edison  
Southern California Edison Co's $35,000,000 of first mortgage bonds, first big issue to reach market in Southern California, begins in May. Southern California Edison Co.(jointly), First Boston Corp., White, Weld & Co., and Halsey, Stuart & Co., Inc.

The Eight Nations Go Communist  
Just before the Second World War, Stalin, Mao Tse-Tung, and their allies in Eastern Europe, defeated their capitalist adversaries by an older, more primitive form of totalitarianism. Now, China, the Philippines, and the United States are moving rapidly toward the development of socialism as a result of the growing influence of the Communist parties. The European communist parties have already achieved this goal, and the Chinese and the Japanese are making rapid progress in this direction. The United States, on the other hand, is still struggling to maintain the status quo ante. The future of Western Hemisphere civilization is at stake in the struggle between communism and capitalism. The forces of progress and the forces of reaction are locked in a fierce battle for the minds of the people of the world.

Continued page 13
Group Revises Periodic Plan

In a revision of its periodic re-mittance plan, Group Securities now offers an optional method whereby payments to shareholders in excess of approximate income may be paid in the form of shares of common stock instead of cash. The proposal has been adopted by the board of directors and will be effective immediately.

Van Strum Now
Blue Ridge Adviser

Shareholders of Blue Ridge Mutual Fund, Inc., have approved the appointment of Van Strum & Towner, Inc., investment counsel firm, as investment adviser to the fund, according to Mr. Milford D. Popovic, president. The appointment is effective May 1st. Mr. Popovic also reported that King Mer- ritt & Co., specializing in the retail distribution of mutual funds, had been appointed a distributor for Blue Ridge.

Putnam Changes
Sales Charges

Putnam Fund Distributors, Inc., has announced revised sales charges and dealer discounts, effective with the new Putnam Growth Fund prospectus dated April 5, 1956. The new schedule, with increases on sales under $25,000, is as follows:

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The study disclosed, for example, that institutions—banks, insurance companies and foundations—are among the largest investors in Fundamental Advisers, with institutional holdings ranging from $250,000 to $1,000,000. Corporate investments in the Fund amount to almost $10 million, with single accounts ranging in value to $600,000.

The table below shows the sales charges on common stock shares, as well as the sales charges and dealer discounts. A new feature that was mailed by Diplomat Mutual Fund, Inc., to its share-owners, is that the fund is now known as the Putnam Fund, Inc.

Diplomat Mutual Fund, Inc., announced the appointment of William H. Perley, Jr., as investment counsel firm, as investment adviser to the fund, according to Mr. Milford D. Popovic, president. The appointment is effective May 1st. Mr. Popovic also reported that King Mer- ritt & Co., specializing in the retail distribution of mutual funds, had been appointed a distributor for Blue Ridge.

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**Railroad Securities**

BY GERALD D. MCKEEVER

Pennsylvania Railroad

Just three weeks ago Pennsylvania Railroad was a favorite of the news, advancing over three points to 42 1/2 and closing at 41 9/16 on March 29, and closing at 27 1/2 for a gain of 3 1/2 points. The following day it closed at 41, on the same price. It closed at the same price on the following day, but it is a different story today, and it is but orderly retreat. Nevertheless the price is still 47% higher than it had been selling before the apparent discovery of reason, and it should not lead to sudden buying rush.

**Securities Salesman's Corner**

**By JOHN DUTTON**

Use Your "Chronicle"

If you use your Commercial & Financial Chronicle, you have at your disposal a storehouse of information of r e l i a b l e financial publications, they can help you in many ways. We all learn from one another. Reading such publications gives you general background, but articles on specific subjects that are written by experts are a valuable source of material for you in your own work. Within the last month I have used material written on a group of railroad securities in a recent article that appeared in the Chronicle. I prepared a list of 10 growth stocks with which I put figures from this material from this article (not ordinarily available in statistical reports and on top of two typewritten sheets. On that particular occasion, for example, naming the particular stock I then wrote a description of the company, but I had, of course, the information contained in the article. I then went on to the Standard Poor's report on each stock and presented you with each stock's clients who wished to invest in "some growth stocks." The material was well received, and, as for the statistical data, the reports I attached took care of that.

This made a very important presentation, and I would say it was not a poor and readable, and it helped materially in giving my clients a better understanding of why I favored these particular issues, than it had. I had just made statistical reports available to them.

There is a list of available securities that we are presenting—see something you like—just write for it.

And there are standard features every week on government, railroads, public utility securities and Mutual Funds, plus this little feature, written by our Financial Editor and Publisher this week. Every week you will find a group of points of you which find something worthwhile in it from time to time.

**Manhattan Bond's Portfolio Changes**

Manhattan Bond fund reports the revisions in the Fund's previous schedule of securities held since Jan. 1 to April 1, 1906. The fund's holdings of Baltimore and Ohio Railroad Co. first 5's of 1975 and of the same road's re-bearing and general 2% 2/0 were sold for payment. Three issues of New York and Mexico Railroad Co. bonds were sold for $94 3/4 at the National City & Commercial reorganization plan for Missouri Valley & Pacific Co. collateral trust 4 1/4 of 1975.

The fund reported that its in- ventory in the Southwestern Development and General Trust Co. mortgage bonds which were sold during the period, were sold in the market at a price 1.4% above the appraised value. The fund's holdings of Tennessee and Tennes- sette, Inc. Convertible Debenture 4 1/2 1911 and 3 1/2 and Fruehauf Truck Co. Convertible Debenture 4 1/2 of 1975.

**John Sibberl Opens**

**Own Office in South Bend**

SOUTH BEND, Ind. — John Sibberl is engaging in a securities business from offices in the Sheehan Building. Mr. Sibberl will handle the brokerage business of Albert McGann Securities Co., Inc.
### Indications of Current Business Activity

**AMERICAN IRON AND STEEL INSTITUTE:**
- 

**AMERICAN METAL TRADERS:**
- 

**COAL AND METAL:**
- 

**ASSOCIATION OF AMERICAN RAILROADS:**
- 

**CIVIL ENGINEERING CONSTRUCTION — ENGINEERING NEWS-RECORD:**
- 

**BUILDING MATERIALS:**
- 

**BONDS OF MINE:**
- 

**SYSTEM — OUT-OF-ÁVERAGE:**
- 

**BUSINESS STATISTICS:**
- 

**BOND BID YIELD DAILY AVERAGES:**
- 

**NATIONAL PAPERBOARD ASSOCIATION:**
- 

**OIL, PAINT AND DRUG REPORTER PRICE INDEX:**
- 

**STOCK TRANSACTIONS FOR ORD-LOT ACCOUNT OF GOD, LOT SALESMEN AND SPECIALISTS ON N.Y. STOCK EXCHANGE AND Related RECORDS:**
- 

**LIFE INSURANCE—BENEFITS PAYMENTS TO UNEMPLOYED:**
- 

**GAS APPLIANCE MANUFACTURERS ASSOCIATION—Month of March:**
- 

**ALUMINUM (BARE METAL):**
- 

**CORE (BUREAU OF MINES)—Month of Feb.:**
- 

**BRASS: Wrought (per ton) — Month of March:**
- 

**COMMODITY INDEX:**
- 

**SPRING STEEL PLATE — Month of March:**
- 

**WHEAT WHEEL: 1953—New Series — E. S. DEPT. OF LABOR:**
- 

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**SELECTED INDEXES OF U. S. CLASSES I**

<table>
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<tr>
<th>Latest</th>
<th>Previous Week</th>
<th>Month</th>
<th>Year</th>
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**THE COMMERCE AND FARM ENVIRONMENT:**

**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:**
The State of Trade and Industry

trucks. In the previous week Dominion plants built 11,114 cars, 2,722 trucks and for the comparable week 1953, 16,129 cars and 2,623 trucks.

Business Failures Registered A Higher Trend Last Week

Commercial and industrial failures rose to 255 in the week ended March 17, 1956, from 241 the week ended March 10, 1956, reports. Failures exceeded the 249 a year ago and the 198 in 1954. However, they were 19% below the pre-war peak of 335 in the comparable week of 1929.

Failures with liabilities of $5,000 or more, increased to 222 from 217 the week ended March 10, 1956, reports. Failures with liabilities under $5,000, totalled 33, exceeding the level of the previous week when 23 occurred. They were slightly below the corresponding period last year when 35 failures were recorded in the latter period. The total volume of failures in excess of $100,000 as against 17 last week.

Wholesale Food Price Index Holds Unchanged

In Late Week

The wholesale food price index, compiled by Dun & Bradstreet, Inc., registered $5.96 on April 10, 1956, unchanged from the previous week. The index, which was at 173.78 on March 27, 1956, the current figure marks a drop of 8.9% from the year-ago level of 86.54.

Higher in wholesale last week was floor flour, corn, rye, barley, wheat, wheat, flour, sugar, coffee and tea. Lower in prices were wheat, hams, bellies, eggs, potatoes, raisin, steers and hogs.

The average retail 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 Last Week Registered

Highest Level Since Week of Sept. 12, 1952

Figure is up 4.1% from same week of last year. The current price index is up 24.3% from the same week of 1952, when it stood at 287.67.

Grain market continued to strengthen largely influenced by a bullish interpretation of legislative developments concerning the new farm bill. Wheat, corn and soybeans all struck new high levels last week. A lightweight situation and adverse weather conditions over a large part of the belt contributed to the strength in the hard crops. Corn was active and added to by smaller producer marketing. Support in rye, oats and barley were reflected in reports late in the week that high price supports would be fixed for those grains. The advance in soybeans reflected firmer soybean oil and meal markets. Trading in the Chicago Board of Trade was active with daily average sales totaling about 56,300,000 bushels in the week before and 43,300,000 in the same week a year ago.

There was some improvement in domestic flour sales last week, but reports from flour millers indicated that increased sales of Spring wheat flours as a result of widespread moderate activity in family flours developed late in the week on mill protection against a 25 cent advance in the next report.

Hogs for green coffee continued rather light, but the market developed a slightly better tone at the close.

After touching new low levels early in the week, cocoa prices turned upward to finish slightly higher for the week and registered the first week-to-week advance in about six weeks. Warehouse stocks of cocoa showed a mild increase to 453,894 bags from 434,435 a week previous and compared with 160,643 bags a year ago. The squeeze was due in part to increased consumption but offset slightly by stronger voluntary oil prices. Hogs held firm throughout the week but dipped at the close of the result of higher prices for hogs, receipts, sheep and large decline also continued to rise.

Spot cotton prices moved slightly higher for the past week in rather steady selling, with spot market sales reported at $2,303 bales as against $2,402 a week earlier and 70,500 in the corresponding week a year ago.

The market was estimated to good trade support, crediting to mill account and commission house buying.

Foreign inquiries for cotton was satisfactory on long Easter holidays in the country. Withdrawals from the 1955 loan stock during the week ended March 30 decreased for the fourth successive week. Total that period were reported by the CCC at 62,020 bales, against 71,071 a week earlier and 88,277 two weeks previous. Outstanding loans on short-crop cotton were reported at 4,528,760 bales.

Trade Volume Eased Slightly For Week and Like Period a Year Ago

Although post-Easter reduced prices stimulated consumer buying, the market in the week ended March 26 was not as active as in the period ended March 19. Total dollar volume of retail sales declined slightly last week, but for the comparable week of 1955, total dollar volume of retail sales declined slightly. Retail purchases were modestly above those of the comparable period last year. The total dollar volume of total trade in the period ended on Wednesday of last week was 2.7% above that of a year ago, according to estimates by Dun & Bradstreet, Inc. Regional estimates varied from the comparable 1955 levels by the following percentages: New England and Middle West—7 to 9; East to South and Pacific Coast—6 to 8; Northwest—3 to 1 and Southern.

The buying of women's Spring apparel expanded somewhat last week on higher inventories in budget dresses, suits and sportswear. Retailers reported a slight decline in the buying of men's sportswear, with noticeable losses in furnishings and sportswear.

The market in the purchase of the consumer's apparel, household furnishings and industrial fabrics. Total wholesale order and the level somewhat exceeded that of the comparable period a year ago.

Department stores sales on a country-wide basis as taken from the Reserve Board's index for the week ended April 7, 1956, decreased 15% below those of the like period of last year. In the previous week ending March 31, 1956, the index (revised) was reported. For the four weeks ended April 7, 1956, a decrease of 12% was reported. For the period Jan. 1, 1956 to April 7, 1956 a gain of 7% was registered above that of 1955.

Retail sales volume in New York City the past week rose 3% above the corresponding period last year. Department stores volume in the weekly period ended April 7, 1956, declined 13% under those of the like period last year. In the preceding week, March 31, 1956, an increase of 5% (revised) was recorded. For the four weeks ending April 7, 1956, a drop of 5% was recorded. For the Jan. 1, 1956 to April 7, 1956 the index recorded a rise of 1% above that of the corresponding period of 1955.

Continued from page 8

Dealer-Broker Investment Recommendations & Literature


Bender & Co.—Memorandum—Jones, Kreeger & Hewitt, 1250 E. Street, Washington 25, D. C.

Kaiser-Frazer Metal Company—Analysis—Harrison, Uppman & Co., 120 Broadway, New York 6, N. Y. Also available in the current issue of "Market Observations" are data on United Fruit, United Aircraft Corp., Southern Pacific, United States Pipe & Foundry, and Freshcoat Trailer Co.

Resелпion Motors, Inc.—Analysis—Amott, Baker & Co., Incorpor¬ated; 1513 Broadway, New York 3, N. Y.


Shell Oil & Trading Company Ltd.—Analysis—New York Hanseatic Corporation, 120 Broadway, New York 6, N. Y.

Text Oil Corporation—Analysis—McLaughlin, Cryan & Co., 1 Wall Street, New York 5, N. Y.

Transamerica — Analysis — Bruns, Nordeman & Co., 52 Wall Street, New York 2, N. Y. Also in the same bulletin is a brief analysis of Vich Chemical.

Union Tank Car—Bulletin—Bregman, Cummings & Co., 100 Broadway, New York 6, N. Y.


Harris Uppman Adds

(Special to The Financial Chronicle)

BOSTON, Mass., April 4 — McCarthy & Co. has been added to the staff of Harris, Uppman & Co., 120 Federal Street.

Two With Inv. Planning

Crestfield to Present Inv. Conference

BOSTON, Mass. — James W. Ross and A. John Adams have been appointed associates who have been planning associates who have been planning companies in corporate planning of New England, Inc. 19 Devonshire Street.

Hyman Horn Opens

Hyman Horn is conducting a securities business from offices at 902 Fifth Avenue in New York City.

MEETING NOTICE

NORTHERN AND SOUTHERN RAILWAY

Economics Conference

Boston—April 8, 1956

The American Society of Transportation Engineers, the Transportation Research Board, the National Society of Professional Engineers, and the Transportation Institute (a division of the Society of Automotive Engineers) will conduct the Southern and Northern Conference to be held April 8, 1956. The meeting will be held at the Hotel Statler, Cleveland, Ohio, under the presidency of the Transportation Research Board. The meeting will be devoted to the study of the problems of transportation engineering, and the development of transportation by rail, road, water, air, and pipeline.

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WASHINGTON, D.C.—Dwight D. Eisenhower & Co., THE friends of labor. That is the way the Democratic Congress, just a bunch of indifferent imbos, who, too busy to take care or worse, are keeping from being polled bills piled higher than the water line, is polling millions of laboring men.

This is the first time in American history that the Democratic party has struck at its own political base, the American Federation of Labor-Congress of Industrial Organizations. And if the report of the committee is any indication, it may be the last.

The funny part of the thing is that this body of men which has largely escaped the daily press, has got the competence for the proposed labor laws, which are AFL-CIO members all steamed up, they have the double ball room, and fear that maybe some of the more liberal union members might be apprehended by the way of office of the Secretary of Labor, James F. Mitchell, to get the gospel across.

The District of Columbia is regarded by organized labor as the very land of milk and honey, and the enactment of this bill would show that the hearts of Eisenhower & Co. OK when it comes to unemployment pay.

A fourth part of the Labor Program is a liberalization of the Lengshengore's and Harbor Workers Compensation act, which the Hon. Mr. Scott said is the administration's compensation act of the District of Columbia. There, again, this bill is intended to show by example the idea that the hearts of labor are Sound for Labor.

Under Title C to Puerto Rico A fifth part of the Labor Program of the Eisenhower Administration is a bill which would liberalize the Employment Compensation to Puerto Rico, even though the island's legislature has not done so as yet. There are no federal but relative minor bills.

Except for some of these three the Democratic Congress has entirely ignored them, though these have been considered an injustice, and the present prospects for action appear dim. The Labor Committee has been introduced during the first session of Congress.

So, observed Mr. Scott: "The effect of ignoring these first three bills is to indicate a distressing lack of interest in the problems of wage earners on the part of the Democratic Congress or leadership of the House."

Mr. Scott criticized the Democratic leadership in its sensitive spot, in the person of Rep. Graham Barden, Chairman of the House Labor Committee. Barden, one of the dwindling band of conservative Democrats, indicates yet that a Federal act is the only means left for the cure ofills, real or imaginary.

Utility Battle Utopia

There was scheduled to begin today at the Senate Interstate and Foreign Commerce Committee the opening of a battle by the steam electric utilities to share in the future growth of electric power generated both by thermal means or hydrogen, or by nuclear power.

In brief, the situation is that technically in a 50-year-old law is going to be used by the public power plants as a means for gradually throttling the growth of thermal or atomic power under private ownership, if public power would get away with it. The technicality is now in the law. Unless it can be removed by law and the public power win an enormous long-derby victory.

Large Units Needed

Increasingly as the technique of generating electric energy developed by the utility industry that larger and larger generating plants are required to produce the lowest cost power. These large plants are usually of hydrogen or thermal engine.

Some 58% of the electric utility generating capacity in the United States according to the latest official figures are based on underdeveloped plant accounts of less than $50 million capacity. It is considered that about the minimum size of new plants that can operate efficiently is in the neighborhood of $200,000 K., and that requires $800 million or more.

As the industry sees it, the obvious solution to high cost, generation under modern conditions is a group of two or more operating companies to pool their resources and borrowing capacity, and construct the larger generating facilities to provide them with power.

However, if a group of operating companies pool their resources for such a venture, they immediately become subject to the Public Utility Holding Company Act of 1935. This act provides that any company which owns 10% or more of the stock of an operating company becomes a public utility within the meaning of the 1935 act.

Since the usual method of financing would be by an exchange of stock or mutualization of ownership, both the big generating companies and the operating companies would become subject under the definition of the 1935 act to the regulation of the Federal Power Commission, as well as to the present regulation of the Federal Power Commission and state utility commissions. Even a 5% stock ownership in an operating company qualifies a company to regulation by the SEC as an affiliate of a holding company.

Hits Atomic Development

Likewise, the cost of developing atomic energy exceeds that of the average utility. Operating companies generally and on a large scale to share successfully in developing atomic power, would seem to dictate the necessity for their own generation themselves to regulation under the holding company act also. So, unless the 5% and 15% ownership qualifications of the 1935 act are not removed, and by special legislation for the purpose, pooling of efforts. If operating companies to jointly develop atomic power will also be hampered seriously.

There is a further trend which will be constructed in its development by the definition of the 1935 act, an act, incidentally, seeking to prevent alleged abuses having nothing to do with this modern developments.

Manufacturing companies play a large part, often, in the atomic energy act. Many are also looking ahead for expanding sources of energy, and are disposed to cooperate with operating utilities to develop atom-generated energy. However, a manufacturing company also would automatically become subject to the regulation of the 1935 act if it had the same amount of ownership required to subject it to that act under the definition of the 1935 act.

Public Power Opposes

There was scheduled to begin today a series of hearings in bills which would waive the requirement of subjection to the Holding Company Act of any such pooling arrangements among operating companies to build larger generating plants, to build atomic power plants, or to cooperate with other industry in developing power.

However, the American Public Power Assn., and the National Rural Electric Assn., both have already protested limited extent of the Holding Company Act, explaining their great love for the holding company act, they aver. REA "co-operates" pool their resources to build generating plants, the same as the bill would provide for private utilities.

However, the public power groups have had a lot on the body of the privately-owned electric utilities as well as the present definitions of the Holding Company Act stand. The legislation before the Senate committee will have touch on this subject. The subcommittee considering it is now on recess, but is expected to meet at the end of the 1935 act to modern economic requirements and would not be able to pass this year.

[This column is intended to re-interpretation of the section's Capital city may not coincide with the "Chronicle" own view.]

BUSINESS BUZZ

WASHINGTON . . . And You

The Wall St.

This is a listing of those companies which are currently under consideration as an offering of these Neckties for sale.

--- the offering is from the Neckties of the prospectus.

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